

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

*Fiscal Year Ended September 30, 2013*



City of Alvin, Texas

*COMPREHENSIVE  
ANNUAL FINANCIAL REPORT*

of the

**CITY OF ALVIN, TEXAS**

For the Year Ended  
September 30, 2013

**Officials Issuing Report:**

**Terry Lucas  
City Manager**

**Junru Roland  
Chief Financial Officer**

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*INTRODUCTORY SECTION*

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## CITY OF ALVIN

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

January 31, 2014

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, 2013 is hereby submitted. Responsibility for both the accuracy of the data, and completeness and fairness of the presentation, including all disclosures, rests with management. We believe the data, as presented, is accurate in all material respects and is presented in a manner designed to present fairly the financial position and results of operations of the City as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activities have been included.

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

As required by the City's charter, the financial statements have been audited by Belt Harris Pechacek, LLLP, a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurances that the financial statements of the City for the fiscal year ended September 30, 2013 are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for fiscal year ended September 30, 2013 are presented in conformity with generally accepted accounting principles (GAAP).

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

report of the independent auditors. The statistical section includes selected unaudited financial and demographic information generally presented on a multi-year basis.

## **PROFILE OF THE GOVERNMENT**

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

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

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

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

For the general fund, this comparison is presented on page 85 as part of the Required Supplementary Information. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 91.

## **ECONOMIC CONDITION AND OUTLOOK**

"A City government with individuals who, through cooperation, teamwork and pride, serve to provide the highest level of service to its community." This mission statement is what guides the City staff as they go about working for the community. Our strategic partners, from the public to private sector are invaluable to Alvin and volunteer organizations are part of the life blood that continues to bring quality events to the community. Continued park improvements include the addition of property at National Oak Park. New fencing and sidewalks have been added, as well. Other improvements have been completed to include: 13 shade pavilions with three new concrete

slabs, construction of Skate Park at National Oak Park, installation of street lighting along Briscoe Drive at Briscoe Park, installation of deck coating at Bob Owen Pool, installation of lighting along the Hike and Bike trail, and installation of decorative fencing at National Park. Other Park projects include the installation of fencing and amenities for a Dog Park now open at Briscoe Park, and the installation of fall surface borders at various playgrounds within the park system.

The community is gaining momentum and many exciting things are underway. Alvin is very fortunate to have long-time businesses expanding in the area. Team Industrial Services is under construction for a new 50,000 sq. ft. service facility that will retain approximately 225 employees. The new value is \$14.4 million. Southwest Refractory has completed its first facility in their industrial park. Construction is now underway for their own expansion facilities within the park. Frank's Casing International is expanding with a \$5 million, 17,000 sq. ft. office complex and a 37,000 sq. ft. manufacturing facility. This site could add over 100 jobs in the next few years.

A new business locating to Alvin is Air-Gas. Air-Gas purchased 5 acres for a new \$7-8 million dollar CO2 processing facility. It is estimated to bring 17 new jobs at an average annual wage of \$73,000. Alvin is in competition with one other site for a new \$1.2 billion manufacturing site inside Ascend Performance Materials. If selected, it could bring in an additional 100 jobs with average annual wages of \$75,000. Using the NAICS code multipliers, this will result in an additional 500 indirect jobs to the area.

On the commercial/retail front, our new Olive Garden just opened with a Verizon store beside the restaurant. Steele's department store also opened in an existing shopping center. Whataburger just completed their new larger restaurant adding 45 additional employees. One of our established shopping centers is under redevelopment. New additions include a NAPA auto parts store, Snap Fitness, and the rebirth of the (now called) Wellborne Cinema 4 movie theaters. Heritage South, the \$80 million dollar commercial, retail, and residential master planned project, is in final planning stages to start construction in 2014. It will be anchored by a family entertainment center, 10-screen cinema, an 86-bed extended stay hotel, and a 30,000 square foot entertainment plaza. On the southeast corner of By-pass 35 and State Highway 6, a new Raceway gas station and convenience store is now open. It is part of a 22-acre site under development that is being marketed for several big-box stores. Alvin Independent School District completed the Mark Twain Elementary replacement school inside the Kendall Lakes development.

For 2013, there were 96 new residential permits for construction. The value for new residential permits equaled \$15.5 million. The value for commercial and residential repairs/additions/etc. equaled \$2.3 million. In addition, there were 92 new commercial permits issued worth \$23.5 million in value.

## **MAJOR INITIATIVES**

The City is proposing the construction of a municipal shooting range at the former City landfill – approximately 5 miles west of the Alvin City limits. The City's consultant has communicated that the City could be drawing from a population in the Houston area of 5 million potential patrons, which could provide an economic boom for the City. Some of the amenities at the municipal shooting range would include: a police tactical area for training multiple police departments, a skeet and trap field, a five-stand international bunker trap, several sporting clay fields, and 90-meter and 3-D archery fields. A conceptual master plan for the construction of this project is complete. The City Council authorized the development of a comprehensive business plan and it should be finished in early 2014.

**RELEVANT FINANCIAL POLICIES**

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

**AWARDS AND ACKNOWLEDGEMENTS**

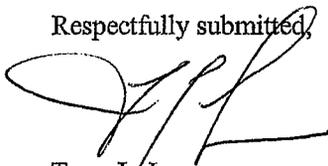
The Government Finance Officers' Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Alvin for its CAFR for the fiscal year ended September 30, 2012. This was the twenty-eighth consecutive year that the government has received this prestigious 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, 2012. 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,



Terry L. Lucas  
City Manager

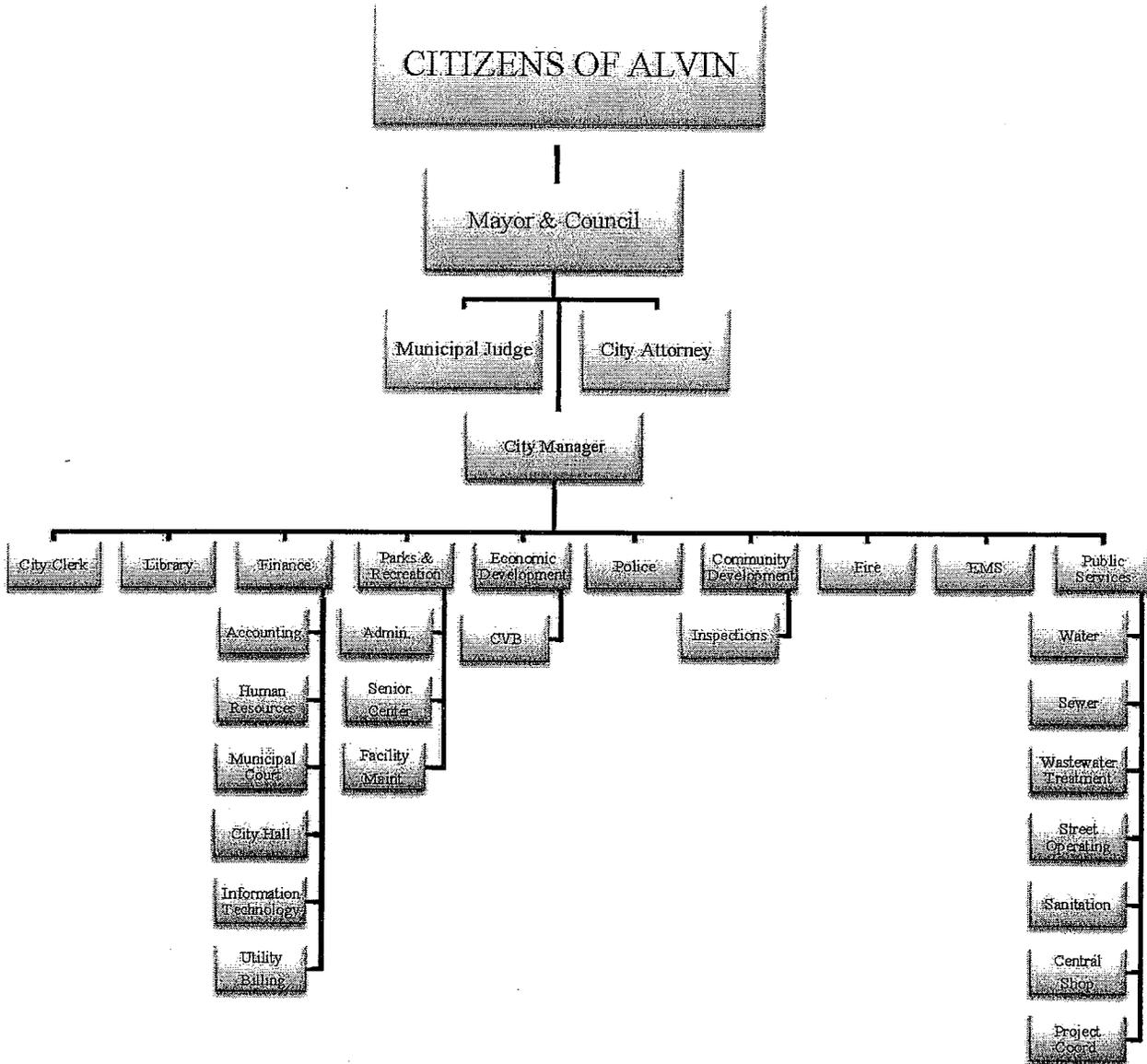


Junru Roland, CPFIM, CGFM, CGFO, CPA  
Chief Financial Officer

# CITY OF ALVIN, TEXAS

## ORGANIZATIONAL CHART

September 30, 2013



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



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Alvin  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2012**

A handwritten signature in black ink, reading "Jeffrey R. Egan". The signature is written in a cursive, flowing style.

Executive Director/CBO

# CITY OF ALVIN, TEXAS

## PRINCIPAL OFFICIALS

September 30, 2013

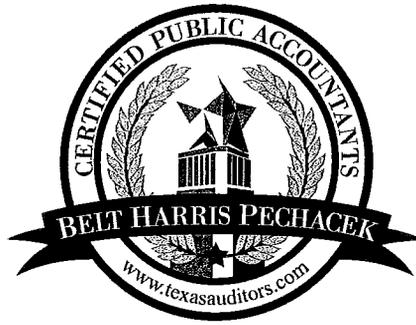
<u>City Officials</u>	<u>Elective Position</u>	<u>Term Expires</u>
Gary Appelt	Mayor	2014
Scott Reed	Council Member - District A	2016
Adam Arendell	Council Member - District B	2015
Jim Landriault	Council Member - District C	2015
Roger E. Stuksa	Council Member - District D	2016
Greg Bullard	Council Member - District E	2014
Brad Richards	Council Member - At Large 1	2015
Terry Droegge	Council Member - At Large 2	2016

<u>Key Staff</u>	<u>Position</u>
Terry Lucas	City Manager
Thomas W. Peebles	City Clerk
Junru Roland	Chief Financial Officer
Donna Starkey	Municipal Court Judge
Bobbi Kacz	City Attorney
Rex Klesel	Fire Chief
Brian Smith	Director of Public Services
Michelle H. Segovia	Director of Community Development
Robert Lee	Police Chief
Dan Kelinske	Director of Parks & Recreation
Ron Schmitz	EMS Director
Larry Buehler	Director of Economic Development

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*FINANCIAL SECTION*

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## *INDEPENDENT AUDITORS' REPORT*

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Alvin, Texas (the "City") as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

---

**Partners**

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## **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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, and schedule of funding progress, identified as Required Supplementary Information on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining statements and schedules, other schedules, and statistical section are presented for purposes of additional analysis and are not required parts of the basic financial statements.

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

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

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

Belt Harris Pechacek, LLLP  
*Certified Public Accountants*  
Houston, Texas  
January 31, 2014

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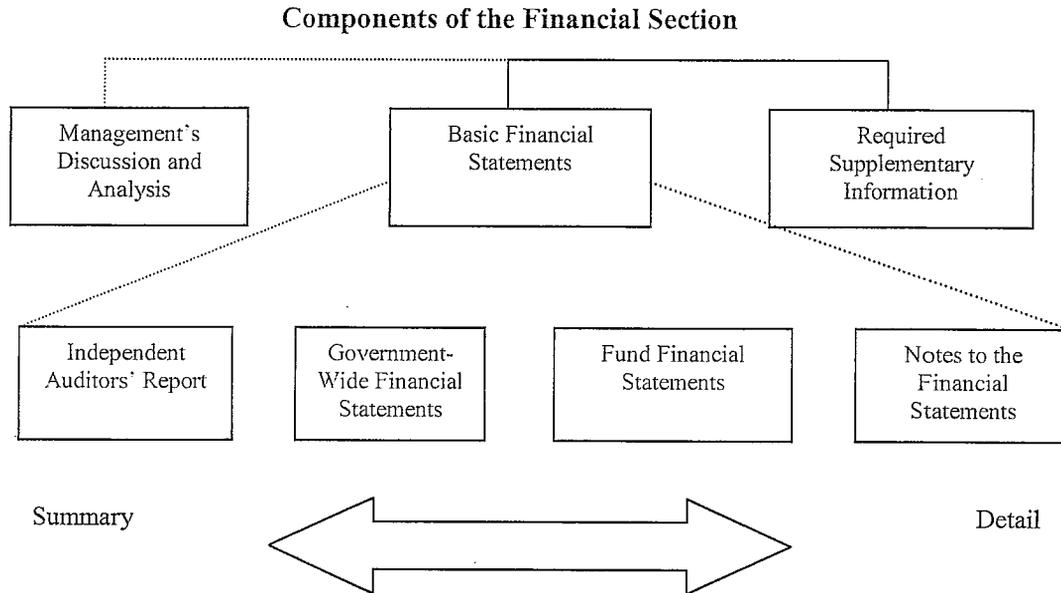
***MANAGEMENT'S DISCUSSION  
AND ANALYSIS***

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**CITY OF ALVIN, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 For the Year Ended September 30, 2013

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, 2013. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

**THE STRUCTURE OF OUR ANNUAL REPORT**



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

**Government-Wide Statements**

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

The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other 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.

**CITY OF ALVIN, TEXAS**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)*  
For the Year Ended September 30, 2013

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

The Statement of Net Position and the Statement of Activities divide the City 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, and emergency medical services.

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

## FUND FINANCIAL STATEMENTS

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

### Governmental Funds

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

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

The City maintains 21 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund (considered a nonmajor fund for reporting purposes, but the City has elected to present as major due to its significance), and the sales tax capital projects fund, which are considered to be major funds.

**CITY OF ALVIN, TEXAS**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)*  
For the Year Ended September 30, 2013

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 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, vehicle replacement, and computer replacement services. These internal service funds have been included within governmental activities in the government-wide financial statements.

**Notes to Financial Statements**

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

**Other Information**

In addition to the basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI includes budgetary comparison schedules for the general fund and a schedule of funding progress for the Texas Municipal Retirement System. RSI can be found after the notes to the basic financial statements.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. For the City, assets and deferred outflows of resources exceed liabilities by \$61,886,022 as of September 30, 2013. The largest portion of the City's net position, 63 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, 2013

**Statement of Net Position:**

The following table reflects the condensed Statement of Net Position:

SUMMARY STATEMENT OF NET POSITION

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 18,581,132	\$ 18,429,664	\$ 13,453,003	\$ 11,562,747	\$ 32,034,135	\$ 29,992,411
Capital assets, net	33,947,351	32,926,511	27,584,312	28,610,316	61,531,663	61,536,827
<b>Total Assets</b>	<u>52,528,483</u>	<u>51,356,175</u>	<u>41,037,315</u>	<u>40,173,063</u>	<u>93,565,798</u>	<u>91,529,238</u>
Deferred Outflows of Resources	231,691	260,140	823,870	873,879	1,055,561	1,134,019
Long-term liabilities	13,063,627	12,731,536	17,092,580	18,522,992	30,156,207	31,254,528
Other liabilities	1,085,384	871,365	1,493,746	1,655,747	2,579,130	2,527,112
<b>Total Liabilities</b>	<u>14,149,011</u>	<u>13,602,901</u>	<u>18,586,326</u>	<u>20,178,739</u>	<u>32,735,337</u>	<u>33,781,640</u>
<b>Net Position:</b>						
Net investment in capital assets	25,768,481	24,498,035	13,035,321	12,637,625	38,803,802	37,135,660
Restricted	9,229,378	9,400,498	423,744	677,203	9,653,122	10,077,701
Unrestricted	3,613,304	4,114,881	9,815,794	7,553,375	13,429,098	11,668,256
<b>Total Net Position</b>	<u>\$ 38,611,163</u>	<u>\$ 38,013,414</u>	<u>\$ 23,274,859</u>	<u>\$ 20,868,203</u>	<u>\$ 61,886,022</u>	<u>\$ 58,881,617</u>

A portion of the City's net position, \$9,653,122 or 15 percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$13,429,098 or 22 percent, may be used to meet the City's ongoing obligation to citizens and creditors.

The City's total net position increased by \$3,004,405 as compared to the prior year. This increase is the result of multiple factors. Charges for services increased as a result of an increase in fees and customer consumption compared to the prior year. Operating grants and contributions revenue increased compared to the prior year as a result of the Texas General Land Office Disaster Recovery Program. The City had an increase in total expenses as a result of depreciation expense, water and sewer operating expenses, and an increase in community services expenses compared to the prior year.

**CITY OF ALVIN, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Year Ended September 30, 2013

**Statement of Activities:**

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

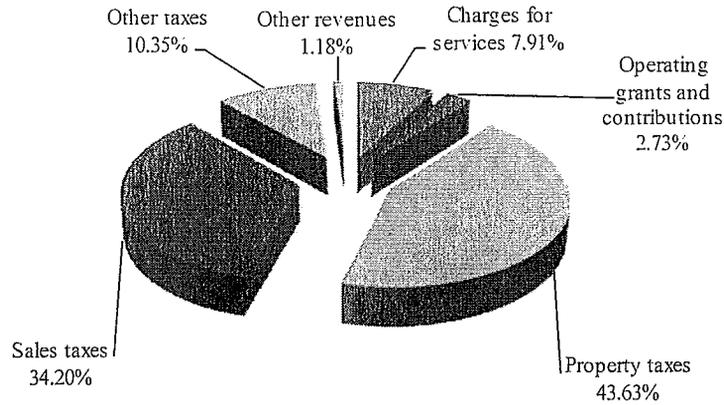
**CHANGES IN NET POSITION**

	Governmental		Business-Type		Total	
	Activities		Activities		Primary	
	2013	2012	2013	2012	2013	2012
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 1,396,235	\$ 1,321,328	\$ 12,086,370	\$ 10,505,907	\$ 13,482,605	\$ 11,827,235
Operating grants and contributions	482,603	261,048	254,710	231,858	737,313	492,906
General revenues:						
Property taxes	7,703,857	7,724,036	-	-	7,703,857	7,724,036
Sales taxes	6,039,358	5,720,505	-	-	6,039,358	5,720,505
Other taxes	1,828,115	1,799,458	-	-	1,828,115	1,799,458
Other revenues	208,120	235,939	18,898	16,048	227,018	251,987
<b>Total Revenues</b>	<u>17,658,288</u>	<u>17,062,314</u>	<u>12,359,978</u>	<u>10,753,813</u>	<u>30,018,266</u>	<u>27,816,127</u>
<b>Expenses</b>						
General government	3,568,941	3,856,490	-	-	3,568,941	3,856,490
Public safety	7,605,752	7,183,101	-	-	7,605,752	7,183,101
Public services	1,602,661	1,558,656	-	-	1,602,661	1,558,656
Community services	2,937,559	2,237,711	-	-	2,937,559	2,237,711
Culture, parks, and recreation	1,526,973	1,345,650	-	-	1,526,973	1,345,650
Interest and fiscal agent fees	357,208	307,110	-	-	357,208	307,110
Water and sewer	-	-	5,409,975	5,149,638	5,409,975	5,149,638
Sanitation	-	-	2,121,232	2,044,570	2,121,232	2,044,570
EMS	-	-	1,883,560	1,761,534	1,883,560	1,761,534
<b>Total Expenses</b>	<u>17,599,094</u>	<u>16,488,718</u>	<u>9,414,767</u>	<u>8,955,742</u>	<u>27,013,861</u>	<u>25,444,460</u>
<b>Increase in Net Position</b>						
<b>Before Transfers</b>	59,194	573,596	2,945,211	1,798,071	3,004,405	2,371,667
Transfers in (out)	538,555	501,190	(538,555)	(501,190)	-	-
<b>Change in Net Position</b>	597,749	1,074,786	2,406,656	1,296,881	3,004,405	2,371,667
Beginning net position	38,013,414	36,938,628	20,868,203	19,571,322	58,881,617	56,509,950
<b>Ending Net Position</b>	<u>\$ 38,611,163</u>	<u>\$ 38,013,414</u>	<u>\$ 23,274,859</u>	<u>\$ 20,868,203</u>	<u>\$ 61,886,022</u>	<u>\$ 58,881,617</u>

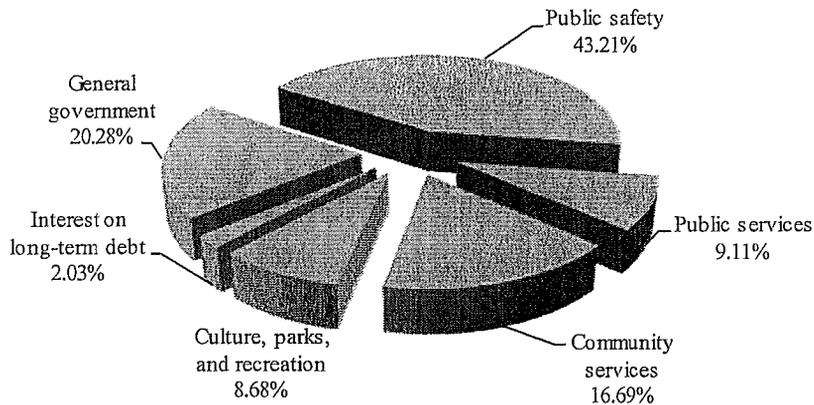
**CITY OF ALVIN, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
 For the Year Ended September 30, 2013

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

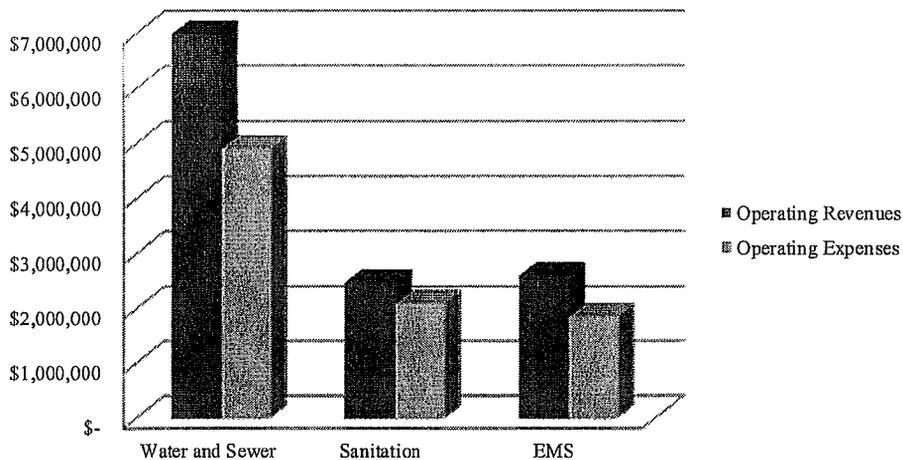
**Governmental Revenues**



**Governmental Expenses**



**Business-Type Activities**



**CITY OF ALVIN, TEXAS**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)*  
For the Year Ended September 30, 2013

For the year ended September 30, 2013, revenues from governmental activities totaled \$17,658,288, which is an increase of \$595,974 from last year. This is primarily due to an increase in grant revenues and sales tax revenues.

For the year ended September 30, 2013, expenses for governmental activities totaled \$17,599,094. Overall governmental expenses increased by seven percent. This is related primarily to an increase in depreciation expense and community services expenses due to planned projects.

Operating income for business-type activities increased \$1,147,140 compared to the prior year. This was primarily due to an increase in charges for services of \$1,580,463 as a result of an increase in fees and customer consumption. This was offset by a combined increase in operating expenses for all proprietary funds of \$459,025.

### **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

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

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

The City's governmental funds reflect a combined fund balance of \$15,428,556. Of this, \$21,523 is nonspendable, \$9,229,378 is restricted for various purposes, and \$1,361,539 is assigned for various projects. The remaining balance of \$4,816,116 is unassigned in the general fund.

There was a net decrease in the combined fund balance of \$295,864 compared to the prior year, due to the operating results of the current year.

The general fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the general fund was \$4,816,116, while total fund balance reached \$5,531,498. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 37 percent of total general fund expenditures while total fund balance represents 42 percent of the same amount. The general fund demonstrated an overall decrease of \$78,075 due to the operating results of the current year.

The debt service fund has a total fund balance of \$102,167, all of which is restricted for the payment of debt service. The net increase in fund balance during the year was \$2,391. This increase can be attributed to the increase property tax revenues.

The sales tax capital projects fund recorded an increase of \$145,885 in fund balance. This is primarily due to an increase in sales tax revenue from a healthier economy which was offset by an increase in transfers to other funds.

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, 2013

**GENERAL FUND BUDGETARY HIGHLIGHTS**

There had been a planned decrease in budgeted fund balance in the amount of \$1,568,864 in the general fund. However, the net change in fund balance only decreased by \$78,075, resulting in a positive variance of \$1,490,789 from budgeted as amended over actual. This was due to less-than-anticipated expenditures across the majority of the departments.

Actual general fund revenues were less than original and amended budgeted revenues by \$10,786 during 2013. This variance includes large negative variances for property taxes, franchise fees and taxes, and fines and forfeitures offset by large positive variances for sales taxes and charges for services.

Actual expenditures were less than budgeted amounts by \$1,065,319 for the fiscal year. The greatest positive variances were in the administrative, police, fire, public services, and culture, parks, and recreation departments.

**CAPITAL ASSETS**

At the end of the current year, the City's governmental and business-type activities had invested \$61,531,663 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net increase of \$27,512.

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

- Animal Shelter Project for \$915,508
- Purchased a Fire Truck for \$156,053
- Asphalt Overlay Projects for \$228,404
- Briscoe Park Improvement for \$213,570
- Purchased Land for Municipal Shooting Range for \$262,236
- Purchase of 14 vehicles for \$298,409

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 \$27,374,009. Of this amount, \$16,894,009 was general obligation debt, \$4,925,000 was revenue bond debt, and certificates of obligation accounted for \$5,555,000.

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

Current underlying ratings on debt issues are as follows:

	<b>Moody's</b>	
	<b>Investors</b>	<b>Standard and</b>
	<b>Services</b>	<b>Poor's</b>
	<hr/>	<hr/>
Tax and revenue certificates of obligation	Aa3	A+
General obligation bonds	Aa3	A+

**CITY OF ALVIN, TEXAS**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)*  
For the Year Ended September 30, 2013

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The City adopted a fiscal year 2013-14 expenditure budget of \$36,227,102, which is an increase of 3.5 percent from the prior year amended budget. The City budgeted for fiscal year 2013-14 revenues of \$34,222,802, which is an increase of 10.7 percent from the prior year amended budget. The 2013 certified taxable value is \$959,353,423, an increase of six percent from the previous year. Inflationary trends in the region compare favorably to national indices. All of these factors were considered in preparing the City's budget for the 2013-14 fiscal year.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Junru Roland, Chief Financial Officer, 216 West Sealy, Alvin, Texas 77511.

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***BASIC FINANCIAL STATEMENTS***

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# CITY OF ALVIN, TEXAS

## STATEMENT OF NET POSITION

September 30, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and equity in pooled cash and investments	\$ 12,765,484	\$ 8,994,072	\$ 21,759,556
Investments	2,777,613	321,875	3,099,488
Receivables, net of allowances	2,929,869	2,859,487	5,789,356
Internal balances	47,717	(47,717)	-
Inventory	39,114	64,108	103,222
Prepays and other assets	21,335	-	21,335
Restricted assets:			
Temporarily restricted cash and cash equivalents	-	1,261,178	1,261,178
	18,581,132	13,453,003	32,034,135
Capital assets:			
Non-depreciable capital assets	5,735,094	1,764,410	7,499,504
Depreciable capital assets, net	28,212,257	25,819,902	54,032,159
	33,947,351	27,584,312	61,531,663
<b>Total Assets</b>	52,528,483	41,037,315	93,565,798
<b>Deferred Outflows of Resources</b>			
Deferred charge on refunding	231,691	823,870	1,055,561
	231,691	823,870	1,055,561
<b>Liabilities</b>			
Accounts payable and accrued liabilities	1,013,171	1,320,711	2,333,882
Unearned revenue	2,904	-	2,904
Accrued bond interest	69,309	173,035	242,344
Noncurrent liabilities:			
Portion due within one year:			
Compensated absences	471,007	53,162	524,169
Bonds payable	1,283,857	1,485,144	2,769,001
Capital leases payable	30,461	-	30,461
Portion due in more than one year:			
Compensated absences	52,334	5,906	58,240
Bonds payable (net of deferred charges)	9,757,619	15,258,076	25,015,695
Capital leases payable	419,539	-	419,539
Net pension obligation	1,048,810	290,292	1,339,102
	14,149,011	18,586,326	32,735,337
<b>Total Liabilities</b>	14,149,011	18,586,326	32,735,337
<b>Net Position</b>			
Net investment in capital assets	25,768,481	13,035,321	38,803,802
Restricted for:			
Perpetual care	50,000	-	50,000
Debt service	102,167	423,744	525,911
Enabling legislation	779,607	-	779,607
Tax increment reinvestment zone	92,438	-	92,438
Capital projects	8,205,166	-	8,205,166
Unrestricted	3,613,304	9,815,794	13,429,098
<b>Total Net Position</b>	\$ 38,611,163	\$ 23,274,859	\$ 61,886,022

See Notes to Financial Statements.

# CITY OF ALVIN, TEXAS

## STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2013

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<b>Primary Government</b>			
<b>Governmental Activities</b>			
General government	\$ 3,568,941	\$ 280,518	\$ 482,603
Public safety	7,605,752	1,115,717	-
Public services	1,602,661	-	-
Community services	2,937,559	-	-
Culture, parks, and recreation	1,526,973	-	-
Interest and fiscal agent fees	357,208	-	-
<b>Total Governmental Activities</b>	<b>17,599,094</b>	<b>1,396,235</b>	<b>482,603</b>
<b>Business-Type Activities</b>			
Water and sewer	5,409,975	6,996,639	31,110
Sanitation	2,121,232	2,481,820	-
EMS	1,883,560	2,607,911	223,600
<b>Total Business-Type Activities</b>	<b>9,414,767</b>	<b>12,086,370</b>	<b>254,710</b>
<b>Total Primary Government</b>	<b>\$ 27,013,861</b>	<b>\$ 13,482,605</b>	<b>\$ 737,313</b>

**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 Position**

Beginning net position

**Ending Net Position**

See Notes to Financial Statements.

Net Revenue (Expense) and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (2,805,820)	\$ -	\$ (2,805,820)
(6,490,035)	-	(6,490,035)
(1,602,661)	-	(1,602,661)
(2,937,559)	-	(2,937,559)
(1,526,973)	-	(1,526,973)
(357,208)	-	(357,208)
<u>(15,720,256)</u>	<u>-</u>	<u>(15,720,256)</u>
-	1,617,774	1,617,774
-	360,588	360,588
-	947,951	947,951
<u>-</u>	<u>2,926,313</u>	<u>2,926,313</u>
<u>(15,720,256)</u>	<u>2,926,313</u>	<u>(12,793,943)</u>
7,703,857	-	7,703,857
6,039,358	-	6,039,358
1,608,142	-	1,608,142
219,973	-	219,973
34,018	15,904	49,922
174,102	2,994	177,096
538,555	(538,555)	-
<u>16,318,005</u>	<u>(519,657)</u>	<u>15,798,348</u>
597,749	2,406,656	3,004,405
<u>38,013,414</u>	<u>20,868,203</u>	<u>58,881,617</u>
<u>\$ 38,611,163</u>	<u>\$ 23,274,859</u>	<u>\$ 61,886,022</u>

# CITY OF ALVIN, TEXAS

## BALANCE SHEET

### GOVERNMENTAL FUNDS

September 30, 2013

	General	Debt Service	Sales Tax Capital Projects	Other Governmental Funds
<b><u>Assets</u></b>				
Cash and equity in pooled cash and investments	\$ 2,887,421	\$ 101,114	\$ 4,329,276	\$ 3,764,249
Investments	1,774,443	-	1,003,170	-
Receivables, net	1,496,944	64,241	951,724	371,636
Prepaid items	21,335	-	-	-
Inventory	188	-	-	-
<b>Total Assets</b>	<b>\$ 6,180,331</b>	<b>\$ 165,355</b>	<b>\$ 6,284,170</b>	<b>\$ 4,135,885</b>
<b><u>Liabilities</u></b>				
Accounts payable and accrued liabilities	\$ 259,295	\$ -	\$ 52,742	\$ 572,422
Due to others	82,562	-	-	-
Unearned revenue	2,904	-	-	-
<b>Total Liabilities</b>	<b>344,761</b>	<b>-</b>	<b>52,742</b>	<b>572,422</b>
<b><u>Deferred Inflows of Resources</u></b>				
Unavailable revenue - property taxes	304,072	63,188	-	-
<b><u>Fund Balances</u></b>				
Nonspendable:				
Inventories	188	-	-	-
Prepaid items	21,335	-	-	-
Restricted for:				
Debt service	-	102,167	-	-
Perpetual care	-	-	-	50,000
Enabling legislation	-	-	-	779,607
Tax increment reinvestment zone	-	-	-	92,438
Capital projects	-	-	6,231,428	1,973,738
Assigned to:				
Permanent fund	-	-	-	440,344
Special projects	170,518	-	-	227,336
Compensated absences	523,341	-	-	-
Unassigned	4,816,116	-	-	-
<b>Total Fund Balances</b>	<b>5,531,498</b>	<b>102,167</b>	<b>6,231,428</b>	<b>3,563,463</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 6,180,331</b>	<b>\$ 165,355</b>	<b>\$ 6,284,170</b>	<b>\$ 4,135,885</b>

See Notes to Financial Statements.

Total

\$ 11,082,060  
2,777,613  
2,884,545  
21,335  
188  
\$ 16,765,741

\$ 884,459  
82,562  
2,904  
969,925

367,260

188  
21,335

102,167  
50,000  
779,607  
92,438  
8,205,166

440,344  
397,854  
523,341  
4,816,116  
\$ 15,428,556

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**CITY OF ALVIN, TEXAS**  
*RECONCILIATION OF THE GOVERNMENTAL  
 FUNDS BALANCE SHEET TO THE  
 STATEMENT OF NET POSITION*  
 September 30, 2013

Total fund balances - total governmental funds \$ 15,428,556

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

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

Capital assets, non-depreciable	5,735,094
Capital assets, net depreciable	27,309,031

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

367,260

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

2,633,614

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

Accrued interest payable	(69,309)
Non-current liabilities due in one year	(1,775,907)
Non-current liabilities due in more than one year	(11,248,867)
Deferred charge on refunding	231,691

<b>Net Position of Governmental Activities</b>	<b>\$ <u>38,611,163</u></b>
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See Notes to Financial Statements.

# CITY OF ALVIN, TEXAS

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

For the Year Ended September 30, 2013

	General	Debt Service	Sales Tax Capital Projects	Other Governmental Funds
<b>Revenues</b>				
Property taxes	\$ 6,450,999	\$ 1,296,666	\$ -	\$ 73,157
Sales taxes	2,013,524	-	4,025,834	-
Franchise fees and taxes	1,292,706	-	-	315,436
Other taxes	219,973	-	-	-
Licenses and permits	692,937	-	-	-
Fines and forfeitures	405,116	-	-	17,664
Charges for services	223,668	-	-	56,850
Intergovernmental	6,030	-	71,677	404,896
Investment revenue	11,621	403	11,063	8,983
Other revenue	-	-	42,737	105,606
<b>Total Revenues</b>	11,316,574	1,297,069	4,151,311	982,592
<b>Expenditures</b>				
<b>Current:</b>				
General government	3,540,634	-	-	51,528
Public safety	7,061,249	-	-	112,450
Public services	764,420	-	-	-
Community services	69,851	-	2,611,920	212,869
Culture, parks, and recreation	1,297,817	-	-	11,000
Capital outlay	287,236	-	1,137,299	1,875,043
<b>Debt service:</b>				
Principal	-	1,189,962	-	15,610
Interest and fiscal agent fees	-	304,716	-	3,144
Bond issuance costs	-	-	-	43,260
<b>Total Expenditures</b>	13,021,207	1,494,678	3,749,219	2,324,904
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(1,704,633)	(197,609)	402,092	(1,342,312)
<b>Other Financing Sources (Uses)</b>				
Debt issued	-	-	-	1,235,000
Transfers in	1,209,532	200,000	44,048	121,317
Transfers (out)	(32,974)	-	(300,255)	(380,070)
Capital leases	450,000	-	-	-
<b>Total Other Financing Sources (Uses)</b>	1,626,558	200,000	(256,207)	976,247
<b>Net Change in Fund Balances</b>	(78,075)	2,391	145,885	(366,065)
Beginning fund balances	5,609,573	99,776	6,085,543	3,929,528
<b>Ending Fund Balances</b>	\$ 5,531,498	\$ 102,167	\$ 6,231,428	\$ 3,563,463

See Notes to Financial Statements.

<u>Total</u>	
S	7,820,822
	6,039,358
	1,608,142
	219,973
	692,937
	422,780
	280,518
	482,603
	32,070
	148,343
	<u>17,747,546</u>

	3,592,162
	7,173,699
	764,420
	2,894,640
	1,308,817
	3,299,578
	1,205,572
	307,860
	43,260
	<u>20,590,008</u>

(2,842,462)

	1,235,000
	1,574,897
	(713,299)
	450,000
	<u>2,546,598</u>
	(295,864)
	<u>15,724,420</u>
\$	<u><u>15,428,556</u></u>

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# CITY OF ALVIN, TEXAS

## *RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES*

For the Year Ended September 30, 2013

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

Net changes in fund balances - total governmental funds	\$	(295,864)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay		2,750,754
Depreciation expense		(1,731,004)
Disposals, net		(20,152)

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 position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Net Position.

Principal payments		1,205,572
Amortization of deferred amounts		(12,115)
Compensated absences		212,322
Debt issued		(1,235,000)
Capital lease activity		(450,000)
Net pension obligation		(81,469)
Accrued interest		6,027

Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the funds.		(116,965)
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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.		365,643
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<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>597,749</b>
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See Notes to Financial Statements.

**CITY OF ALVIN, TEXAS**  
**STATEMENT OF NET POSITION (Page 1 of 2)**  
**PROPRIETARY FUNDS**  
September 30, 2013

	Business-Type Activities			
	Water and Sewer	Sanitation	Emergency Medical Services	Total
<b>Assets</b>				
<b>Current assets</b>				
Cash and equity in pooled cash and investments	\$ 6,939,008	\$ 1,242,864	\$ 812,200	\$ 8,994,072
Investments	321,875	-	-	321,875
Accounts receivable (net of allowance for uncollectibles)	899,184	277,894	1,682,409	2,859,487
Advances to other funds	-	-	-	-
Inventory	64,108	-	-	64,108
<b>Total Current Assets</b>	<u>8,224,175</u>	<u>1,520,758</u>	<u>2,494,609</u>	<u>12,239,542</u>
<b>Noncurrent assets</b>				
Restricted cash, cash equivalents, and investments:				
Current portion of bonds payable	228,438	-	-	228,438
Customer deposits	1,032,740	-	-	1,032,740
<b>Total Restricted Assets</b>	<u>1,261,178</u>	<u>-</u>	<u>-</u>	<u>1,261,178</u>
<b>Capital assets:</b>				
Land	937,829	503,538	-	1,441,367
Buildings	5,523,533	80,501	558,423	6,162,457
Improvements	391,084	2,610,608	36,879	3,038,571
Infrastructure	46,060,976	15,342	-	46,076,318
Equipment	1,146,601	-	364,477	1,511,078
Construction in progress	323,043	-	-	323,043
Less allowance for depreciation	(28,539,055)	(1,810,601)	(618,866)	(30,968,522)
<b>Total Capital Assets (Net)</b>	<u>25,844,011</u>	<u>1,399,388</u>	<u>340,913</u>	<u>27,584,312</u>
<b>Total Noncurrent Assets</b>	<u>27,105,189</u>	<u>1,399,388</u>	<u>340,913</u>	<u>28,845,490</u>
<b>Total Assets</b>	<u>\$ 35,329,364</u>	<u>\$ 2,920,146</u>	<u>\$ 2,835,522</u>	<u>\$ 41,085,032</u>
<b>Deferred Outflows of Resources</b>				
Deferred charge on refunding	820,070	3,800	-	823,870

See Notes to Financial Statements.

**Governmental  
Activities**  

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**Internal  
Service  
Funds**  

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\$ 1,683,424

-

45,324

47,717

38,926

---

1,815,391

-

-

---

-

-

7,754

-

-

3,214,194

-

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(2,318,722)

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903,226

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903,226

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**\$ 2,718,617**  

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**CITY OF ALVIN, TEXAS**  
**STATEMENT OF NET POSITION (Page 2 of 2)**  
**PROPRIETARY FUNDS**

September 30, 2013

	<u>Business-Type Activities</u>			
	<u>Water and Sewer</u>	<u>Sanitation</u>	<u>Emergency Medical Services</u>	<u>Total</u>
<b><u>Liabilities and Net Position</u></b>				
<b>Current Liabilities</b>				
Accounts payable and accrued liabilities	\$ 69,701	\$ 184,210	\$ 34,060	\$ 287,971
Customer deposits	1,032,740	-	-	1,032,740
Accrued interest payable	170,752	1,532	751	173,035
Bonds payable - current	1,456,433	25,223	3,488	1,485,144
Compensated absences	44,363	-	8,799	53,162
<b>Total Current Liabilities</b>	<u>2,773,989</u>	<u>210,965</u>	<u>47,098</u>	<u>3,032,052</u>
<b>Noncurrent liabilities</b>				
Bonds payable, net of deferred charges	15,006,104	125,441	126,531	15,258,076
Advances from other funds	-	-	47,717	47,717
Compensated absences	4,929	-	977	5,906
Net pension obligation	151,648	-	138,644	290,292
<b>Total Noncurrent Liabilities</b>	<u>15,162,681</u>	<u>125,441</u>	<u>313,869</u>	<u>15,601,991</u>
<b>Total Liabilities</b>	<u>17,936,670</u>	<u>336,406</u>	<u>360,967</u>	<u>18,634,043</u>
<b>Net Position</b>				
Net investment in capital assets	11,571,903	1,252,524	210,894	13,035,321
Restricted for:				
Debt service	423,744	-	-	423,744
Unrestricted net position	6,217,117	1,335,016	2,263,661	9,815,794
<b>Total Net Position</b>	<u>\$ 18,212,764</u>	<u>\$ 2,587,540</u>	<u>\$ 2,474,555</u>	<u>\$ 23,274,859</u>

See Notes to Financial Statements.

**Governmental  
Activities**

---

**Internal  
Service  
Funds**

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\$	46,150
	-
	-
	-
	<u>9,418</u>
	<u>55,568</u>
	-
	-
	1,047
	<u>28,388</u>
	<u>29,435</u>
	<u>85,003</u>
	903,226
	-
	<u>1,730,388</u>
\$	<u><u>2,633,614</u></u>

# CITY OF ALVIN, TEXAS

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

For the Year Ended September 30, 2013

	Business-Type Activities			Business-Type Activities
	Water and Sewer	Sanitation	Emergency Medical Services	Total
	Water and Sewer	Sanitation	Emergency Medical Services	Total
<b><u>Operating Revenues</u></b>				
Water service	\$ 3,269,372	\$ -	\$ -	\$ 3,269,372
Sewer service	3,357,941	-	-	3,357,941
Sanitation service	-	2,480,949	-	2,480,949
Emergency medical service	-	-	2,593,735	2,593,735
Charges for services	-	-	-	-
Other revenue	369,326	871	14,176	384,373
<b>Total Operating Revenues</b>	6,996,639	2,481,820	2,607,911	12,086,370
<b><u>Operating Expenses</u></b>				
Water service	1,362,622	-	-	1,362,622
Sewer service	2,124,393	-	-	2,124,393
Sanitation service	-	2,049,372	-	2,049,372
Emergency medical service	-	-	1,841,591	1,841,591
Personnel services	-	-	-	-
Supplies	-	-	-	-
Depreciation	1,435,104	64,692	36,476	1,536,272
<b>Total Operating Expenses</b>	4,922,119	2,114,064	1,878,067	8,914,250
<b>Operating Income</b>	2,074,520	367,756	729,844	3,172,120
<b><u>Nonoperating Revenues (Expenses)</u></b>				
Intergovernmental	31,110	-	223,600	254,710
Gain on sale of capital assets	2,994	-	-	2,994
Investment revenue	12,731	1,641	1,532	15,904
Interest and fiscal agent fees	(487,856)	(7,168)	(5,493)	(500,517)
<b>Total Nonoperating Revenues (Expenses)</b>	(441,021)	(5,527)	219,639	(226,909)
<b>Income Before Contributions and Transfers</b>	1,633,499	362,229	949,483	2,945,211
Capital contribution	323,043	-	-	323,043
Transfers in	60,990	-	-	60,990
Transfers (out)	(656,295)	(213,403)	(52,890)	(922,588)
<b>Total Contributions and Transfers</b>	(272,262)	(213,403)	(52,890)	(538,555)
<b>Change in Net Position</b>	1,361,237	148,826	896,593	2,406,656
Beginning net position	16,851,527	2,438,714	1,577,962	20,868,203
<b>Ending Net Position</b>	\$ 18,212,764	\$ 2,587,540	\$ 2,474,555	\$ 23,274,859

See Notes to Financial Statements.

**Governmental  
Activities**

**Internal  
Service  
Funds**

\$	-
	-
	-
	-
	1,115,021
	380,668
	<u>1,495,689</u>
	-
	-
	-
	-
	208,420
	675,060
	274,273
	<u>1,157,753</u>
	337,936
	<u>819,817</u>
	-
	25,759
	1,948
	-
	<u>27,707</u>
	365,643
	<u>393,350</u>
	-
	24,527
	(24,527)
	-
	<u>365,643</u>
	2,267,971
\$	<u><u>2,633,614</u></u>

# CITY OF ALVIN, TEXAS

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

For the Year Ended September 30, 2013

### Business-Type Activities-Enterprise Funds

	Water and Sewer	Sanitation	Emergency Medical Services	Total
<b><u>Cash Flows from Operating Activities</u></b>				
Receipts from customers and users	\$ 7,084,139	\$ 2,502,590	\$ 1,795,263	\$ 11,381,992
Payments to suppliers	(1,767,509)	(2,205,301)	(580,763)	(4,553,573)
Payments to employees	(1,697,154)	-	(1,279,307)	(2,976,461)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>3,619,476</b>	<b>297,289</b>	<b>(64,807)</b>	<b>3,851,958</b>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>				
Transfers from other funds	60,990	-	-	60,990
Transfer to other funds	(656,295)	(213,403)	(52,890)	(922,588)
Interfund loan payments	-	-	(30,019)	(30,019)
Interest paid on interfund loan	-	-	(4,741)	(4,741)
Subsidy from federal grant	31,110	-	223,600	254,710
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>(564,195)</b>	<b>(213,403)</b>	<b>135,950</b>	<b>(641,648)</b>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>				
Acquisition and construction of capital assets	(187,226)	-	-	(187,226)
Proceeds from sale of capital assets	2,994	-	-	2,994
Interest and fiscal agent fees paid	(487,856)	(7,168)	(753)	(495,777)
Principal paid on capital debt	(1,397,147)	(20,162)	(2,784)	(1,420,093)
<b>Net Cash (Used) by Capital and Related Financing Activities</b>	<b>(2,069,235)</b>	<b>(27,330)</b>	<b>(3,537)</b>	<b>(2,100,102)</b>
<b><u>Cash Flows from Investing Activities</u></b>				
Purchase of investments	(321,875)	-	-	(321,875)
Interest on investments	12,731	1,641	1,532	15,904
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(309,144)</b>	<b>1,641</b>	<b>1,532</b>	<b>(305,971)</b>
<b>Net Increase in Cash and Equity in Pooled Cash and Investments</b>	<b>676,902</b>	<b>58,197</b>	<b>69,138</b>	<b>804,237</b>
Beginning Cash and Equity in Pooled Cash and Investments	7,523,284	1,184,667	743,062	9,451,013
<b>Ending Cash and Equity in Pooled Cash and Investments</b>	<b>\$ 8,200,186</b>	<b>\$ 1,242,864</b>	<b>\$ 812,200</b>	<b>\$ 10,255,250</b>
<b>Ending Cash and Equity in Pooled Cash and Investments:</b>				
Unrestricted cash and equity in pooled cash and investments	\$ 6,939,008	\$ 1,242,864	\$ 812,200	\$ 8,994,072
Restricted cash and equity in pooled cash and investments	1,261,178	-	-	1,261,178
	<b>\$ 8,200,186</b>	<b>\$ 1,242,864</b>	<b>\$ 812,200</b>	<b>\$ 10,255,250</b>

See Notes to Financial Statements.

**Governmental  
Activities**

**Internal  
Service  
Funds**

\$ 1,525,230  
(701,203)  
(213,550)  
610,477

-  
-  
30,019  
98  
-

30,117

(295,514)  
25,759  
-

(269,755)

-  
1,850

1,850

372,689

1,310,735

\$ 1,683,424

\$ 1,683,424

-  
\$ 1,683,424

# CITY OF ALVIN, TEXAS

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

For the Year Ended September 30, 2013

	Business-Type Activities-Enterprise Funds			
	Water and Sewer	Sanitation	Emergency Medical Services	Total
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>				
Operating income	\$ 2,074,520	\$ 367,756	\$ 729,844	\$ 3,172,120
<b>Adjustments to reconcile operating income to net cash provided (used) by operating activities:</b>				
Depreciation	1,435,104	64,692	36,476	1,536,272
<b>Changes in Operating Assets and Liabilities:</b>				
<b>(Increase) Decrease in Current Assets:</b>				
Accounts receivable	52,005	20,770	(812,648)	(739,873)
Inventories	2,043	-	-	2,043
Prepays	-	-	100	100
<b>Increase (Decrease) in Current Liabilities:</b>				
Accounts payable	(27,897)	(155,162)	(32,848)	(215,907)
Accrued interest payable	18,427	(767)	751	18,411
Compensated absences	2,516	-	(2,453)	63
Customer deposits	35,495	-	-	35,495
Net pension obligation	27,263	-	15,971	43,234
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 3,619,476</b>	<b>\$ 297,289</b>	<b>\$ (64,807)</b>	<b>\$ 3,851,958</b>
<b>Noncash investing, capital, and financing activities:</b>				
Capital contribution	\$ 323,043	\$ -	\$ -	\$ 323,043

See Notes to Financial Statements.

**Governmental  
Activities**

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**Internal  
Service  
Funds**

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\$ 337,936

274,273

(28,654)

53,215

-

(26,143)

-

(5,130)

-

4,980

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\$ 610,477

\$ -

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**CITY OF ALVIN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2013

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

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

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

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

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

**Blended Component Units**

**Tax Increment Reinvestment Zone Number One**

During fiscal year 2003, the City passed ordinances creating a tax increment reinvestment zone ("TIRZ No. 1") in accordance with Section 311.005 of the Texas Tax Code. 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 11-member Board of Directors, of which the City Council appoints eight members and the remaining members are appointed by taxing units levying taxes within TIRZ No. 1. Under this arrangement, increases in property taxes will be utilized to pay

**CITY OF ALVIN, TEXAS**  
*NOTES TO FINANCIAL STATEMENTS (Continued)*  
For the Year Ended September 30, 2013

for certain infrastructure costs. As the developer of the 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 2004, the City passed an ordinance creating a tax increment reinvestment zone (“TIRZ No. 2”), in accordance with Section 311.005 of the Texas Tax Code. 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 12-member Board of Directors, of which the City Council appoints eight members and the remaining members are appointed by taxing units levying taxes within TIRZ No. 2. Under this arrangement, increases in property taxes will be utilized to pay for certain infrastructure costs. As the developer of the Kendall Lakes area completes infrastructure improvements within 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 2006, the City passed an ordinance creating a tax increment reinvestment zone (“TIRZ No. 3”), in accordance with Section 311.005 of the Texas Tax Code. This entity was created to provide the financing and management tool needed to facilitate development of the Savannah Plantation area. The TIRZ No. 3 is managed by an 11-member Board of Directors, of which the City Council appoints eight members and the remaining members are appointed by taxing units levying taxes within TIRZ No. 3. Under this arrangement, increases in property taxes will be utilized to pay for certain infrastructure costs. As the developer of the Savannah Plantation area completes infrastructure improvements within 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.

**Kendall Lakes TIRZ Redevelopment Authority**

During fiscal year 2006, the City authorized the creation of the Kendall Lakes TIRZ Redevelopment Authority (the “Authority”), a public not-for-profit local government corporation organized and existing under the laws of the State of Texas. The Authority was created to aid, assist, and act on behalf of the City in performance of the City’s governmental and proprietary functions with respect to the common good and general welfare of TIRZ No. 2, including promoting, developing, encouraging and maintaining housing, employment, commerce and economic development of the Kendall Lakes Area. The Authority Board is comprised of the same members that make up the Board for TIRZ No. 2. In the event of dissolution, all assets are to be turned over to the City for deposit into the TIRZ No. 2 fund unless City Council shall otherwise direct for a public purpose. The City, TIRZ No. 2, and the Authority entered into an agreement (the “Agreement”) authorizing the Authority to provide management and administrative functions for TIRZ No. 2, including aiding and assisting the City and TIRZ No. 2 (1) in preparation and implementation of a project plan and reinvestment zone financing plan and (2) in the development and implementation of a redevelopment policy for the Kendall Lakes area, including acquisition of land, installation of infrastructure, and related public improvements. The City and TIRZ No. 2 will pay for the Authority’s activities performed pursuant to the Agreement from tax increments realized in TIRZ No. 2.

**CITY OF ALVIN, TEXAS**  
*NOTES TO FINANCIAL STATEMENTS (Continued)*  
For the Year Ended September 30, 2013

**B. Government-Wide Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the primary government. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

**C. Basis of Presentation-Government-Wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's water and wastewater functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**D. Basis of Presentation – Fund Financial Statements**

The fund financial statements provide information about the City's funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following governmental funds:

**General Fund**

The general fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues 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, special investigation fund, municipal court building security fund, municipal court technology fund, juvenile case manager fund, park dedication fund, donation fund, senior fund, Comcast PEG fees fund, TIRZ No. 1 fund, TIRZ No. 2 fund, TIRZ No. 3 fund, Kendall Lakes TIRZ Redevelopment Authority fund, and the CDBG disaster recovery fund. The special revenue funds are considered nonmajor funds for reporting purposes.

# CITY OF ALVIN, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2013

### 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 nonmajor fund for reporting purposes, but the City has elected to present it as major due to its significance.

### 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 major while the bond capital projects fund and tax note capital projects fund are considered nonmajor funds for reporting purposes.

### Permanent Funds

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

The City reports the following enterprise funds:

### Enterprise Funds

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

Additionally, the City reports the following fund type:

### Internal Service Funds

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

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide

**CITY OF ALVIN, TEXAS**  
*NOTES TO FINANCIAL STATEMENTS (Continued)*  
For the Year Ended September 30, 2013

financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

**E. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

**1. Cash and Cash Equivalents**

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

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*NOTES TO FINANCIAL STATEMENTS (Continued)*  
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**2. 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 Government Code. In summary, the City is authorized to invest in the following:

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

**3. Inventories and Prepaid Items**

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

**4. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively. Capital assets are defined by the City as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of four years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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.

**CITY OF ALVIN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2013

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

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Buildings	20 to 50 years
Improvements	4 to 50 years
Equipment	4 to 10 years
Water and sewer system	20 to 30 years
Infrastructure	40 to 50 years

**5. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

**6. Compensated Employee Absences**

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

**7. 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 or business-type activities Statement of Net Position. The long-term debt consists primarily of bonds payable and accrued compensated absences.

**CITY OF ALVIN, TEXAS**  
*NOTES TO FINANCIAL STATEMENTS (Continued)*  
For the Year Ended September 30, 2013

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 and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount.

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.

**8. Net Position Flow Assumption**

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

**9. Fund Balance Flow Assumptions**

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

**10. Fund Balance Policies**

Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

**CITY OF ALVIN, TEXAS**  
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For the Year Ended September 30, 2013

Nonspendable fund balance represents amounts that cannot be spent because they are either in nonspendable form (such as inventory or prepaid insurance) or are legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted fund balance represents amounts that are constrained by external parties, constitutional provisions, or by enabling legislation.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

By resolution, the Council has also authorized the City Manager and/or Finance Director as the officials authorized to assign fund balance to a specific purpose as approved by the City's fund balance policy. Assignments of fund balance by the City Manager and Finance Director do not require formal action by the City Council.

The City strives to maintain an unassigned fund balance of not less than 25 percent of the budgeted operational expenditures in all City funds. The purpose of the unassigned balance is to alleviate significant unanticipated budget shortfalls and to ensure the orderly provisions of services to citizens. Should unassigned fund balance fall below the goal or have a deficiency, the City will seek to reduce expenditures prior to increasing revenues to replenish fund balance within a reasonable timeframe.

## **11. Estimates**

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

## **G. Revenues and Expenditures/Expenses**

### **1. Program Revenues**

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

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**CITY OF ALVIN, TEXAS**  
*NOTES TO FINANCIAL STATEMENTS (Continued)*  
For the Year Ended September 30, 2013

**2. Property Taxes**

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

**3. Proprietary Funds Operating and Nonoperating Revenues and Expenses**

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

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles except the capital projects funds, which adopt 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, special investigation fund, municipal court building security fund, municipal court technology fund, donation fund, juvenile case manager fund, senior fund, park dedication fund, Comcast PEG fees fund, TIRZ No. 2 fund, and the Kendall Lakes TIRZ Redevelopment Authority fund are all special revenue funds that have adopted budgets. The cemetery fund is a permanent fund that has an adopted budget.

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

**A. Expenditures in Excess of Appropriations**

TIRZ No. 2 Fund	
Transfers out	\$69,355

**CITY OF ALVIN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2013

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

As of September 30, 2013, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
U.S. agencies	\$ 1,774,443	0.00
Municipal bonds	1,325,045	0.21
TexPool	10,232,207	0.00
TexSTAR	2,326,511	0.00
<b>Total Fair Value</b>	<b>\$ 15,658,206</b>	
Portfolio weighted average maturity		0.02

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

*Credit risk.* The City's investment policy limits investments in public fund investment pools rated as to investment quality not less than AAA or AAA-m, or at an equivalent rating by at least one nationally recognized rating service. Investments in SEC registered and regulated money market mutual funds must have an investment quality not less than AAA-, or at an equivalent rating by at least one nationally recognized rating service. As of September 30, 2013, the City's investment in TexPool and TexSTAR was rated AAAM by Standard & Poor's. All other investments are guaranteed (either express or implied) by the full faith and credit of the United States government or the issuing U.S. agency. More specifically, the U.S. agency securities held by the City as of September 30, 2013 consist of a variety of bonds and discount notes issued by the Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and the Federal Farm Credit Bank. These investments are not rated less than AAA by both Moody's and Standard & Poor's.

*Custodial credit risk – deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy requires funds on deposit at the depository bank to be collateralized by securities. As of September 30, 2013, market values of pledged securities were \$13,398,413 and bank balances were \$11,247,393.

*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.

**CITY OF ALVIN, TEXAS**  
*NOTES TO FINANCIAL STATEMENTS (Continued)*  
For the Year Ended September 30, 2013

**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 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. Finally, Standard and Poor's rate TexSTAR AAAm.

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.

**CITY OF ALVIN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2013

**B. Receivables**

The following comprise receivable balances at year end:

**Governmental Funds**

	Sales Tax				Total
	General	Debt Service	Capital Projects	Nonmajor	
Property taxes	\$ 487,273	\$ 109,169	\$ -	\$ -	\$ 596,442
Sales taxes	354,340	-	708,468	-	1,062,808
Franchise taxes	364,250	-	-	-	364,250
Other taxes	-	-	-	65,923	65,923
Intergovernmental	404,289	-	202,976	304,308	911,573
Accounts receivable	44,471	1,053	33,650	1,405	80,579
Other receivables	25,523	-	6,630	-	32,153
Less allowance	(183,202)	(45,981)	-	-	(229,183)
	<u>\$ 1,496,944</u>	<u>\$ 64,241</u>	<u>\$ 951,724</u>	<u>\$ 371,636</u>	<u>\$ 2,884,545</u>

**Proprietary Funds**

	Water and			Internal		Total
	Sewer	Sanitation	EMS	Service Funds		
Intergovernmental	\$ 172,527	\$ 3,672	\$ 37,271	\$ 16,670	\$ 230,140	
Accounts receivable	749,806	276,698	2,861,057	28,654	3,916,215	
Other receivables	1,052	-	32,735	-	33,787	
Less allowance	(24,201)	(2,476)	(1,248,654)	-	(1,275,331)	
	<u>\$ 899,184</u>	<u>\$ 277,894</u>	<u>\$ 1,682,409</u>	<u>\$ 45,324</u>	<u>\$ 2,904,811</u>	

**CITY OF ALVIN, TEXAS**  
*NOTES TO FINANCIAL STATEMENTS (Continued)*  
For the Year Ended September 30, 2013

**C. Capital Assets**

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

	Primary Government			Ending Balance
	Beginning Balance	Increases	(Decreases)/ Reclassifications	
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 3,864,353	\$ 415,066	\$ -	\$ 4,279,419
Construction in progress	653,814	1,701,468	(899,607)	1,455,675
Total capital assets not being depreciated	<u>4,518,167</u>	<u>2,116,534</u>	<u>(899,607)</u>	<u>5,735,094</u>
Other capital assets:				
Buildings	11,282,702	-	-	11,282,702
Infrastructure	32,059,762	228,404	-	32,288,166
Improvements other than buildings	4,627,758	972,112	-	5,599,870
Machinery and equipment	11,760,920	785,310	(384,132)	12,162,098
Total other capital assets	<u>59,731,142</u>	<u>1,985,826</u>	<u>(384,132)</u>	<u>61,332,836</u>
Less accumulated depreciation for:				
Buildings	(6,948,544)	(411,646)	-	(7,360,190)
Infrastructure	(13,806,895)	(704,897)	-	(14,511,792)
Improvements other than buildings	(2,084,088)	(248,219)	-	(2,332,307)
Machinery and equipment	(8,515,947)	(761,427)	361,084	(8,916,290)
Total accumulated depreciation	<u>(31,355,474)</u>	<u>(2,126,189)</u>	<u>361,084</u>	<u>(33,120,579)</u>
Other capital assets, net	28,375,668	(140,363)	(23,048)	28,212,257
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 32,893,835</u>	<u>\$ 1,976,171</u>	<u>\$ (922,655)</u>	<u>33,947,351</u>
			Plus unspent bond proceeds	3,080,915
			Plus deferred charge on refunding	231,691
			Less associated debt	(11,491,476)
			<b>Net Investment in Capital Assets</b>	<u>\$ 25,768,481</u>

**CITY OF ALVIN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2013

Depreciation was charged to governmental functions as follows:

General government	\$	72,925
Public safety		576,536
Public services		824,371
Community services		69,089
Culture, parks, and recreation		308,995
Internal service fund		<u>274,273</u>
<b>Total Governmental Activities Depreciation Expense</b>	<b>\$</b>	<b><u>2,126,189</u></b>

Commitments

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

<u>Project Description</u>	<u>Authorized Contract</u>	<u>Contract Expenditures</u>	<u>Remaining Contract</u>
Alvin Animal Control Facility	\$ 1,895,446	\$ 767,408	\$ 1,128,038
Fabrication of Kennels Animal Shelter	<u>161,366</u>	<u>65,514</u>	<u>95,852</u>
<b>Total</b>	<b><u>\$ 2,056,812</u></b>	<b><u>\$ 832,922</u></b>	<b><u>\$ 1,223,890</u></b>

Encumbrances

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

General fund	\$	95,568
Sales tax capital projects fund		94,832
Internal service fund		132,854
Nonmajor Governmental funds		<u>2,022,605</u>
<b>Total</b>	<b>\$</b>	<b><u>2,345,859</u></b>

**CITY OF ALVIN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2013

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

	Beginning Balance	Increases	(Decreases)/ Reclassifications	Ending Balance
<b>Business-Type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,441,367	\$ -	\$ -	\$ 1,441,367
Construction in progress	-	448,368	(125,325)	323,043
Total capital assets not being depreciated	1,441,367	448,368	(125,325)	1,764,410
Other capital assets:				
Buildings	6,162,457	-	-	6,162,457
Infrastructure	46,007,520	68,798	-	46,076,318
Improvements other than buildings	2,982,044	56,527	-	3,038,571
Machinery and equipment	1,449,178	61,900	-	1,511,078
Total other capital assets	56,601,199	187,225	-	56,788,424
Less accumulated depreciation for:				
Buildings	(3,900,783)	(155,002)	-	(4,055,785)
Infrastructure	(22,839,166)	(1,200,517)	-	(24,039,683)
Improvements other than buildings	(1,711,897)	(102,647)	-	(1,814,544)
Machinery and equipment	(980,404)	(78,106)	-	(1,058,510)
Total accumulated depreciation	(29,432,250)	(1,536,272)	-	(30,968,522)
Other capital assets, net	27,168,949	(1,349,047)	-	25,819,902
<b>Business-Type Activities Capital Assets, Net</b>	<b>\$ 28,610,316</b>	<b>\$ (900,679)</b>	<b>\$ (125,325)</b>	<b>27,584,312</b>
			Plus unspent bond proceeds	1,370,359
			Plus deferred charge on refunding	823,870
			Less associated debt	(16,743,220)
			<b>Net Investment in Capital Assets</b>	<b>\$ 13,035,321</b>

Depreciation was charged to business-type functions as follows:

Utility	\$ 1,435,104
Sanitation	64,692
Emergency medical services	36,476
<b>Total Business-Type Activities Depreciation Expense</b>	<b>\$ 1,536,272</b>

**CITY OF ALVIN, TEXAS**  
*NOTES TO FINANCIAL STATEMENTS (Continued)*  
 For the Year Ended September 30, 2013

Commitments

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

<u>Project Description</u>	<u>Authorized Contract</u>	<u>Contract Expenditures</u>	<u>Remaining Contract</u>
Water Facility Generators	\$ 235,339	\$ 211,889	\$ 23,450
Water Facility Supervisory Control and Data Acquisition	<u>328,097</u>	<u>111,154</u>	<u>216,943</u>
<b>Total</b>	<b><u>\$ 563,436</u></b>	<b><u>\$ 323,043</u></b>	<b><u>\$ 240,393</u></b>

Encumbrances

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

Water and sewer fund	\$ 276,238
Emergency management services fund	<u>2,224</u>
<b>Total</b>	<b><u>\$ 278,462</u></b>

**CITY OF ALVIN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2013

**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</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
<b>Governmental Activities:</b>					
Bonds, notes and other payables:					
General obligation bonds	\$ 5,861,240	\$ 1,235,000	\$ (943,152)	\$ 6,153,088	* \$ 998,332
Certificates of obligation	4,919,192	-	(262,420)	4,656,772	* 285,525
Deferred amounts:					
For issuance discounts/premiums	247,950	-	(16,334)	231,616	* -
Capital leases	-	450,000	-	450,000	* 30,461
	<u>11,028,382</u>	<u>1,685,000</u>	<u>(1,221,906)</u>	<u>11,491,476</u>	<u>1,314,318</u>
Other liabilities:					
Net pension obligation	962,361	86,449	-	1,048,810	-
Compensated absences	740,793	465,565	(683,017)	523,341	471,007
<b>Total Governmental Activities</b>	<u>\$ 12,731,536</u>	<u>\$ 2,237,014</u>	<u>\$ (1,904,923)</u>	<u>\$ 13,063,627</u>	<u>\$ 1,785,325</u>
				<u>\$ 11,278,302</u>	
				<u>\$ 11,491,476</u>	

**CITY OF ALVIN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2013

	Beginning			Ending	Amounts
	Balance	Additions	Reductions	Balance	Due Within
					One Year
<b>Business-Type Activities:</b>					
General obligation bonds	\$ 11,921,760	\$ -	\$ (1,180,839)	\$ 10,740,921	* \$ 1,185,669
Certificates of obligation	1,160,808	-	(262,580)	898,228	* 274,475
Revenue bonds	4,945,000	-	(20,000)	4,925,000	* 25,000
<b>Deferred amounts:</b>					
For issuance discounts/premiums	189,361	-	(10,290)	179,071	*
	<u>18,216,929</u>	<u>-</u>	<u>(1,473,709)</u>	<u>16,743,220</u>	<u>1,485,144</u>
<b>Other liabilities:</b>					
Net pension obligation	247,058	43,234	-	290,292	-
Compensated absences	59,005	59,816	(59,753)	59,068	53,162
<b>Total Business-Type Activities</b>	<u>\$ 18,522,992</u>	<u>\$ 103,050</u>	<u>\$ (1,533,462)</u>	<u>\$ 17,092,580</u>	<u>\$ 1,538,306</u>

**Long-term debt due in more than one year**      \$ 15,554,274

**\*Debt associated with business-type activity capital assets**      \$ 16,743,220

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 and net pension obligation are generally liquidated by the general fund. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

The City's long-term debt includes all outstanding bonded debt secured by the full faith and credit of the City. The bonds are certificates of obligation, general obligation and contractual obligation bonds 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 which are secured by the full faith and credit of the City. Although the debt payments are made from the water and sewer fund, the utilities revenue is not pledged to secure the bond payments.

In prior years, the City issued combined tax and revenue certificates of obligation 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. The schedule includes these transactions in the enterprise fund as the City is currently repaying these bonds from water and sewer revenues.

**CITY OF ALVIN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2013

Prior Year Defeasance of Debt

In 2012, the City defeased portions of the tax and revenue certificates of obligation bonds, series 2006A, series 2006B, and series 2006C by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's financial statements. At September 30, 2013, \$4,190,000 of defeased bonds remains outstanding.

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

<u>Description</u>	<u>Interest Rates</u>	<u>Balance</u>
<b><u>Governmental Activities</u></b>		
<b>General Obligation Bonds</b>		
Series 2002A	4.00%	\$ 15,169
Series 2007 tax note	3.99%	134,000
Series 2011 refunding	2.0-4.0%	3,292,334
Series 2012 refunding	1.0-2.0%	1,476,585
Series 2013 tax note	1.59%	<u>1,235,000</u>
<b>Total General Obligation Bonds</b>		<u>6,153,088</u>
 <b>Certificates of Obligation</b>		
Series 2006A	4.0-4.1%	185,000
Series 2006C	4.0-4.1%	165,000
Series 2011	2.5-4.0%	<u>4,306,772</u>
<b>Total Certificates of Obligation</b>		<u>4,656,772</u>
<b>Total Governmental Activities Long-Term Debt</b>		<u><u>\$ 10,809,860</u></u>

**CITY OF ALVIN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2013

Description	Interest Rates	Balance
<b>Business-Type Activities</b>		
<b>General Obligation Bonds</b>		
Series 2002A	4.00%	\$ 19,831
Series 2011 refunding	2.0-4.0%	3,647,665
Series 2012 refunding	1.0-2.0%	7,073,425
<b>Total General Obligation Bonds</b>		<b>10,740,921</b>
 <b>Certificates of Obligation</b>		
Series 2006B	4.0-4.1%	545,000
Series 2011	2.5-4.0%	353,228
<b>Total Certificates of Obligation</b>		<b>898,228</b>
 <b>Revenue Bonds</b>		
Series 2005 refunding	4.0-4.30%	4,925,000
<b>Total Revenue Bonds</b>		<b>4,925,000</b>
<b>Total Business-Type Activities Long-Term Debt</b>		<b>\$ 16,564,149</b>

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

Year	Governmental Activities		Business-Type Activities	
	Ending	Principal	Interest	Principal
2014	\$ 1,283,857	\$ 295,838	\$ 1,485,144	\$ 432,472
2015	1,192,823	269,445	1,432,178	400,502
2016	1,133,358	240,618	1,716,643	363,788
2017	679,337	219,088	1,100,663	333,735
2018	687,450	204,212	1,112,551	313,504
2019-2023	3,045,270	757,551	5,699,731	1,169,153
2024-2028	1,735,077	381,942	3,874,923	456,850
2029-2031	1,052,688	62,088	142,316	6,212
<b>Total</b>	<b>\$ 10,809,860</b>	<b>\$ 2,430,782</b>	<b>\$ 16,564,149</b>	<b>\$ 3,476,216</b>

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, 2013

**Federal Arbitrage**

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

**E. Interfund Transactions**

The composition of advances to/from balances as of year end was as follows:

Receivable Fund	Payable Fund	Amounts
Vehicle replacement	Emergency medical services	\$ 47,717

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

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

Transfer In	Transfer Out	Amounts
General fund	Water & sewer fund	\$ 393,259
General fund	Sanitation fund	152,413
General fund	EMS fund	52,890
General fund	Sales tax capital projects fund	300,255
General fund	Nonmajor governmental funds	310,715
Debt service fund	Water & sewer fund	200,000
Sales tax capital projects fund	General fund	11,012
Sales tax capital projects fund	Water & sewer fund	33,036
Nonmajor governmental funds	General fund	21,962
Nonmajor governmental funds	Water & sewer fund	30,000
Nonmajor governmental funds	Nonmajor governmental funds	69,355
Water & sewer fund	Sanitation fund	60,990
Internal service fund	Internal service fund	24,527
		\$ 1,660,414

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

**CITY OF ALVIN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2013

**F. Fund Equity**

As of September 30, 2013, \$779,607 of the City's total fund balance is restricted by enabling legislation.

Change in Beginning Fund Balance/Net Position

The beginning net position for the central shop fund and governmental activities have been adjusted to recognize capital assets and to expense unamortized bonds issuance costs.

	<b>Central Shop</b>	<b>Governmental Activities</b>
Prior year ending net position	\$ 224,777	\$ 38,185,772
Recognition of capital assets	32,676	32,676
Expense unamortized bond issuance costs	-	(205,034)
Current year beginning net position	\$ 257,453	\$ 38,013,414

The beginning net position for the water and sewer fund, sanitation fund, emergency medical services, and conference center have been adjusted to recognize prior year utility billing receivables, to expense unamortized bond issuance costs, to reverse a prior year receivable, and to reverse an accrued interest payable balance.

	<b>Water and Sewer</b>	<b>Sanitation</b>	<b>Emergency Medical Services</b>	<b>Conference Center</b>	<b>Business-Type Activities</b>
Prior year ending fund balance/net position	\$ 16,954,335	\$ 2,338,112	\$ 1,607,866	\$ (25,799)	\$ 20,874,514
Recognize prior year utility billing receivables	239,465	100,602	-	-	340,067
Expense unamortized bond issuance costs	(342,273)	-	-	-	(342,273)
Reverse prior year accrued interest payable	-	-	-	25,799	25,799
Reverse prior year accounts receivables	-	-	(29,904)	-	(29,904)
Current year beginning fund balance/net position	\$ 16,851,527	\$ 2,438,714	1,577,962	\$ -	\$ 20,868,203

**IV. OTHER INFORMATION**

**A. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City participates along with 2,617 other entities in the Texas Municipal League's Intergovernmental Risk Pools (the "Pool"). The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool, outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

**B. Contingent Liabilities**

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures which may

**CITY OF ALVIN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2013

be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

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

**C. 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), 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 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 from TMRS's website at [www.TMRS.com](http://www.TMRS.com).

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>2013</u>	<u>2012</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

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.

**CITY OF ALVIN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2013

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.

The annual pension cost and the net pension obligation (asset) are as follows:

Annual required contribution (ARC)	\$ 1,577,721
Interest on net pension obligation (NPO)	84,659
Adjustment to the ARC	<u>(74,380)</u>
Annual pension cost (APC)	1,588,000
Contributions made	<u>(1,458,318)</u>
Increase in NPO	129,682
NPO-beginning of year	<u>1,209,419</u>
NPO-end of year	<u><u>\$ 1,339,101</u></u>

Three-year trend information for the annual pension cost (APC) is as follows:

Fiscal Year	Annual Pension Cost (APC)	Actual Contribution Made	Percentage of APC Contributed	Net Pension Obligation
2011	\$ 1,532,304	\$ 1,222,063	79.75%	\$ 961,676
2012	\$ 1,651,088	\$ 1,403,345	85.00%	\$ 1,209,419
2013	\$ 1,588,000	\$ 1,458,318	91.83%	\$ 1,339,101

The required contribution rates for fiscal year 2013 were determined as part of the December 31, 2010 and 2011 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2012, also follows:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarial Valuation Date	12/31/2012	12/31/2011	12/31/2010
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level percent of payroll	Level percent of payroll	Level percent of payroll
GASB 25 Equivalent Single Amortization Period	25.1 Years - closed period	26.1 Years - closed period	27.1 Years - closed period
Amortization Period for New Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Investment Rate of Return	7.00%	7.00%	7.00%
Projected Salary Increases	Varies by age and service	Varies by age and service	Varies by age and service
Includes Inflation at Cost of Living Adjustments	3.00%	3.00%	3.00%
	2.10%	2.10%	2.10%

**CITY OF ALVIN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2013

Funded Status and Funding Progress

The funded status as of December 31, 2012, the most recent valuation date, is as follows:

		<u>2013</u>
		12/31/2012
Actuarial Valuation Date		
Actuarial Value of Assets	\$	36,130,761
Actuarial Accrued Liability	\$	44,880,611
Percentage Funded		80.5%
Unfunded Actuarial Accrued Liability	\$	8,749,850
Annual Covered Payroll	\$	9,356,882
Covered Payroll		93.5%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. 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 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, 2012.

The Commissioner issues a publicly available annual financial report that includes financial statements and Required Supplementary Information for the Commissioner. This report may be obtained online at [www.ffpc.state.tx.us](http://www.ffpc.state.tx.us).

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. At August 31, 2012, there were 188 fire or emergency services departments actively participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a participant department.

**CITY OF ALVIN, TEXAS**  
*NOTES TO FINANCIAL STATEMENTS (Continued)*  
For the Year Ended September 30, 2013

At August 31, 2012, TESRS membership consisted of:

Retirees and beneficiaries currently receiving benefits	2,750
Terminated members entitled to benefits but not yet receiving them	2,252
Active participants (vested and nonvested)	4,446

Of the 4,446 active participants, 45 were covered by the City.

Senate Bill 411, 65<sup>th</sup> Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 79<sup>th</sup> Legislature, Regular Session (2005), recodified the provisions and gave the TESRS's 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. Members are 50 percent vested after the tenth year of service, with the vesting percentage increasing ten percent for each of the next five years of service so that a member becomes 100 percent vested with 15 years of service.

Upon reaching age 55, 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, 65<sup>th</sup> 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 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, 2012, total contributions (dues and prior service) of \$3,517,455 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. The state did not appropriate any maximum state contribution for the fiscal years ending August 31, 2012 and 2013. Total contributions made were less than the contributions required by the state statute and required based on the August 31, 2010 actuarial valuation.

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, 2012 revealed the inadequacy 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, 2013 (\$528,538 to help pay for TESRS's administrative expenses) and

**CITY OF ALVIN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2013

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 \$530,000 each year to help pay for TESRS's administrative expenses.

The following is a summary of the actuarial assumptions:

Actuarial Cost Method	Entry Age
Amortization Method	Level Dollar, Open
Amortization Period	Infinity
Asset Valuation Method	Market value smoothed by a 5-year deferred recognition method with a 80%/120% corridor on market value
Investment Rate of Return	7.75%
Cost of Living Adjustments	None

Three Year Contribution Information for the City

Fiscal Year	Annual Pension Percentage of ARC		Net Pension Obligation
	Cost (ARC)	Contributions	
2011	\$ 97,245	100%	\$ -
2012	\$ 87,070	100%	\$ -
2013	\$ 91,715	100%	\$ -

**D. Other Post Employment Benefits**

**TMRS – Supplemental Death Benefit Fund**

Plan Description

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other post employment benefit," or OPEB. The obligations of this plan are payable only from the SDBF and are not an obligation of, or a claim against, the Pension Trust Fund. For the year ended September 30, 2013, the City offered the supplemental death benefit to both active and retired employees.

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to ensure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

**CITY OF ALVIN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2013

The City's contributions to the TMRS SDBF for the fiscal years ended 2013, 2012, and 2011 were \$2,794, \$2,886, and \$2,612, respectively. The City's contribution rates for the past three years are shown below:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Annual Req. Contrib. (Rate)	0.03%	0.03%	0.03%
Actual Contribution Made	0.03%	0.03%	0.03%
Percentage of ARC Contrib.	100.00%	100.00%	100.00%

**E. Deferred Compensation Plan**

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

**F. Chapter 380 Economic Development Agreement**

Chapter 380, *Miscellaneous Provisions Relating to Municipal Planning and Development*, of the Texas Local Government Code provides the authority to the governing body of a municipality to establish and provide for the administration of one or more programs, including programs to promote state or local economic development and to stimulate business and commercial activity in the municipality. The City has entered into a Chapter 380 Economic Development Agreement with one business. The term of this agreement is for a period of seven years. This business agreed to make real property improvements that create value of at least \$3,000,000 and shall increase personal property value of at least \$11,000,000. The improvements shall include a 50,000 square foot addition to the facility and other real property improvements and personal property additions. In addition, the facility shall employ a minimum of 165 full-time equivalent employees during the term of this agreement at an agreed upon minimum annual salary. This agreement also includes a hotel room night incentive. Grant payments, in the form of property tax rebates, will begin in fiscal year 2014.

The agreement provides for a maximum grant payment of \$704,867 over the seven year term.

**G. Subsequent Events**

**Long-Term Debt**

On November 5, 2013, the City issued general obligation refunding bonds, series 2013 in the amount of \$5,005,000. The interest rate will be 2.9548 percent. The purpose of the bonds is to defease \$4,900,000 of water and sewer revenue refunding bonds, series 2005 which had maturity dates ranging from 2015 to 2027.

**CITY OF ALVIN, TEXAS**  
*NOTES TO FINANCIAL STATEMENTS (Continued)*  
For the Year Ended September 30, 2013

**Chapter 380 Economic Development Agreement**

On December 12, 2013, the City entered into a second Chapter 380 Economic Development Agreement with a developer. The term of this agreement is for a period of 15 years. The developer agreed to develop a commercial, residential, and retail community including a family entertainment center, cinema, and hotel. The development agreement and grant payments are divided into two phases with each having minimum benchmark requirements that must be satisfied in order to receive a grant payment. Grant payments are calculated based on the annual percentage of the increase in property tax values within each phase. The agreement also includes adjustments to the amount of grant payments based upon the developer satisfying the minimum number of full-time equivalent employees requirement (as defined within the agreement).

The maximum grant payments over 15 years shall be no more than \$16,637,516.

***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, 2013

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Property taxes	\$ 6,547,630	\$ 6,547,630	\$ 6,450,999	\$ (96,631)
Sales taxes	1,905,084	1,905,084	2,013,524	108,440
Franchise fees and taxes	1,358,446	1,358,446	1,292,706	(65,740)
Other taxes	213,000	213,000	219,973	6,973
Licenses and permits	657,700	657,700	692,937	35,237
Fines and forfeitures	474,700	474,700	405,116	(69,584)
Charges for services	150,800	150,800	223,668	72,868
Intergovernmental	-	-	6,030	6,030
Investment revenue	20,000	20,000	11,621	(8,379)
<b>Total Revenues</b>	<b>11,327,360</b>	<b>11,327,360</b>	<b>11,316,574</b>	<b>(10,786)</b>
<b>Expenditures</b>				
General government:				
Administrative	2,047,689	2,052,238	1,896,470	155,768
City attorney	398,217	466,973	459,559	7,414
City manager	274,396	279,392	272,624	6,768
Finance	774,857	791,797	734,211	57,586
Economic development	173,638	203,498	177,770	25,728
<b>Total General Government Expenditures</b>	<b>3,668,797</b>	<b>3,793,898</b>	<b>3,540,634</b>	<b>253,264</b>
Public safety:				
Police	6,199,371	6,278,623	6,093,579	185,044
Fire	844,414	1,300,834	967,670	333,164
<b>Total Public Safety Expenditures</b>	<b>7,043,785</b>	<b>7,579,457</b>	<b>7,061,249</b>	<b>518,208</b>
Public services	955,462	900,980	764,420	136,560
Code enforcement	-	92,826	69,851	22,975
Culture, parks, and recreation	1,367,524	1,419,365	1,297,817	121,548
Capital outlay	-	300,000	287,236	12,764
<b>Total Expenditures</b>	<b>13,035,568</b>	<b>14,086,526</b>	<b>13,021,207</b>	<b>1,065,319</b>
<b>Revenues (Under)</b>				
<b>Expenditures</b>	<b>(1,708,208)</b>	<b>(2,759,166)</b>	<b>(1,704,633)</b>	<b>1,054,533</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	951,767	1,223,276	1,209,532	(13,744)
Transfers (out)	(21,962)	(32,974)	(32,974)	-
Capital leases	-	-	450,000	450,000
<b>Total Other Financing Sources</b>	<b>929,805</b>	<b>1,190,302</b>	<b>1,626,558</b>	<b>436,256</b>
<b>Net Change in Fund Balance</b>	<b>\$ (778,403)</b>	<b>\$ (1,568,864)</b>	<b>(78,075)</b>	<b>\$ 1,490,789</b>
Beginning fund balance			5,609,573	
<b>Ending Fund Balance</b>			<b>\$ 5,531,498</b>	

Notes to Required Supplementary Information:

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

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**CITY OF ALVIN, TEXAS**  
**SCHEDULE OF FUNDING PROGRESS**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM**  
For the Year Ended September 30, 2013

Fiscal Year	2013	2012	2011
Actuarial Valuation Date	12/31/2012	12/31/2011	12/31/2010
Actuarial Value of Assets	\$ 36,130,761	\$ 33,237,906	\$ 30,339,066
Actuarial Accrued Liability	\$ 44,880,611	\$ 41,900,372	\$ 39,219,267
Percentage Funded	80.5%	79.3%	77.4%
Unfunded Actuarial			
Accrued Liability (UAAL)	\$ 8,749,850	\$ 8,662,466	\$ 8,880,201
Annual Covered Payroll	\$ 9,356,882	\$ 8,771,627	\$ 8,625,703
UAAL % of Covered Payroll	93.5%	98.8%	103.0%
Net Pension Obligation (NPO)			
at the Beginning of Period	\$ 1,209,419	\$ 961,676	\$ 651,435
Annual Pension Cost (APC)	1,588,000	1,651,088	1,532,304
Contributions Made	1,458,318	1,403,345	1,222,063
<b>NPO at the End of Period</b>	<b>\$ 1,339,101</b>	<b>\$ 1,209,419</b>	<b>\$ 961,676</b>

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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, 2013

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Property taxes	\$ 1,297,048	\$ 1,297,048	\$ 1,296,666	\$ (382)
Investment revenue	-	-	403	403
<b>Total Revenues</b>	<u>1,297,048</u>	<u>1,297,048</u>	<u>1,297,069</u>	<u>21</u>
<b>Expenditures</b>				
Debt service:				
Principal	917,876	1,189,962	1,189,962	-
Interest and fiscal agent fees	379,172	317,516	304,716	12,800
<b>Total Expenditures</b>	<u>1,297,048</u>	<u>1,507,478</u>	<u>1,494,678</u>	<u>12,800</u>
<b>Revenues (Under)</b>				
<b>Expenditures</b>	<u>-</u>	<u>(210,430)</u>	<u>(197,609)</u>	<u>12,821</u>
<b>Other Financing Sources</b>				
Transfers in	-	200,000	200,000	-
<b>Total Other Financing Sources</b>	<u>-</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ (10,430)</u>	<u>2,391</u>	<u>\$ 12,821</u>
Beginning fund balance			<u>99,776</u>	
<b>Ending Fund Balance</b>			<u>\$ 102,167</u>	

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**CITY OF ALVIN, TEXAS**  
*NONMAJOR GOVERNMENTAL FUNDS*

**SPECIAL REVENUE FUNDS**

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

**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.

**Special Investigation Fund**

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

**Court Building Security Fund**

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

**Municipal Court Technology Fund**

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

**Donation Fund**

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

**Juvenile Case Manager Fund**

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

**Senior Fund**

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

**Park Dedication Fund**

This fund is designated to receive donations for local parks.

**Comcast PEG Fees Fund**

This fund is used to account for revenues and expenditures from Public Educational Governmental access fees.

**TIRZ No. 1 Fund**

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

**TIRZ No. 2 Fund**

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

**TIRZ No. 3 Fund**

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

**Kendall Lakes TIRZ Redevelopment Authority**

This fund is used to account for the development activity related to the Kendall Lakes area in TIRZ No. 2.

**CDBG Disaster Recovery**

This fund is used to account for the activity related to the Community Development Block Grant Disaster Recovery Grant.

**CAPITAL PROJECTS FUNDS**

**Capital Projects Funds** are used to account for specific revenues that are legally restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

**Bond Capital Projects Fund**

This fund is used to account for revenues and expenditures for capital projects funded by bonds.

**Tax Note Capital Projects Fund**

This fund is used to account for revenues and expenditures for capital projects funded by tax notes.

**PERMANENT FUNDS**

**Permanent Funds** are used to account for resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs.

**Cemetery Fund**

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

**CITY OF ALVIN, TEXAS**  
**COMBINING BALANCE SHEET -**  
**NONMAJOR GOVERNMENTAL FUNDS (Page 1 of 2)**  
September 30, 2013

	Special Revenue Funds			
	Hike and Bike Trail	Hotel/ Motel	Special Investigation	Court Building Security
<b><u>Assets</u></b>				
Cash and equity in pooled cash and investments	\$ -	\$ 535,697	\$ 109,953	\$ 112,093
Receivables, net	-	66,208	834	-
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 601,905</b>	<b>\$ 110,787</b>	<b>\$ 112,093</b>
<b><u>Liabilities and Fund Balance</u></b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 6,525	\$ -	\$ -
<b>Total Liabilities</b>	<b>-</b>	<b>6,525</b>	<b>-</b>	<b>-</b>
Fund balances:				
Restricted for:				
Perpetual care	-	-	-	-
Enabling legislation	-	595,380	-	112,093
Tax increment reinvestment zone	-	-	-	-
Capital projects	-	-	-	-
Assigned to:				
Special projects	-	-	110,787	-
Permanent fund	-	-	-	-
<b>Total Fund Balances</b>	<b>-</b>	<b>595,380</b>	<b>110,787</b>	<b>112,093</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ -</b>	<b>\$ 601,905</b>	<b>\$ 110,787</b>	<b>\$ 112,093</b>

**Special Revenue Funds**

<b>Municipal Court Technology</b>	<b>Donation</b>	<b>Juvenile Case Manager</b>	<b>Senior</b>	<b>Park Dedication</b>	<b>Comcast PEG Fees</b>
\$ -	\$ 47,124	\$ 47,294	\$ 6,279	\$ 16,144	\$ 72,134
-	276	-	10	-	-
<u>\$ -</u>	<u>\$ 47,400</u>	<u>\$ 47,294</u>	<u>\$ 6,289</u>	<u>\$ 16,144</u>	<u>\$ 72,134</u>
\$ -	\$ 276	\$ 302	\$ -	\$ -	\$ -
-	276	302	-	-	-
-	-	-	-	-	-
-	-	-	-	-	72,134
-	-	-	-	-	-
-	-	-	-	-	-
-	47,124	46,992	6,289	16,144	-
-	-	-	-	-	-
-	47,124	46,992	6,289	16,144	72,134
<u>\$ -</u>	<u>\$ 47,400</u>	<u>\$ 47,294</u>	<u>\$ 6,289</u>	<u>\$ 16,144</u>	<u>\$ 72,134</u>

**CITY OF ALVIN, TEXAS**  
**COMBINING BALANCE SHEET -**  
**NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 2)**  
September 30, 2013

	Special Revenue Funds			Kendall Lakes TIRZ Redevelop- ment Authority
	TIRZ No. 1	TIRZ No. 2	TIRZ No. 3	
<b>Assets</b>				
Cash and equity in pooled cash and investments	\$ 44	\$ 3,802	\$ 1,718	\$ 86,874
Receivables, net	-	-	-	-
<b>Total Assets</b>	<b>\$ 44</b>	<b>\$ 3,802</b>	<b>\$ 1,718</b>	<b>\$ 86,874</b>
<b>Liabilities and Fund Balance</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances:				
Restricted for:				
Perpetual care	-	-	-	-
Enabling legislation	-	-	-	-
Tax increment reinvestment zone	44	3,802	1,718	86,874
Capital projects	-	-	-	-
Assigned to:				
Special projects	-	-	-	-
Permanent fund	-	-	-	-
<b>Total Fund Balances</b>	<b>44</b>	<b>3,802</b>	<b>1,718</b>	<b>86,874</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 44</b>	<b>\$ 3,802</b>	<b>\$ 1,718</b>	<b>\$ 86,874</b>

<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>		<u>Permanent Fund</u>	
<u>CDBG Disaster Recovery</u>	<u>Bond Capital Projects</u>	<u>Tax Note Capital Projects</u>	<u>Cemetery</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 1,312,604	\$ 921,833	\$ 490,656	\$ 3,764,249
<u>304,308</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>371,636</u>
<u>\$ 304,308</u>	<u>\$ 1,312,604</u>	<u>\$ 921,833</u>	<u>\$ 490,656</u>	<u>\$ 4,135,885</u>
\$ 304,308	\$ 260,699	\$ -	\$ 312	\$ 572,422
<u>304,308</u>	<u>260,699</u>	<u>-</u>	<u>312</u>	<u>572,422</u>
-	-	-	50,000	50,000
-	-	-	-	779,607
-	-	-	-	92,438
-	1,051,905	921,833	-	1,973,738
-	-	-	-	227,336
-	-	-	440,344	440,344
<u>-</u>	<u>1,051,905</u>	<u>921,833</u>	<u>490,344</u>	<u>3,563,463</u>
<u>\$ 304,308</u>	<u>\$ 1,312,604</u>	<u>\$ 921,833</u>	<u>\$ 490,656</u>	<u>\$ 4,135,885</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, 2013

	Special Revenue Funds			
	Hike and Bike Trail	Hotel/ Motel	Special Investigation	Court Building Security
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Franchise and local taxes	-	278,169	-	-
Fines and forfeitures	-	-	-	7,570
Charges for services	-	-	-	-
Intergovernmental	-	-	64,343	-
Investment revenue	78	7,290	105	175
Other revenue	-	-	69,317	-
<b>Total Revenues</b>	<u>78</u>	<u>285,459</u>	<u>133,765</u>	<u>7,745</u>
<b>Expenditures</b>				
<b>Current:</b>				
General government	-	-	-	-
Public safety	-	-	84,683	4,274
Community services	-	175,415	-	-
Culture, parks, and recreation	-	-	-	-
<b>Capital outlay</b>	100,000	-	-	-
<b>Debt service:</b>				
Principal	-	15,610	-	-
Interest and fiscal charges	-	3,144	-	-
Bond issuance costs	-	-	-	-
<b>Total Expenditures</b>	<u>100,000</u>	<u>194,169</u>	<u>84,683</u>	<u>4,274</u>
<b>Revenues Over (Under)</b>				
<b>Expenditures</b>	<u>(99,922)</u>	<u>91,290</u>	<u>49,082</u>	<u>3,471</u>
<b>Other Financing Sources (Uses)</b>				
Debt issued	-	-	-	-
Transfer in	-	-	-	-
Transfers (out)	(1,359)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>(1,359)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>(101,281)</u>	<u>91,290</u>	<u>49,082</u>	<u>3,471</u>
Beginning fund balances	101,281	504,090	61,705	108,622
<b>Ending Fund Balances</b>	<u>\$ -</u>	<u>\$ 595,380</u>	<u>\$ 110,787</u>	<u>\$ 112,093</u>

Special Revenue Funds

Municipal Court Technology	Donation	Juvenile Case Manager	Senior	Park Dedication	Comcast PEG Fees
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	37,267
10,094	-	-	-	-	-
-	-	-	-	-	-
-	17,510	-	-	-	-
13	75	116	11	-	-
-	-	12,555	5,734	18,000	-
<u>10,107</u>	<u>17,585</u>	<u>12,671</u>	<u>5,745</u>	<u>18,000</u>	<u>37,267</u>
-	4,091	-	-	-	-
11,555	-	11,938	-	-	-
-	-	-	4,902	-	-
-	11,000	-	-	-	-
-	-	-	-	23,925	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>11,555</u>	<u>15,091</u>	<u>11,938</u>	<u>4,902</u>	<u>23,925</u>	<u>-</u>
<u>(1,448)</u>	<u>2,494</u>	<u>733</u>	<u>843</u>	<u>(5,925)</u>	<u>37,267</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(1,448)</u>	<u>2,494</u>	<u>733</u>	<u>843</u>	<u>(5,925)</u>	<u>37,267</u>
<u>1,448</u>	<u>44,630</u>	<u>46,259</u>	<u>5,446</u>	<u>22,069</u>	<u>34,867</u>
<u>\$ -</u>	<u>\$ 47,124</u>	<u>\$ 46,992</u>	<u>\$ 6,289</u>	<u>\$ 16,144</u>	<u>\$ 72,134</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, 2013

	Special Revenue Funds			Kendall Lakes TIRZ Redevelop- ment Authority
	TIRZ No. 1	TIRZ No. 2	TIRZ No. 3	
<b>Revenues</b>				
Property taxes	\$ -	\$ 73,157	\$ -	\$ -
Franchise and local taxes	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Intergovernmental	-	-	-	-
Investment revenue	-	-	-	44
Other revenue	-	-	-	-
<b>Total Revenues</b>	<b>-</b>	<b>73,157</b>	<b>-</b>	<b>44</b>
<b>Expenditures</b>				
<b>Current:</b>				
General government	-	-	-	47,437
Public safety	-	-	-	-
Community services	-	-	-	-
Culture, parks, and recreation	-	-	-	-
<b>Capital outlay</b>	-	-	-	-
<b>Debt service:</b>				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Bond issuance costs	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47,437</b>
<b>Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>-</b>	<b>73,157</b>	<b>-</b>	<b>(47,393)</b>
<b>Other Financing Sources (Uses)</b>				
Debt issued	-	-	-	-
Transfer in	-	-	-	69,355
Transfers (out)	-	(69,355)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(69,355)</b>	<b>-</b>	<b>69,355</b>
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>3,802</b>	<b>-</b>	<b>21,962</b>
Beginning fund balances	44	-	1,718	64,912
<b>Ending Fund Balances</b>	<b>\$ 44</b>	<b>\$ 3,802</b>	<b>\$ 1,718</b>	<b>\$ 86,874</b>

Special Revenue Fund	Capital Projects Fund		Permanent Fund	Total Nonmajor Governmental Funds
CDBG Disaster Recovery	Bond Capital Projects	Tax Note Capital Projects	Cemetery	
\$ -	\$ -	\$ -	\$ -	\$ 73,157
-	-	-	-	315,436
-	-	-	-	17,664
-	-	-	56,850	56,850
323,043	-	-	-	404,896
-	502	93	481	8,983
-	-	-	-	105,606
<u>323,043</u>	<u>502</u>	<u>93</u>	<u>57,331</u>	<u>982,592</u>
-	-	-	-	51,528
-	-	-	-	112,450
-	-	-	32,552	212,869
-	-	-	-	11,000
323,043	1,428,075	-	-	1,875,043
-	-	-	-	15,610
-	-	-	-	3,144
-	-	43,260	-	43,260
<u>323,043</u>	<u>1,428,075</u>	<u>43,260</u>	<u>32,552</u>	<u>2,324,904</u>
<u>-</u>	<u>(1,427,573)</u>	<u>(43,167)</u>	<u>24,779</u>	<u>(1,342,312)</u>
-	-	1,235,000	-	1,235,000
-	30,000	-	21,962	121,317
-	-	(270,000)	(39,356)	(380,070)
<u>-</u>	<u>30,000</u>	<u>965,000</u>	<u>(17,394)</u>	<u>976,247</u>
-	(1,397,573)	921,833	7,385	(366,065)
<u>-</u>	<u>2,449,478</u>	<u>-</u>	<u>482,959</u>	<u>3,929,528</u>
<u>\$ -</u>	<u>\$ 1,051,905</u>	<u>\$ 921,833</u>	<u>\$ 490,344</u>	<u>\$ 3,563,463</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, 2013

Hike and Bike Fund				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Investment revenue	\$ 100	\$ 100	\$ 78	\$ (22)
<b>Total Revenues</b>	<u>100</u>	<u>100</u>	<u>78</u>	<u>(22)</u>
<b>Expenditures</b>				
Capital outlay	-	100,000	100,000	-
<b>Total Expenditures</b>	<u>-</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Revenues over (under) expenditures	100	(99,900)	(99,922)	(22)
<b>Other Financing (Uses)</b>				
Transfers (out)	-	(1,359)	(1,359)	-
<b>Total Other Financing (Uses)</b>	<u>-</u>	<u>(1,359)</u>	<u>(1,359)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ 100</u>	<u>\$ (101,259)</u>	<u>(101,281)</u>	<u>\$ (22)</u>
Beginning fund balance			101,281	
<b>Ending Fund Balance</b>			<u>\$ -</u>	

Hotel/Motel Fund				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Franchise and local taxes	\$ 215,000	\$ 215,000	\$ 278,169	\$ 63,169
Investment revenue	4,300	4,300	7,290	2,990
<b>Total Revenues</b>	<u>219,300</u>	<u>219,300</u>	<u>285,459</u>	<u>66,159</u>
<b>Expenditures</b>				
<b>Current:</b>				
Community services	201,396	201,396	175,415	25,981
<b>Debt Service:</b>				
Principal	31,372	31,372	15,610	15,762
Interest and fiscal charges	3,023	3,023	3,144	(121)
<b>Total Expenditures</b>	<u>235,791</u>	<u>235,791</u>	<u>194,169</u>	<u>41,622</u>
<b>Net Change in Fund Balance</b>	<u>\$ (16,491)</u>	<u>\$ (16,491)</u>	<u>91,290</u>	<u>\$ 107,781</u>
Beginning fund balance			504,090	
<b>Ending Fund Balance</b>			<u>\$ 595,380</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, 2013

Special Investigation Fund				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$ -	\$ -	\$ 64,343	\$ 64,343
Investment revenue	150	150	105	(45)
Other revenue	1,200	1,200	69,317	68,117
<b>Total Revenues</b>	<u>1,350</u>	<u>1,350</u>	<u>133,765</u>	<u>132,415</u>
<b>Expenditures</b>				
<b>Current:</b>				
Public safety	-	85,100	84,683	417
<b>Total Expenditures</b>	<u>-</u>	<u>85,100</u>	<u>84,683</u>	<u>417</u>
<b>Net Change in Fund Balance</b>	<u>\$ 1,350</u>	<u>\$ (83,750)</u>	49,082	<u>\$ 132,832</u>
Beginning fund balance			<u>61,705</u>	
<b>Ending Fund Balance</b>			<u>\$ 110,787</u>	

Court Building Security Fund				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Fines and forfeitures	\$ 7,704	\$ 7,704	\$ 7,570	\$ (134)
Investment revenue	100	100	175	75
<b>Total Revenues</b>	<u>7,804</u>	<u>7,804</u>	<u>7,745</u>	<u>(59)</u>
<b>Expenditures</b>				
<b>Current:</b>				
Public safety	6,000	6,000	4,274	1,726
<b>Total Expenditures</b>	<u>6,000</u>	<u>6,000</u>	<u>4,274</u>	<u>1,726</u>
<b>Net Change in Fund Balance</b>	<u>\$ 1,804</u>	<u>\$ 1,804</u>	3,471	<u>\$ 1,667</u>
Beginning fund balance			<u>108,622</u>	
<b>Ending Fund Balance</b>			<u>\$ 112,093</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, 2013

<b>Municipal Court Technology Fund</b>				
	<b>Original Budget Amounts</b>	<b>Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Fines and forfeitures	\$ 10,000	\$ 10,000	\$ 10,094	\$ 94
Investment revenue	-	-	13	13
<b>Total Revenues</b>	<b>10,000</b>	<b>10,000</b>	<b>10,107</b>	<b>107</b>
<b>Expenditures</b>				
<b>Current:</b>				
Public safety	20,779	20,779	11,555	9,224
<b>Total Expenditures</b>	<b>20,779</b>	<b>20,779</b>	<b>11,555</b>	<b>9,224</b>
<b>Net Change in Fund Balance</b>	<b>\$ (10,779)</b>	<b>\$ (10,779)</b>	<b>(1,448)</b>	<b>\$ 9,331</b>
Beginning fund balance			1,448	
<b>Ending Fund Balance</b>			<b>\$ -</b>	

<b>Donation Fund</b>				
	<b>Original Budget Amounts</b>	<b>Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Intergovernmental	\$ 15,000	\$ 15,000	\$ 17,510	\$ 2,510
Investment revenue	100	100	75	(25)
<b>Total Revenues</b>	<b>15,100</b>	<b>15,100</b>	<b>17,585</b>	<b>2,485</b>
<b>Expenditures</b>				
<b>Current:</b>				
General government	3,000	4,300	4,091	209
Culture, parks, and recreation	12,000	12,000	11,000	1,000
<b>Total Expenditures</b>	<b>15,000</b>	<b>16,300</b>	<b>15,091</b>	<b>1,209</b>
<b>Net Change in Fund Balance</b>	<b>\$ 100</b>	<b>\$ (1,200)</b>	<b>2,494</b>	<b>\$ 3,694</b>
Beginning fund balance			44,630	
<b>Ending Fund Balance</b>			<b>\$ 47,124</b>	

**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, 2013

Juvenile Case Manager Fund				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Investment revenue	\$ 100	\$ 100	\$ 116	\$ 16
Other revenue	13,000	13,000	12,555	(445)
<b>Total Revenues</b>	<b>13,100</b>	<b>13,100</b>	<b>12,671</b>	<b>(429)</b>
<b>Expenditures</b>				
<b>Current:</b>				
Public safety	13,965	13,965	11,938	2,027
<b>Total Expenditures</b>	<b>13,965</b>	<b>13,965</b>	<b>11,938</b>	<b>2,027</b>
<b>Net Change in Fund Balance</b>	<b>\$ (865)</b>	<b>\$ (865)</b>	<b>733</b>	<b>\$ 1,598</b>
Beginning fund balance			46,259	
<b>Ending Fund Balance</b>			<b>\$ 46,992</b>	

Senior Fund				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Investment revenue	\$ 25	\$ 25	\$ 11	\$ (14)
Other revenue	6,300	6,300	5,734	(566)
<b>Total Revenues</b>	<b>6,325</b>	<b>6,325</b>	<b>5,745</b>	<b>(580)</b>
<b>Expenditures</b>				
<b>Current:</b>				
Community services	6,300	6,300	4,902	1,398
<b>Total Expenditures</b>	<b>6,300</b>	<b>6,300</b>	<b>4,902</b>	<b>1,398</b>
<b>Net Change in Fund Balance</b>	<b>\$ 25</b>	<b>\$ 25</b>	<b>843</b>	<b>\$ 818</b>
Beginning fund balance			5,446	
<b>Ending Fund Balance</b>			<b>\$ 6,289</b>	

**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, 2013

Park Dedication Fund				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Other revenue	\$ -	\$ -	\$ 18,000	\$ 18,000
<b>Total Revenues</b>	-	-	18,000	18,000
<b>Expenditures</b>				
Capital outlay	-	24,000	23,925	75
<b>Total Expenditures</b>	-	24,000	23,925	75
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ (24,000)</u>	<u>(5,925)</u>	<u>\$ 18,075</u>
Beginning fund balance			22,069	
<b>Ending Fund Balance</b>			<u>\$ 16,144</u>	

Comcast PEG Fees Fund				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Franchise and local taxes	\$ 31,554	\$ 31,554	\$ 37,267	\$ 5,713
<b>Total Revenues</b>	31,554	31,554	37,267	5,713
<b>Net Change in Fund Balance</b>	<u>\$ 31,554</u>	<u>\$ 31,554</u>	<u>37,267</u>	<u>\$ 5,713</u>
Beginning fund balance			34,867	
<b>Ending Fund Balance</b>			<u>\$ 72,134</u>	

**CITY OF ALVIN, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**NONMAJOR SPECIAL REVENUE AND PERMANENT FUNDS**

For the Year Ended September 30, 2013

TIRZ No. 2 Fund				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Property taxes	\$ 3,000	\$ 3,000	\$ 73,157	\$ 70,157
Investment revenue	-	-	-	-
<b>Total Revenues</b>	<b>3,000</b>	<b>3,000</b>	<b>73,157</b>	<b>70,157</b>
<b>Other Financing (Uses)</b>				
Transfers (out)	-	-	(69,355)	(69,355) *
<b>Total Other Financing (Uses)</b>	<b>-</b>	<b>-</b>	<b>(69,355)</b>	<b>(69,355)</b>
<b>Net Change in Fund Balance</b>	<b>\$ 3,000</b>	<b>\$ 3,000</b>	<b>3,802</b>	<b>\$ 802</b>
Beginning fund balance			-	
<b>Ending Fund Balance</b>			<b>\$ 3,802</b>	

Kendall Lakes TIRZ Redevelopment Authority Fund				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Investment revenue	\$ -	\$ 150	\$ 44	\$ (106)
<b>Total Revenues</b>	<b>-</b>	<b>150</b>	<b>44</b>	<b>(106)</b>
<b>Expenditures</b>				
<b>Current:</b>				
General government	60,000	58,018	47,437	10,581
<b>Total Expenditures</b>	<b>60,000</b>	<b>58,018</b>	<b>47,437</b>	<b>10,581</b>
<b>Revenues (Under ) Expenditures</b>	<b>(60,000)</b>	<b>(57,868)</b>	<b>(47,393)</b>	<b>10,475</b>
<b>Other Financing Sources</b>				
Transfers in	-	66,349	69,355	3,006
<b>Total Other Financing Sources</b>	<b>-</b>	<b>66,349</b>	<b>69,355</b>	<b>3,006</b>
<b>Net Change in Fund Balance</b>	<b>\$ (60,000)</b>	<b>\$ 8,481</b>	<b>21,962</b>	<b>\$ 13,481</b>
Beginning fund balance			64,912	
<b>Ending Fund Balance</b>			<b>\$ 86,874</b>	

\* 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 AND PERMANENT FUNDS**  
For the Year Ended September 30, 2013

	Permanent Fund			Variance with Final Budget Positive (Negative)
	Cemetery Fund			
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	
<b>Revenues</b>				
Charges for services	\$ 54,200	\$ 54,200	\$ 56,850	\$ 2,650
Investment revenue	500	500	481	(19)
<b>Total Revenues</b>	<b>54,700</b>	<b>54,700</b>	<b>57,331</b>	<b>2,631</b>
<b>Expenditures</b>				
<b>Current:</b>				
Community services	22,578	46,578	32,552	14,026
<b>Total Expenditures</b>	<b>22,578</b>	<b>46,578</b>	<b>32,552</b>	<b>14,026</b>
<b>Revenues Over Expenditures</b>	<b>32,122</b>	<b>8,122</b>	<b>24,779</b>	<b>16,657</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	21,962	21,962	21,962	-
Transfers (out)	(40,958)	(40,958)	(39,356)	1,602
<b>Total Other Financing (Uses)</b>	<b>(18,996)</b>	<b>(18,996)</b>	<b>(17,394)</b>	<b>1,602</b>
<b>Net Change in Fund Balance</b>	<b>\$ 13,126</b>	<b>\$ (10,874)</b>	<b>7,385</b>	<b>\$ 18,259</b>
Beginning fund balance			482,959	
<b>Ending Fund Balance</b>			<b>\$ 490,344</b>	

# **CITY OF ALVIN, TEXAS**

## ***INTERNAL SERVICE FUNDS***

September 30, 2013

### **Central Shop Fund**

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

### **Vehicle Replacement Fund**

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

### **IT Maintenance Fund**

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

### **Computer Replacement Fund**

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

**CITY OF ALVIN, TEXAS**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**

September 30, 2013

	<u>Central Shop</u>	<u>Vehicle Replacement</u>	<u>IT Maintenance</u>	<u>Computer Replacement</u>
<b><u>Assets</u></b>				
Current assets:				
Cash and equity in pooled cash and investments	\$ 268,050	\$ 1,222,900	\$ 70,962	\$ 121,512
Accounts receivable	16,670	28,654	-	-
Advances to other funds	-	47,717	-	-
Inventory	38,926	-	-	-
<b>Total Current Assets</b>	<u>323,646</u>	<u>1,299,271</u>	<u>70,962</u>	<u>121,512</u>
Noncurrent assets:				
Capital assets:				
Buildings	7,754	-	-	-
Equipment	65,372	3,148,822	-	-
Less: accumulated depreciation	(18,903)	(2,299,819)	-	-
<b>Total Capital Assets (Net of Accumulated Depreciation)</b>	<u>54,223</u>	<u>849,003</u>	<u>-</u>	<u>-</u>
<b>Total Noncurrent Assets</b>	<u>54,223</u>	<u>849,003</u>	<u>-</u>	<u>-</u>
<b>Total Assets</b>	<u>377,869</u>	<u>2,148,274</u>	<u>70,962</u>	<u>121,512</u>
<b><u>Liabilities and Net Position</u></b>				
Current liabilities:				
Accounts payable	30,840	7,811	7,499	-
Compensated absences	9,418	-	-	-
<b>Total Current Liabilities</b>	<u>40,258</u>	<u>7,811</u>	<u>7,499</u>	<u>-</u>
Noncurrent liabilities:				
Compensated absences	1,047	-	-	-
Net pension obligation	20,475	-	7,913	-
<b>Total Noncurrent Liabilities</b>	<u>21,522</u>	<u>-</u>	<u>7,913</u>	<u>-</u>
<b>Total Liabilities</b>	<u>61,780</u>	<u>7,811</u>	<u>15,412</u>	<u>-</u>
<b><u>Net Position</u></b>				
Net investment in capital assets	54,223	849,003	-	-
Unrestricted	261,866	1,291,460	55,550	121,512
<b>Total Net Position</b>	<u>\$ 316,089</u>	<u>\$ 2,140,463</u>	<u>\$ 55,550</u>	<u>\$ 121,512</u>

Total

\$ 1,683,424  
45,324  
47,717  
38,926  
1,815,391

7,754  
3,214,194  
(2,318,722)

903,226  
903,226  
2,718,617

46,150  
9,418  
55,568

1,047  
28,388  
29,435  
85,003

903,226  
1,730,388

\$ 2,633,614

**CITY OF ALVIN, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**For the Year Ended September 30, 2013**

	<u>Central Shop</u>	<u>Vehicle Replacement</u>	<u>IT Maintenance</u>	<u>Computer Replacement</u>
<b><u>Operating Revenues</u></b>				
Charges for sales and services	\$ 524,552	\$ 427,487	\$ -	\$ 162,982
Other revenue	55	4,680	375,933	-
<b>Total Operating Revenues</b>	<u>524,607</u>	<u>432,167</u>	<u>375,933</u>	<u>162,982</u>
<b><u>Operating Expenses</u></b>				
Personnel services	208,420	-	-	-
Supplies	253,422	12,031	316,851	92,756
Depreciation	4,246	270,027	-	-
<b>Total Operating Expenses</b>	<u>466,088</u>	<u>282,058</u>	<u>316,851</u>	<u>92,756</u>
<b>Operating Income</b>	<u>-58,519</u>	<u>150,109</u>	<u>59,082</u>	<u>70,226</u>
<b><u>Nonoperating Revenues</u></b>				
Gain on sale of capital assets	-	25,759	-	-
Investment revenue	117	1,831	-	-
<b>Total Nonoperating Revenues</b>	<u>117</u>	<u>27,590</u>	<u>-</u>	<u>-</u>
Transfers in	-	-	-	24,527
Transfers (out)	-	-	(24,527)	-
<b>Total Transfers</b>	<u>-</u>	<u>-</u>	<u>(24,527)</u>	<u>24,527</u>
<b>Change in Net Position</b>	58,636	177,699	34,555	94,753
Beginning net position	257,453	1,962,764	20,995	26,759
<b>Ending Net Position</b>	<u>\$ 316,089</u>	<u>\$ 2,140,463</u>	<u>\$ 55,550</u>	<u>\$ 121,512</u>

	<b>Total</b>
\$	1,115,021
	380,668
	1,495,689
	208,420
	675,060
	274,273
	1,157,753
	337,936
	25,759
	1,948
	27,707
	24,527
	(24,527)
	-
	365,643
	2,267,971
\$	2,633,614

**CITY OF ALVIN, TEXAS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**

For the Year Ended September 30, 2013

	Central Shop	Vehicle Replacement	IT Maintenance	Computer Replacement
<b><u>Cash Flows from Operating Activities</u></b>				
Receipts from customers and users	\$ 574,889	\$ 403,513	\$ 383,846	\$ 162,982
Payments to suppliers	(277,114)	(18,449)	(312,884)	(92,756)
Payments to employees	(213,550)	-	-	-
<b>Net Cash Provided by Operating Activities</b>	<b>84,225</b>	<b>385,064</b>	<b>70,962</b>	<b>70,226</b>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>				
Transfers from other funds	-	-	(24,527)	24,527
Interfund loan payments received	-	30,019	-	-
Interest received on interfund loan	-	98	-	-
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>-</b>	<b>30,117</b>	<b>(24,527)</b>	<b>24,527</b>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>				
Acquisition and construction of capital assets	-	(295,514)	-	-
Proceeds from sale of capital assets	-	25,759	-	-
<b>Net Cash (Used) by Capital and Related Financing Activities</b>	<b>-</b>	<b>(269,755)</b>	<b>-</b>	<b>-</b>
<b><u>Cash Flows from Investing Activities</u></b>				
Interest on investments	117	1,733	-	-
<b>Net Cash Provided by Investing Activities</b>	<b>117</b>	<b>1,733</b>	<b>-</b>	<b>-</b>
<b>Net Increase in Cash and Equity in Pooled Cash and Investments</b>	<b>84,342</b>	<b>147,159</b>	<b>46,435</b>	<b>94,753</b>
Beginning Cash and Equity in Pooled Cash and Investments	183,708	1,075,741	24,527	26,759
<b>Ending Cash and Equity in Pooled Cash and Investments</b>	<b>\$ 268,050</b>	<b>\$ 1,222,900</b>	<b>\$ 70,962</b>	<b>\$ 121,512</b>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>				
Operating income	\$ 58,519	\$ 150,109	\$ 59,082	\$ 70,226
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	4,246	270,027	-	-
<b>Changes in Operating Assets and Liabilities:</b>				
<b>(Increase) Decrease in Current Assets:</b>				
Accounts receivable	-	(28,654)	-	-
Inventories	53,215	-	-	-
<b>Increase (Decrease) in Current Liabilities:</b>				
Accounts payable	(23,692)	(6,418)	3,967	-
Net pension obligation	(2,933)	-	7,913	-
Compensated absences	(5,130)	-	-	-
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 84,225</b>	<b>\$ 385,064</b>	<b>\$ 70,962</b>	<b>\$ 70,226</b>

**Total**  

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**\$** 1,525,230  
(701,203)  
(213,550)  

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610,477

-  
30,019  
98  

---

30,117

(295,514)  
25,759  

---

(269,755)

1,850  

---

1,850

372,689  
  
1,310,735

**\$** 1,683,424

**\$** 337,936

274,273

(28,654)  
53,215

(26,143)  
4,980  
(5,130)  

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610,477

**\$** 610,477

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***OTHER  
STATEMENTS***

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# CITY OF ALVIN, TEXAS

## CONSOLIDATED BALANCE SHEET

### GENERAL FUND - SUB-FUNDS

September 30, 2013

	<u>General</u>	<u>Fire Capital Fund</u>	<u>General Fund Total</u>
<b><u>Assets</u></b>			
Cash and equity in pooled cash and investments	\$ 2,464,916	\$ 422,505	\$ 2,887,421
Investments	1,774,443	-	1,774,443
Receivables, net	1,496,944	-	1,496,944
Prepaid items	21,335	-	21,335
Inventory	188	-	188
<b>Total Assets</b>	<b><u>\$ 5,757,826</u></b>	<b><u>\$ 422,505</u></b>	<b><u>\$ 6,180,331</u></b>
<b><u>Liabilities</u></b>			
Accounts payable and accrued liabilities	\$ 259,295	\$ -	\$ 259,295
Due to others	82,562	-	82,562
Unearned revenue	2,904	-	2,904
<b>Total Liabilities</b>	<b><u>344,761</u></b>	<b><u>-</u></b>	<b><u>344,761</u></b>
<b><u>Deferred Inflows of Resources</u></b>			
Unavailable revenue - property taxes	<u>304,072</u>	<u>-</u>	<u>304,072</u>
<b><u>Fund Balances</u></b>			
Nonspendable:			
Inventories	188	-	188
Prepaid items	21,335	-	21,335
Assigned to:			
Special projects	50,000	120,518	170,518
Compensated absences	523,341	-	523,341
Unassigned	4,514,129	301,987	4,816,116
<b>Total Fund Balances</b>	<b><u>5,108,993</u></b>	<b><u>422,505</u></b>	<b><u>5,531,498</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ 5,757,826</u></b>	<b><u>\$ 422,505</u></b>	<b><u>\$ 6,180,331</u></b>

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# CITY OF ALVIN, TEXAS

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

For the Year Ended September 30, 2013

	General	Fire Capital Fund	General Fund Total
<b><u>Revenues</u></b>			
Property taxes	\$ 6,450,999	\$ -	\$ 6,450,999
Sales taxes	2,013,524	-	2,013,524
Franchise fees and taxes	1,292,706	-	1,292,706
Other taxes	219,973	-	219,973
Licenses and permits	692,937	-	692,937
Fines and forfeitures	405,116	-	405,116
Charges for services	215,628	8,040	223,668
Intergovernmental	6,030	-	6,030
Investment revenue	11,621	-	11,621
	<b>Total Revenues</b>	<b>8,040</b>	<b>11,316,574</b>
<b><u>Expenditures</u></b>			
<b>Current:</b>			
General government	3,540,634	-	3,540,634
Public safety	6,905,196	156,053	7,061,249
Public services	764,420	-	764,420
Community services	69,851	-	69,851
Culture, parks, and recreation	1,297,817	-	1,297,817
<b>Capital outlay</b>	<b>287,236</b>	<b>-</b>	<b>287,236</b>
	<b>Total Expenditures</b>	<b>156,053</b>	<b>13,021,207</b>
	<b>(Deficiency) of Revenues (Under) Expenditures</b>	<b>(148,013)</b>	<b>(1,704,633)</b>
<b><u>Other Financing Sources (Uses)</u></b>			
Transfers in	1,209,532	-	1,209,532
Transfers (out)	(32,974)	-	(32,974)
Capital leases	-	450,000	450,000
	<b>Total Other Financing Sources</b>	<b>450,000</b>	<b>1,626,558</b>
	<b>Net Change in Fund Balances</b>	<b>301,987</b>	<b>(78,075)</b>
Beginning fund balances	5,489,055	120,518	5,609,573
	<b>Ending Fund Balances</b>	<b>\$ 422,505</b>	<b>\$ 5,531,498</b>

**CITY OF ALVIN, TEXAS**  
**CONSOLIDATED STATEMENT OF NET POSITION**  
**WATER & SEWER FUND - SUB-FUNDS**  
September 30, 2013

	Impact Fees	Utility	2005 Rev. & Refunding Bonds	2006B Certificates of Obligation
<b>Assets</b>				
<b>Current assets</b>				
Cash and equity in pooled cash and investments	\$ 1,788,452	\$ 3,664,436	\$ 280,357	\$ 554,129
Investments	-	321,875	-	-
Accounts receivable (net of allowance for uncollectibles)	-	899,184	-	-
Inventory	-	64,108	-	-
<b>Total Current Assets</b>	<u>1,788,452</u>	<u>4,949,603</u>	<u>280,357</u>	<u>554,129</u>
<b>Noncurrent assets</b>				
Restricted cash, cash equivalents, and investments:				
Current portion of bonds payable	-	228,438	-	-
Customer deposits	-	1,032,740	-	-
<b>Total Restricted Assets</b>	<u>-</u>	<u>1,261,178</u>	<u>-</u>	<u>-</u>
Capital assets:				
Land	-	937,829	-	-
Buildings	-	5,523,533	-	-
Improvements	-	7,125	-	142,068
Infrastructure	-	39,996,035	757,920	3,963,806
Equipment	-	1,060,090	13,829	-
Construction in progress	-	323,043	-	-
Less allowance for depreciation	-	(28,514,257)	-	-
<b>Total Capital Assets (Net)</b>	<u>-</u>	<u>19,333,398</u>	<u>771,749</u>	<u>4,105,874</u>
<b>Total Noncurrent Assets</b>	<u>-</u>	<u>20,594,576</u>	<u>771,749</u>	<u>4,105,874</u>
<b>Total Assets</b>	<u>\$ 1,788,452</u>	<u>\$ 25,544,179</u>	<u>\$ 1,052,106</u>	<u>\$ 4,660,003</u>
<b>Deferred Outflows of Resources</b>				
Deferred charge on refunding	-	820,070	-	-

<u>2008</u> <u>Certificates of</u> <u>Obligation</u>	<u>2011</u> <u>Certificates of</u> <u>Obligation</u>	<u>Water and</u> <u>Sewer</u> <u>Total</u>
\$ 629,225	\$ 22,409	\$ 6,939,008
-	-	321,875
-	-	899,184
-	-	64,108
<u>629,225</u>	<u>22,409</u>	<u>8,224,175</u>
-	-	228,438
-	-	1,032,740
-	-	<u>1,261,178</u>
-	-	937,829
-	-	5,523,533
-	241,891	391,084
1,343,215	-	46,060,976
-	72,682	1,146,601
-	-	323,043
-	(24,798)	(28,539,055)
<u>1,343,215</u>	<u>289,775</u>	<u>25,844,011</u>
<u>1,343,215</u>	<u>289,775</u>	<u>27,105,189</u>
<u>\$ 1,972,440</u>	<u>\$ 312,184</u>	<u>\$ 35,329,364</u>
-	-	<u>820,070</u>

**CITY OF ALVIN, TEXAS**  
**CONSOLIDATED STATEMENT OF NET POSITION**  
**WATER & SEWER FUND - SUB-FUNDS**  
September 30, 2013

	Impact Fees	Utility	2005 Rev. & Refunding Bonds	2006B Certificates of Obligation
<b>Liabilities and Net Position</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued liabilities	\$ -	\$ 69,701	\$ -	\$ -
Customer deposits	-	1,032,740	-	-
Accrued interest payable	-	170,752	-	-
Bonds payable - current	-	1,456,433	-	-
Compensated absences	-	44,363	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Current Liabilities</b>	-	2,773,989	-	-
<b>Noncurrent liabilities</b>				
Bonds payable, net of deferred charges	-	15,006,104	-	-
Compensated absences	-	4,929	-	-
Net pension obligation	-	151,648	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Noncurrent Liabilities</b>	-	15,162,681	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Liabilities</b>	-	17,936,670	-	-
<b>Net Position</b>				
Net investment in capital assets	-	5,061,290	771,749	4,105,874
Restricted for:				
Debt service	-	423,744	-	-
Unrestricted net position	1,788,452	2,942,545	280,357	554,129
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Net Position</b>	<u>\$ 1,788,452</u>	<u>\$ 8,427,579</u>	<u>\$ 1,052,106</u>	<u>\$ 4,660,003</u>

<u>2008</u> <u>Certificates of</u> <u>Obligation</u>	<u>2011</u> <u>Certificates of</u> <u>Obligation</u>	<u>Water and</u> <u>Sewer</u> <u>Total</u>
\$ -	\$ -	\$ 69,701
-	-	1,032,740
-	-	170,752
-	-	1,456,433
-	-	44,363
<hr/>	<hr/>	<hr/>
-	-	2,773,989
<hr/>	<hr/>	<hr/>
-	-	15,006,104
-	-	4,929
-	-	151,648
<hr/>	<hr/>	<hr/>
-	-	15,162,681
<hr/>	<hr/>	<hr/>
-	-	17,936,670
<hr/>	<hr/>	<hr/>
1,343,215	289,775	11,571,903
-	-	423,744
629,225	22,409	6,217,117
<hr/>	<hr/>	<hr/>
<u>\$ 1,972,440</u>	<u>\$ 312,184</u>	<u>\$ 18,212,764</u>

# CITY OF ALVIN, TEXAS

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

For the Year Ended September 30, 2013

	<u>Impact Fees</u>	<u>Utility</u>	<u>2005 Rev. &amp; Refunding Bonds</u>	<u>2006B Certificates of Obligation</u>
<b><u>Operating Revenues</u></b>				
Water service	\$ -	\$ 3,269,372	\$ -	\$ -
Sewer service	-	3,357,941	-	-
Other revenue	306,721	62,605	-	-
<b>Total Operating Revenues</b>	<u>306,721</u>	<u>6,689,918</u>	<u>-</u>	<u>-</u>
<b><u>Operating Expenses</u></b>				
Water service	14,200	1,348,422	-	-
Sewer service	-	2,094,044	-	30,349
Depreciation	-	1,410,915	-	-
<b>Total Operating Expenses</b>	<u>14,200</u>	<u>4,853,381</u>	<u>-</u>	<u>30,349</u>
<b>Operating Income (Loss)</b>	<u>292,521</u>	<u>1,836,537</u>	<u>-</u>	<u>(30,349)</u>
<b><u>Nonoperating Revenues (Expenses)</u></b>				
Intergovernmental	-	31,110	-	-
Gain on sale of capital assets	-	2,994	-	-
Investment revenue	3,563	8,676	-	-
Interest and fiscal agent fees	-	(487,856)	-	-
<b>Total Nonoperating Revenues (Expenses)</b>	<u>3,563</u>	<u>(445,076)</u>	<u>-</u>	<u>-</u>
<b>Income (Loss) Before Contributions and Transfers</b>	<u>296,084</u>	<u>1,391,461</u>	<u>-</u>	<u>(30,349)</u>
Capital contribution	-	323,043	-	-
Transfers in	-	(309,740)	-	-
Transfers (out)	-	(626,295)	-	(30,000)
<b>Total Contributions and Transfers</b>	<u>-</u>	<u>(612,992)</u>	<u>-</u>	<u>(30,000)</u>
<b>Change in Net Position</b>	<u>296,084</u>	<u>778,469</u>	<u>-</u>	<u>(60,349)</u>
Beginning net position	<u>1,492,368</u>	<u>7,649,110</u>	<u>1,052,106</u>	<u>4,720,352</u>
<b>Ending Net Position</b>	<u>\$ 1,788,452</u>	<u>\$ 8,427,579</u>	<u>\$ 1,052,106</u>	<u>\$ 4,660,003</u>

2008 Certificates of Obligation	2011 Certificates of Obligation	Water and Sewer Total
\$ -	\$ -	\$ 3,269,372
-	-	3,357,941
-	-	369,326
-	-	6,996,639
-	-	1,362,622
-	-	2,124,393
-	24,189	1,435,104
-	24,189	4,922,119
-	(24,189)	2,074,520
-	-	31,110
-	-	2,994
492	-	12,731
-	-	(487,856)
492	-	(441,021)
492	(24,189)	1,633,499
-	-	323,043
-	370,730	60,990
-	-	(656,295)
-	370,730	(272,262)
492	346,541	1,361,237
1,971,948	(34,357)	16,851,527
<u>\$ 1,972,440</u>	<u>\$ 312,184</u>	<u>\$ 18,212,764</u>

**CITY OF ALVIN, TEXAS**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**WATER & SEWER FUND - SUB-FUNDS (Page 1 of 2)**  
For the Year Ended September 30, 2013

	Impact Fees	Utility	2005 Rev. & Refunding Bonds	2006B Certificates of Obligation
<b><u>Cash Flows from Operating Activities</u></b>				
Receipts from customers and users	\$ 306,721	\$ 6,777,418	\$ -	\$ -
Payments to suppliers	(14,200)	(1,722,960)	-	(30,349)
Payments to employees	-	(1,697,154)	-	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>292,521</b>	<b>3,357,304</b>	<b>-</b>	<b>(30,349)</b>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>				
Transfers from other funds	-	(309,740)	-	-
Transfer to other funds	-	(626,295)	-	(30,000)
Subsidy from federal grant	-	31,110	-	-
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>-</b>	<b>(904,925)</b>	<b>-</b>	<b>(30,000)</b>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>				
Acquisition and construction of capital assets	-	(130,698)	-	(56,528)
Proceeds from sale of capital assets	-	2,994	-	-
Interest and fiscal agent fees paid	-	(487,856)	-	-
Principal paid on capital debt	-	(1,397,147)	-	-
Capital grants	-	-	-	-
<b>Net Cash (Used) by Capital and Related Financing Activities</b>	<b>-</b>	<b>(2,012,707)</b>	<b>-</b>	<b>(56,528)</b>
<b><u>Cash Flows from Investing Activities</u></b>				
Purchase of investments	-	(321,875)	-	-
Interest on investments	3,563	8,676	-	-
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>3,563</b>	<b>(313,199)</b>	<b>-</b>	<b>-</b>
<b>Net Increase in Cash and Equity in Pooled Cash and Investments</b>	<b>296,084</b>	<b>126,473</b>	<b>-</b>	<b>(116,877)</b>
Cash and Equity in Pooled Cash and Investments, Beginning of Year	1,492,368	4,799,141	280,357	671,006
<b>Ending Cash and Equity in Pooled Cash and Investments</b>	<b>\$ 1,788,452</b>	<b>\$ 4,925,614</b>	<b>\$ 280,357</b>	<b>\$ 554,129</b>
<b>Ending Cash and Equity in Pooled Cash and Investments:</b>				
Unrestricted cash and equity in pooled cash and investments	\$ 1,788,452	\$ 3,664,436	\$ 280,357	\$ 554,129
Restricted cash and equity in pooled cash and investments	-	1,261,178	-	-
	<b>\$ 1,788,452</b>	<b>\$ 4,925,614</b>	<b>\$ 280,357</b>	<b>\$ 554,129</b>

2008 Certificates of Obligation	2011 Certificates of Obligation	Water and Sewer Total
\$ -	\$ -	\$ 7,084,139
-	-	(1,767,509)
-	-	(1,697,154)
-	-	3,619,476
-	370,730	60,990
-	-	(656,295)
-	-	31,110
-	370,730	(564,195)
-	-	(187,226)
-	-	2,994
-	-	(487,856)
-	-	(1,397,147)
-	-	-
-	-	(2,069,235)
-	-	(321,875)
492	-	12,731
492	-	(309,144)
492	370,730	676,902
628,733	(348,321)	7,523,284
<u>\$ 629,225</u>	<u>\$ 22,409</u>	<u>\$ 8,200,186</u>
\$ 629,225	\$ 22,409	\$ 6,939,008
-	-	1,261,178
<u>\$ 629,225</u>	<u>\$ 22,409</u>	<u>\$ 8,200,186</u>

**CITY OF ALVIN, TEXAS**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**WATER & SEWER FUND - SUB-FUNDS (Page 2 of 2)**  
For the Year Ended September 30, 2013

	<u>Impact Fees</u>	<u>Utility</u>	<u>2005 Rev. &amp; Refunding Bonds</u>	<u>2006B Certificates of Obligation</u>
<b>Reconciliation of Operating Income (Loss) to</b>				
<b>Net Cash Provided (Used) by Operating Activities</b>				
Operating income (loss)	\$ 292,521	\$ 1,836,537	\$ -	\$ (30,349)
<b>Adjustments to reconcile operating income</b>				
<b>to net cash provided (used) by operating activities:</b>				
Depreciation	-	1,410,915	-	-
<b>Changes in Operating Assets and Liabilities:</b>				
<b>Decrease in Current Assets:</b>				
Accounts receivable	-	52,005	-	-
Inventories	-	2,043	-	-
<b>Increase (Decrease) in Current Liabilities:</b>				
Accounts payable	-	(27,897)	-	-
Accrued interest payable	-	18,427	-	-
Compensated absences	-	2,516	-	-
Customer deposits	-	35,495	-	-
Net pension obligation	-	27,263	-	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 292,521</u>	<u>\$ 3,357,304</u>	<u>\$ -</u>	<u>\$ (30,349)</u>
<b>Noncash investing, capital, and financing activities:</b>				
Capital contribution	<u>\$ -</u>	<u>\$ 323,043</u>	<u>\$ -</u>	<u>\$ -</u>

<u>2008</u> <u>Certificates of</u> <u>Obligation</u>	<u>2011</u> <u>Certificates of</u> <u>Obligation</u>	<u>Water and</u> <u>Sewer</u> <u>Total</u>
\$ -	\$ (24,189)	\$ 2,074,520
-	24,189	1,435,104
-	-	52,005
-	-	2,043
-	-	(27,897)
-	-	18,427
-	-	2,516
-	-	35,495
-	-	27,263
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,619,476</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 323,043</u>

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## *STATISTICAL SECTION*

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

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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	146
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*These schedules contain information to help the reader assess the government's most significant local revenue source, property tax.*

Debt Capacity	154
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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	164
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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	167
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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 government 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 POSITION BY COMPONENT

Last Ten Years

(Accrual Basis of Accounting)

	Fiscal Year			
	2004	2005	2006	2007
Governmental Activities				
Net investment in capital assets	\$ 26,554,732	\$ 27,092,862	\$ 26,117,047	\$ 26,711,260
Restricted	3,672,027	2,268,984	2,379,709	4,185,439
Unrestricted	4,357,391	4,985,742	5,042,427	5,088,173
<b>Total Governmental Activities Net Position</b>	<b>\$ 34,584,150</b>	<b>\$ 34,347,588</b>	<b>\$ 33,539,183</b>	<b>\$ 35,984,872</b>
Business-Type Activities				
Net investment in capital assets	\$ 13,231,101	\$ 13,946,640	\$ 10,031,169	\$ 9,185,334
Restricted	322,591	542,103	542,103	845,723
Unrestricted	2,121,607	1,442,853	3,801,084	4,625,332
<b>Total Business-Type Activities Net Position</b>	<b>\$ 15,675,299</b>	<b>\$ 15,931,596</b>	<b>\$ 14,374,356</b>	<b>\$ 14,656,389</b>
Primary Government				
Net investment in capital assets	\$ 39,785,833	\$ 41,039,502	\$ 36,148,216	\$ 35,896,594
Restricted	3,994,618	2,811,087	2,921,812	5,031,162
Unrestricted	6,478,998	6,428,595	8,843,511	9,713,505
<b>Total Primary Government Net Position</b>	<b>\$ 50,259,449</b>	<b>\$ 50,279,184</b>	<b>\$ 47,913,539</b>	<b>\$ 50,641,261</b>

Fiscal Year

2008	2009	2010	2011	2012	2013
\$ 24,683,114	\$ 23,625,720	\$ 23,231,068	\$ 23,710,635	\$ 24,498,035	\$ 25,768,481
5,412,521	8,162,397	9,006,259	9,614,913	9,400,498	9,229,378
6,373,807	4,881,248	5,151,195	3,785,438	4,114,881	3,613,304
<u>\$ 36,469,442</u>	<u>\$ 36,669,365</u>	<u>\$ 37,388,522</u>	<u>\$ 37,110,986</u>	<u>\$ 38,013,414</u>	<u>\$ 38,611,163</u>
\$ 10,094,821	\$ 7,281,665	\$ 9,898,132	\$ 12,506,488	\$ 12,637,625	\$ 13,035,321
861,202	805,076	698,662	706,487	677,203	423,744
5,873,472	9,272,256	7,639,207	6,364,658	7,553,375	9,815,794
<u>\$ 16,829,495</u>	<u>\$ 17,358,997</u>	<u>\$ 18,236,001</u>	<u>\$ 19,577,633</u>	<u>\$ 20,868,203</u>	<u>\$ 23,274,859</u>
\$ 34,777,935	\$ 30,907,385	\$ 33,129,200	\$ 36,217,123	\$ 37,135,660	\$ 38,803,802
6,273,723	8,967,473	9,704,921	10,321,400	10,077,701	9,653,122
12,247,279	14,153,504	12,790,402	10,150,096	11,668,256	13,429,098
<u>\$ 53,298,937</u>	<u>\$ 54,028,362</u>	<u>\$ 55,624,523</u>	<u>\$ 56,688,619</u>	<u>\$ 58,881,617</u>	<u>\$ 61,886,022</u>

# CITY OF ALVIN, TEXAS

## CHANGES IN NET POSITION

Last Ten Years

(Accrual Basis of Accounting)

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

		Fiscal Year									
		2008	2009	2010	2011	2012	2013				
\$	3,397,176	\$	4,618,306	\$	3,398,391	\$	3,493,056	\$	3,856,490	\$	3,568,941
	5,885,390		6,828,196		6,612,487		6,818,758		7,183,101		7,605,752
	751,470		-		-		-		-		-
	3,697,371		1,195,696		1,762,534		1,354,999		1,558,656		1,602,661
	297,019		2,110,567		2,739,494		2,789,836		2,237,711		2,937,559
	1,827,931		1,637,049		1,550,634		1,300,499		1,345,650		1,526,973
	320,272		255,366		246,444		953,431		307,110		357,208
	<u>16,176,629</u>		<u>16,645,180</u>		<u>16,309,984</u>		<u>16,710,579</u>		<u>16,488,718</u>		<u>17,599,094</u>
	5,048,607		5,324,261		5,684,004		5,275,355		5,149,638		5,409,975
	3,032,494		3,811,391		1,841,385		1,951,774		2,044,570		2,121,232
	1,015,022		1,333,579		1,310,354		1,705,571		1,761,534		1,883,560
	-		-		53,520		99,129		-		-
	<u>9,096,123</u>		<u>10,469,231</u>		<u>8,889,263</u>		<u>9,031,829</u>		<u>8,955,742</u>		<u>9,414,767</u>
\$	<u>25,272,752</u>	\$	<u>27,114,411</u>	\$	<u>25,199,247</u>	\$	<u>25,742,408</u>	\$	<u>25,444,460</u>	\$	<u>27,013,861</u>
\$	22,764	\$	98,718	\$	236,236	\$	184,829	\$	256,623	\$	280,518
	745,922		1,092,685		1,157,482		1,098,168		1,064,705		1,115,717
	328,881		-		-		-		-		-
	-		-		-		-		-		-
	-		79,648		-		-		-		-
	167,642		-		-		-		-		-
	<u>434,842</u>		<u>770,851</u>		<u>305,758</u>		<u>89,468</u>		<u>261,048</u>		<u>482,603</u>
	<u>1,700,051</u>		<u>2,041,902</u>		<u>1,699,476</u>		<u>1,372,465</u>		<u>1,582,376</u>		<u>1,878,838</u>
	6,211,760		6,325,404		6,299,393		6,767,843		6,529,061		6,996,639
	1,943,739		2,174,386		2,290,014		2,162,461		2,305,500		2,481,820
	1,204,907		1,278,655		1,292,152		1,630,354		1,671,346		2,607,911
	1,343,767		1,643,163		409,277		195,895		231,858		254,710
	-		-		-		-		-		-
	<u>10,704,173</u>		<u>11,421,608</u>		<u>10,290,836</u>		<u>10,756,553</u>		<u>10,737,765</u>		<u>12,341,080</u>
\$	<u>12,404,224</u>	\$	<u>13,463,510</u>	\$	<u>11,990,312</u>	\$	<u>12,129,018</u>	\$	<u>12,320,141</u>	\$	<u>14,219,918</u>
\$	(14,476,578)	\$	(14,603,278)	\$	(14,610,508)	\$	(15,338,114)	\$	(14,906,342)	\$	(15,720,256)
	1,608,050		952,377		1,401,573		1,724,724		1,782,023		2,926,313
\$	<u>(12,868,528)</u>	\$	<u>(13,650,901)</u>	\$	<u>(13,208,935)</u>	\$	<u>(13,613,390)</u>	\$	<u>(13,124,319)</u>	\$	<u>(12,793,943)</u>

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

	Fiscal Year			
	2004	2005	2006	2007
<b>General Revenues and Other Changes in Net Position</b>				
Governmental Activities				
Taxes				
Property taxes	\$ 5,143,255	\$ 5,363,226	\$ 5,793,632	\$ 6,441,666
Sales and use taxes	3,911,035	4,185,111	4,311,123	5,540,205
Franchise taxes	1,505,370	1,257,702	1,279,211	1,321,208
Other taxes	-	-	-	-
Investment revenue	70,999	161,734	364,080	674,853
Other revenues	75,336	14,587	94,255	44,355
Transfers	687,563	2,664,611	1,184,047	1,581,281
<b>Total Governmental Activities</b>	<u>11,393,558</u>	<u>13,646,971</u>	<u>13,026,348</u>	<u>15,603,568</u>
Business-Type Activities				
Investment earnings	133,776	60,292	195,478	440,689
Other revenues	8,204	9,562	5,043	5,875
Transfers	(687,563)	(2,664,611)	(1,184,047)	(1,581,281)
<b>Total Business-Type Activities</b>	<u>(545,583)</u>	<u>(2,594,757)</u>	<u>(983,526)</u>	<u>(1,134,717)</u>
<b>Total Primary Government</b>	<u>\$ 10,847,975</u>	<u>\$ 11,052,214</u>	<u>\$ 12,042,822</u>	<u>\$ 14,468,851</u>
<b>Change in Net Position</b>				
Governmental activities	\$ 893,311	\$ (239,574)	\$ 373,719	\$ 1,699,236
Business-type activities	373,185	256,303	1,050,797	(160,304)
<b>Total Primary Government</b>	<u>\$ 1,266,496</u>	<u>\$ 16,729</u>	<u>\$ 1,424,516</u>	<u>\$ 1,538,932</u>

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 7,135,500	\$ 7,088,549	\$ 7,529,156	\$ 7,311,667	\$ 7,724,036	\$ 7,703,857
5,754,038	5,395,694	5,164,667	5,460,695	5,720,505	6,039,358
1,332,828	1,535,710	1,601,341	1,550,016	1,607,488	1,608,142
-	28,484	221,885	196,510	191,970	219,973
483,412	131,886	36,080	45,388	31,176	34,018
121,128	96,555	233,080	43,166	204,763	174,102
(10,449)	526,323	543,456	394,906	501,190	538,555
<u>14,816,457</u>	<u>14,803,201</u>	<u>15,329,665</u>	<u>15,002,348</u>	<u>15,981,128</u>	<u>16,318,005</u>
265,878	88,820	13,571	11,311	13,322	15,904
168,707	14,628	5,316	503	2,726	2,994
10,449	(526,323)	(543,456)	(394,906)	(501,190)	(538,555)
445,034	(422,875)	(524,569)	(383,092)	(485,142)	(519,657)
<u>\$ 15,261,491</u>	<u>\$ 14,380,326</u>	<u>\$ 14,805,096</u>	<u>\$ 14,619,256</u>	<u>\$ 15,495,986</u>	<u>\$ 15,798,348</u>
\$ 339,879	\$ 199,923	\$ 719,157	\$ (335,766)	\$ 1,074,786	\$ 597,749
2,053,084	529,502	877,004	1,341,632	1,296,881	2,406,656
<u>\$ 2,392,963</u>	<u>\$ 729,425</u>	<u>\$ 1,596,161</u>	<u>\$ 1,005,866</u>	<u>\$ 2,371,667</u>	<u>\$ 3,004,405</u>

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

Source	Fiscal Year			
	2004	2005	2006	2007
Property	\$ 5,143,255	\$ 5,363,226	\$ 5,793,632	\$ 6,441,666
Sales and use	3,911,035	4,185,111	4,311,123	5,540,205
Franchise fees	1,505,370	1,257,702	1,279,212	1,321,208
Other taxes	-	-	-	-
	<u>\$ 10,559,660</u>	<u>\$ 10,806,039</u>	<u>\$ 11,383,967</u>	<u>\$ 13,303,079</u>

Fiscal Year						Change
2008	2009	2010	2011	2012	2013	2012-2013
\$ 7,135,500	\$ 7,088,549	\$ 7,529,156	\$ 7,311,667	\$ 7,724,036	\$ 7,703,857	-0.3%
5,754,038	5,395,694	5,164,667	5,460,695	5,720,505	6,039,358	5.6%
1,332,828	1,535,710	1,601,341	1,550,016	1,607,488	1,608,142	0.0%
-	28,484	221,885	196,510	191,970	219,973	14.6%
<u>\$ 14,222,366</u>	<u>\$ 14,048,437</u>	<u>\$ 14,517,049</u>	<u>\$ 14,518,888</u>	<u>\$ 15,243,999</u>	<u>\$ 15,571,330</u>	2.1%

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

	Fiscal Year			
	2004	2005	2006	2007
General Fund				
Nonspendable	\$ 27,985	\$ 26,761	\$ 26,761	\$ 33,236
Restricted	-	-	-	-
Assigned	69,609	68,398	48,225	1,151,177
Unassigned	2,725,533	3,027,096	3,211,526	2,961,457
<b>Total General Fund</b>	<u>\$ 2,823,127</u>	<u>\$ 3,122,255</u>	<u>\$ 3,286,512</u>	<u>\$ 4,145,870</u>
All Other Governmental Funds				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	4,330,014	3,686,545	5,938,783	8,116,764
Assigned	365,409	370,982	377,940	397,964
<b>Total All Other Governmental Funds</b>	<u>\$ 4,695,423</u>	<u>\$ 4,057,527</u>	<u>\$ 6,316,723</u>	<u>\$ 8,514,728</u>

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 55,371	\$ 15,611	\$ 10,809	\$ 15,245	\$ 39,347	\$ 21,523
-	-	-	2,646	-	-
1,030,815	615,281	2,393,358	1,318,358	911,311	693,859
4,444,453	4,560,653	3,105,318	4,355,741	4,658,915	4,816,116
<u>\$ 5,530,639</u>	<u>\$ 5,191,545</u>	<u>\$ 5,509,485</u>	<u>\$ 5,691,990</u>	<u>\$ 5,609,573</u>	<u>\$ 5,531,498</u>
\$ -	\$ 5,927	\$ 200	\$ 5,777	\$ -	\$ -
6,856,654	7,332,625	7,936,885	10,260,756	9,400,498	9,229,378
397,040	408,417	418,602	719,805	714,349	667,680
<u>\$ 7,253,694</u>	<u>\$ 7,746,969</u>	<u>\$ 8,355,687</u>	<u>\$ 10,986,338</u>	<u>\$ 10,114,847</u>	<u>\$ 9,897,058</u>

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

	Fiscal Year			
	2004	2005	2006	2007
<b>Revenues</b>				
Taxes	\$ 10,569,602	\$ 10,820,920	\$ 11,351,914	\$ 13,228,598
Permits, licenses, and fees	266,378	301,393	663,057	325,191
Fines and forfeitures	376,232	381,554	388,202	437,085
Intergovernmental	4,550	215,244	4,313	3,731
Contributions	23,830	3,825	22,027	32,563
Investment earnings	76,320	171,876	345,650	620,207
Other revenues	395,510	471,511	598,811	756,958
<b>Total Revenues</b>	<u>11,712,422</u>	<u>12,366,323</u>	<u>13,373,974</u>	<u>15,404,333</u>
<b>Expenditures</b>				
General government	2,698,996	2,704,408	2,676,013	3,019,200
Public safety	4,316,165	4,788,853	4,809,776	4,932,289
Engineering and planning	859,878	768,252	552,276	489,331
Public services	1,730,750	1,406,740	1,518,905	2,870,696
Community services	24,661	21,015	143,300	158,160
Culture, parks, and recreation	1,062,355	1,077,971	906,749	950,845
Library	65,749	71,666	79,117	94,886
Capital outlay	934,908	3,883,770	2,266,772	1,503,979
Debt service:				
Principal	842,396	788,572	810,861	801,753
Interest	389,871	337,391	455,020	430,776
<b>Total Expenditures</b>	<u>12,925,729</u>	<u>15,848,638</u>	<u>14,218,789</u>	<u>15,251,915</u>
<b>Revenues Over (Under) Expenditures</b>	(1,213,307)	(3,482,315)	(844,815)	152,418
<b>Other Financing Sources (Uses)</b>				
Transfers in	3,629,342	5,385,425	3,362,287	4,744,518
Transfers out	(2,941,779)	(2,720,814)	(2,910,566)	(3,962,600)
Refunding bonds issued	1,349,595	-	-	-
Bonds issued	319,176	478,925	2,780,000	835,000
Premium on bonds issued	-	-	1,591	-
Discount on bonds issued	(10,439)	-	-	-
Payments to refunded bond escrow agent	(1,311,643)	-	-	-
Capital leases	-	-	-	231,652
Sales of capital assets	-	-	28,351	22,916
<b>Total Other Financing Sources</b>	<u>1,034,252</u>	<u>3,143,536</u>	<u>3,261,663</u>	<u>1,871,486</u>
<b>Net Change in Fund Balances</b>	<u>\$ (179,055)</u>	<u>\$ (338,779)</u>	<u>\$ 2,416,848</u>	<u>\$ 2,023,904</u>
Debt service as a percentage of noncapital expenditures	11.5%	10.4%	11.8%	9.8%

Fiscal Year						
2008	2009	2010	2011	2012	2013	
\$ 14,294,405	\$ 14,301,958	\$ 14,343,382	\$ 14,501,052	\$ 15,250,115	\$ 15,688,295	
316,854	611,082	937,525	650,219	632,240	692,937	
455,554	481,603	456,193	447,949	432,465	422,780	
530,316	748,833	305,758	89,468	257,797	482,603	
-	-	-	-	-	-	
439,770	106,888	20,367	34,745	29,331	32,070	
654,819	242,018	233,080	227,995	421,106	428,861	
<u>16,691,718</u>	<u>16,492,382</u>	<u>16,296,305</u>	<u>15,951,428</u>	<u>17,023,054</u>	<u>17,747,546</u>	
3,269,353	3,284,579	3,239,705	3,310,855	3,657,108	3,614,875	
5,723,203	6,129,989	6,145,941	6,190,062	6,649,457	7,173,699	
712,129	-	-	-	-	-	
1,977,554	777,418	715,606	589,836	957,761	764,420	
186,487	1,361,535	2,591,826	2,595,532	2,202,737	2,871,927	
1,028,437	1,369,506	1,079,481	984,023	1,201,941	1,308,817	
113,061	12,160	49,515	-	-	-	
2,520,505	2,572,745	1,005,809	2,677,414	2,185,599	3,299,578	
1,163,091	1,038,791	978,025	1,308,502	1,159,881	1,205,572	
436,194	412,775	411,836	558,483	472,802	351,120	
<u>17,130,014</u>	<u>16,959,498</u>	<u>16,217,744</u>	<u>18,214,707</u>	<u>18,487,286</u>	<u>20,590,008</u>	
(438,296)	(467,116)	78,561	(2,263,279)	(1,464,232)	(2,842,462)	
3,423,766	2,520,975	1,174,886	999,485	1,064,794	1,574,897	
(3,799,196)	(1,994,652)	(631,430)	(604,579)	(563,604)	(713,299)	
-	-	-	4,321,938	1,597,055	-	
675,000	-	304,641	4,468,507	-	1,235,000	
-	-	-	249,910	5,112	-	
-	-	-	-	-	-	
-	-	-	(4,417,056)	(1,593,033)	-	
262,467	94,974	-	-	-	450,000	
-	-	-	-	-	-	
<u>562,037</u>	<u>621,297</u>	<u>848,097</u>	<u>5,018,205</u>	<u>510,324</u>	<u>2,546,598</u>	
\$ <u>123,741</u>	\$ <u>154,181</u>	\$ <u>926,658</u>	\$ <u>2,754,926</u>	\$ <u>(953,908)</u>	\$ <u>(295,864)</u>	
12.3%	10.09%	9.12%	12.02%	9.94%	8.73%	

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

	Fiscal Year			
	2004	2005	2006	2007
Residential Property	\$ A	\$ 419,639,580	\$ 463,788,970	\$ 494,709,890
Commercial Property	A	280,972,630	310,043,900	328,960,620
Less: Tax Exempt Property	A	(45,598,292)	(52,772,196)	(27,271,987)
<b>Total Taxable Assessed Value (1)</b>	<b>\$ 633,444,214</b>	<b>\$ 655,013,918</b>	<b>\$ 721,060,674</b>	<b>\$ 796,398,523</b>
<b>Taxable Assessed Value as a Percentage of Estimated Actual Value</b>	100.00%	100.00%	100.00%	100.00%
<b>Estimated Actual Taxable Value</b>	<b>\$ 633,444,214</b>	<b>\$ 655,013,918</b>	<b>\$ 721,060,674</b>	<b>\$ 796,398,523</b>
<b>Total Direct Tax Rate</b>	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

**Fiscal Year**

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 545,828,781	\$ 561,797,458	\$ 569,692,952	\$ 555,669,430	\$ 554,570,924	\$ 556,130,424
372,642,100	376,840,429	398,544,224	409,764,239	412,237,877	413,559,139
(17,519,673)	(29,535,234)	(46,725,576)	(62,660,621)	(59,267,694)	(52,505,543)
<u>\$ 900,951,208</u>	<u>\$ 909,102,653</u>	<u>\$ 921,511,600</u>	<u>\$ 902,773,048</u>	<u>\$ 907,541,107</u>	<u>\$ 917,184,020</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
\$ 900,951,208	\$ 909,102,653	\$ 921,511,600	\$ 902,773,048	\$ 907,541,107	\$ 917,184,020
0.80360	0.80360	0.80360	0.80360	0.84360	0.84360

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

	Fiscal Year			
	2004	2005	2006	2007
City By Fund:				
Operating	\$ 0.6486	\$ 0.6784	\$ 0.6565	\$ 0.6440
Debt service	0.1550	0.1252	0.1471	0.1596
<b>Total Direct Rates</b>	<u>0.8036</u>	<u>0.8036</u>	<u>0.8036</u>	<u>0.8036</u>
Alvin Independent School District	1.6261	1.7058	1.5459	1.3282
Brazoria County	0.3620	0.3480	0.3817	0.3114
C&R District No. 3	0.1316	0.1306	0.1300	0.1281
Alvin Community College	<u>0.2406</u>	<u>0.2376</u>	<u>0.2195</u>	<u>0.2103</u>
<b>Total Direct and Overlapping Rates (1)</b>	<u>\$ 3.1639</u>	<u>\$ 3.2256</u>	<u>\$ 3.0807</u>	<u>\$ 2.7816</u>

Tax rates per \$100 of assessed valuation

Source: Brazoria County - Tax Office Collections

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

Fiscal Year

2008	2009	2010	2011	2012	2013
\$ 0.6544	\$ 0.6709	\$ 0.6697	\$ 0.6697	\$ 0.7137	\$ 0.7023
0.1492	0.1327	0.1339	0.1339	0.1299	0.1413
0.8036	0.8036	0.8036	0.8036	0.8436	0.8436
1.3282	1.3041	1.3041	1.3041	1.3291	1.3291
0.3900	0.4263	0.4631	0.4631	0.4259	0.4320
0.1500	0.1500	0.1500	0.1500	0.1500	0.1560
0.1998	0.1998	0.1998	0.1998	0.1998	0.1990
<u>\$ 2.8716</u>	<u>\$ 2.8838</u>	<u>\$ 2.9206</u>	<u>\$ 2.9206</u>	<u>\$ 2.9484</u>	<u>\$ 2.9597</u>

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

Property Taxpayer	2013			2004		
	Taxable Assessed Value	Rank	% of Taxable Assessed Value	Taxable Assessed Value	Rank	% of Taxable Assessed Value
Weatherford USA, LP	\$ 22,984,950	1	2.5%	\$ 9,631,620	5	1.5%
WalMart	17,886,010	2	2.0%	16,198,020	2	2.6%
Home Depot	10,013,540	3	1.1%	N/A	-	-
Texas New Mexico Power	7,889,960	4	0.9%	6,460,360	7	1.0%
RiceTec	7,587,260	5	0.8%	N/A	-	-
Alvin Autoland, Inc.	7,119,250	6	0.8%	12,551,160	3	2.0%
Highland Square, LTD	7,064,690	7	0.8%	4,898,020	10	0.8%
Team Industrial Services, Inc.	6,801,163	8	0.7%	N/A	-	-
Ron Carter	6,712,440	9	0.7%	11,006,950	4	1.7%
Melbourne Development Partners, LP	6,200,010	10	0.7%	N/A	-	-
IPOP Management, Inc.	N/A	-	-	17,143,530	1	2.7%
Southwestern Bell	N/A	-	-	7,392,620	6	1.2%
Precision Drilling	N/A	-	-	5,238,160	9	0.8%
Texas Cable Partners	N/A	-	-	5,292,890	8	0.8%
Subtotal	<u>\$ 100,259,273</u>		<u>11%</u>	<u>\$ 95,813,330</u>		<u>15.10%</u>
Other Taxpayers	<u>816,924,747</u>		<u>89.0%</u>	<u>537,630,884</u>		<u>84.9%</u>
<b>Total</b>	<u><u>\$ 917,184,020</u></u>		<u><u>100.00%</u></u>	<u><u>\$ 633,444,214</u></u>		<u><u>100.00%</u></u>

Source: Brazoria County - Tax Office Collections

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

	Fiscal Year			
	2004	2005	2006	2007
Tax levy	\$ 5,090,358	\$ 5,267,342	\$ 5,684,983	\$ 6,291,790
Current tax collected	\$ 4,896,746	\$ 5,104,625	\$ 5,519,795	\$ 6,117,953
Percent of current tax collections	96.20%	96.91%	97.09%	97.24%
Delinquent tax collections	<u>162,549</u>	<u>162,717</u>	<u>157,488</u>	<u>159,222</u>
Total tax collections	<u>\$ 5,059,295</u>	<u>\$ 5,267,342</u>	<u>\$ 5,677,283</u>	<u>\$ 6,277,175</u>
Total collections as a percentage of current levy	99.39%	100.00%	99.86%	99.77%
Outstanding delinquent taxes	\$ 31,063	\$ -	\$ 7,700	\$ 14,615
Outstanding delinquent taxes as percentage of current levy	0.61%	0.00%	0.14%	0.23%

Fiscal Year

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 7,064,411	\$ 7,260,355	\$ 7,260,544	\$ 7,161,718	\$ 7,623,469	\$ 7,675,618
\$ 6,907,075	\$ 7,099,395	\$ 7,118,215	\$ 6,997,769	\$ 7,489,804	\$ 7,566,448
97.77%	97.78%	98.04%	97.71%	98.25%	98.58%
<u>149,237</u>	<u>133,796</u>	<u>142,329</u>	<u>163,949</u>	<u>120,256</u>	<u>-</u>
<u>\$ 7,056,312</u>	<u>\$ 7,233,191</u>	<u>\$ 7,260,544</u>	<u>\$ 7,161,718</u>	<u>\$ 7,610,060</u>	<u>\$ 7,566,448</u>
99.89%	99.63%	100.00%	100.00%	99.82%	98.58%
\$ 8,099	\$ 27,165	\$ -	\$ -	\$ 13,409	\$ 109,170
0.11%	0.37%	0.00%	0.00%	0.18%	1.42%

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

	Fiscal Year			
	2004	2005	2006	2007
<b>Primary Government</b>				
<b>Governmental Activities:</b>				
General obligation bonds	\$ 7,938,205	\$ 7,853,407	\$ 7,266,269	\$ 7,378,016
Certificates of obligation	474,176	293,260	3,047,344	3,020,064
Capital leases	229,658	282,482	84,675	265,107
Issuance discounts/premiums	28,584	25,142	23,204	19,860
<b>Subtotal</b>	<u>8,670,623</u>	<u>8,454,291</u>	<u>10,421,492</u>	<u>\$ 10,683,047</u>
<b>Business-Type Activities:</b>				
Revenue bonds	10,240,000	10,120,000	12,160,000	\$ 12,025,000
General obligation bonds	9,421,794	8,761,591	7,618,729	6,381,984
Certificates of obligation	1,275,824	1,006,740	4,897,657	4,824,936
Capital leases	184,140	176,786	34,666	13,697
Issuance discounts/premiums	25,219	22,697	(16,214)	(17,033)
<b>Subtotal</b>	<u>21,146,977</u>	<u>20,087,814</u>	<u>24,694,838</u>	<u>23,228,584</u>
<b>Total Primary Government</b>	<u>\$ 29,817,600</u>	<u>\$ 28,542,105</u>	<u>\$ 35,116,330</u>	<u>\$ 33,911,631</u>
 <b>Personal Income</b>	 \$ 379,460,000	 \$ 403,635,000	 \$ 457,017,000	 \$ 480,593,000
<b>Debt as a Percentage of Personal Income</b>	7.86%	7.07%	7.68%	7.06%
<b>Population</b>	21,413	21,413	21,413	21,413
<b>Debt per Capita</b>	\$ 1,392	\$ 1,333	\$ 1,640	\$ 1,584

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

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 6,516,969	\$ 5,736,412	\$ 5,372,311	\$ 5,090,115	\$ 5,861,240	\$ 6,153,088
3,527,784	3,360,504	3,146,860	6,663,507	4,919,192	4,656,772
392,810	301,856	206,217	105,679	-	450,000
16,516	13,172	9,828	259,172	247,950	231,616
<u>10,454,079</u>	<u>9,411,944</u>	<u>8,735,216</u>	<u>12,118,473</u>	<u>11,028,382</u>	<u>11,491,476</u>
11,815,000	11,345,000	10,745,000	10,145,000	4,945,000	4,925,000
5,093,032	3,763,588	4,538,690	4,886,883	11,921,760	10,740,921
6,742,216	6,669,496	6,298,140	4,086,493	1,160,808	898,228
-	-	-	-	-	-
(17,855)	(18,677)	14,179	195,312	189,361	179,071
<u>23,632,393</u>	<u>21,759,407</u>	<u>21,596,009</u>	<u>19,313,688</u>	<u>18,216,929</u>	<u>16,743,220</u>
<u>\$ 34,086,472</u>	<u>\$ 31,171,351</u>	<u>\$ 30,331,225</u>	<u>\$ 31,432,161</u>	<u>\$ 29,245,311</u>	<u>\$ 28,234,696</u>
\$ 518,087,000	\$ 519,651,000	\$ 586,289,000	\$ 588,159,000	\$ 539,299,000	\$ 564,481,000
6.58%	6.00%	5.17%	5.34%	5.42%	5.00%
21,413	21,413	21,413	24,236	24,236	24,236
\$ 1,592	\$ 1,456	\$ 1,416	\$ 1,297	\$ 1,207	\$ 1,165

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

	Fiscal Year			
	2004	2005	2006	2007
<b>Estimated Actual Taxable Value of Property</b>				
All property	\$ 633,444,214	\$ 655,013,918	\$ 721,060,674	\$ 796,398,523
<b>General Bonded Debt (1)</b>				
General bonded debt	\$ 19,523,797	\$ 18,374,266	\$ 22,949,340	\$ 21,883,804
Less debt service funds	455,181	479,185	325,660	346,983
<b>General Bonded Debt</b>	<u>\$ 19,068,616</u>	<u>\$ 17,895,081</u>	<u>\$ 22,623,680</u>	<u>\$ 21,536,821</u>
<b>Percentage of Estimated Actual Taxable Value of Property</b>	3.01%	2.73%	3.14%	2.70%
<b>Population</b>	21,413	21,413	21,413	21,413
<b>Per Capita</b>	\$ 891	\$ 836	\$ 1,057	\$ 1,006

Note:

(1) This is the general bonded debt of both governmental and business-type activities.

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 900,951,208	\$ 909,102,653	\$ 921,511,600	\$ 902,773,048	\$ 907,541,107	\$ 917,184,020
\$ 22,272,811	\$ 19,831,856	\$ 19,562,218	\$ 20,832,677	\$ 23,863,000	\$ 22,899,009
319,154	374,250	420,806	409,223	99,776	102,167
<u>\$ 21,953,657</u>	<u>\$ 19,457,606</u>	<u>\$ 19,141,412</u>	<u>\$ 20,423,454</u>	<u>\$ 23,763,224</u>	<u>\$ 22,796,842</u>
2.44%	2.14%	2.08%	2.26%	2.62%	2.49%
21,413	21,413	21,413	24,236	24,236	24,236
\$ 1,025	\$ 909	\$ 894	\$ 843	\$ 980	\$ 941

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# CITY OF ALVIN, TEXAS

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

September 30, 2013

Governmental Unit Debt Repaid with Property Taxes	<u>Net Bonded Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Brazoria County	\$ 83,865,000	4.77%	\$ 4,000,361
Alvin ISD	\$ 304,620,000	19.27%	58,700,274
Alvin Community College	\$ 15,305,000	15.71%	<u>2,404,416</u>
Subtotal, overlapping debt			65,105,051
<b>City Direct Debt</b>	<b>\$ 11,491,476</b>	<b>100.00%</b>	<u><b>11,491,476</b></u>
<b>Total Direct and Overlapping Debt</b>			<u><u><b>\$ 76,596,527</b></u></u>

Source: Brazoria County

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

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**CITY OF ALVIN, TEXAS**  
**LEGAL DEBT MARGIN INFORMATION**

September 30, 2013

<u>Fiscal Year</u>	<u>Total Taxable Assessed Value</u>	<u>State Equalization Rate</u>	<u>Full Valuation</u>
2013	\$ 917,184,020	100%	\$ 917,184,020
2012	907,541,107	100%	907,541,107
2011	902,773,048	100%	902,773,048
2010	921,511,600	100%	921,511,600
2009	909,102,653	100%	909,102,653
<b>Total Five Year Valuation</b>			<u><u>\$ 4,558,112,428</u></u>
Five Year Average Full Valuation of Taxable Real Property			<u><u>\$ 911,622,486</u></u>
Debt Limit (10% of Average Full Valuation)			<u><u>\$ 91,162,249</u></u>
Outstanding Indebtedness at September 30			
Governmental Activities - General Obligation Debt			\$ 6,153,088
Business-type Activities - General Obligation Debt			10,740,921
Net Indebtedness subject to debt limit			<u><u>\$ 16,894,009</u></u>
Net debt contracting margin			\$ 74,268,240
Percentage of net debt contracting margin available			81.47%
Percentage of net debt contracting power exhausted			<u><u>18.53%</u></u>

**Last Ten Fiscal Years**

<u>Year</u>	<u>Debt Limit</u>	<u>Outstanding Indebtedness September 30</u>	<u>Net Debt Contracting Margin</u>	<u>Percentage of Net Debt Contracting Margin Available</u>
2013	\$ 91,162,249	\$ 16,894,009	\$ 74,268,240	81.47%
2012	\$ 90,754,111	\$ 17,783,000	\$ 72,971,111	80.41%
2011	\$ 90,277,305	\$ 9,976,998	\$ 80,300,307	88.95%
2010	\$ 92,151,160	\$ 9,911,001	\$ 82,240,159	89.24%
2009	\$ 90,910,265	\$ 9,500,000	\$ 81,410,265	89.55%
2008	\$ 108,094,183	\$ 11,610,001	\$ 96,484,182	89.26%
2007	\$ 96,616,510	\$ 13,760,000	\$ 82,856,510	85.76%
2006	\$ 90,653,218	\$ 14,884,998	\$ 75,768,220	83.58%
2005	\$ 83,161,407	\$ 16,614,998	\$ 66,546,409	80.02%
2004	\$ 59,647,642	\$ 17,359,999	\$ 42,287,643	70.90%

# CITY OF ALVIN, TEXAS

## PLEDGED-REVENUE COVERAGE

Last Ten Years

	Fiscal Year			
	2004	2005	2006	2007
Gross Revenues (1)	\$ 5,278,796	\$ 5,183,862	\$ 6,036,003	\$ 6,190,290
Operating Expenses (2)	2,717,189	2,943,051	2,378,938	4,027,507
Net Revenues Available for Debt Service	\$ 2,561,607	\$ 2,240,811	\$ 3,657,065	\$ 2,162,783
Debt Service Requirements (3)				
Principal	\$ 1,233,053	\$ 1,146,810	\$ 1,436,945	\$ 1,429,846
Interest	898,598	782,824	826,533	1,036,558
Total	\$ 2,131,651	\$ 1,929,634	\$ 2,263,478	\$ 2,466,404
Coverage	1.20	1.16	1.62	0.88

(1) Total revenues including interest

(2) Total operating expenses less depreciation

(3) Includes revenue bonds only

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 6,750,856	\$ 6,605,025	\$ 6,309,789	\$ 6,776,431	\$ 6,539,555	\$ 7,009,368
<u>4,166,715</u>	<u>4,361,497</u>	<u>3,516,010</u>	<u>3,165,676</u>	<u>3,205,149</u>	<u>3,487,003</u>
<u>\$ 2,584,141</u>	<u>\$ 2,243,528</u>	<u>\$ 2,793,779</u>	<u>\$ 3,610,755</u>	<u>\$ 3,334,406</u>	<u>\$ 3,522,365</u>
\$ 1,556,533	\$ 1,478,461	\$ 600,000	\$ 600,000	\$ 620,000	\$ 20,000
881,892	875,517	425,106	407,106	388,256	204,338
<u>\$ 2,438,425</u>	<u>\$ 2,353,978</u>	<u>\$ 1,025,106</u>	<u>\$ 1,007,106</u>	<u>\$ 1,008,256</u>	<u>\$ 224,338</u>
1.06	0.95	2.73	3.59	3.31	15.70

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

<b>Fiscal Year Ended</b>	<b>Population (1)</b>	<b>Personal Income (1)</b>	<b>Per Capita Personal Income (4)</b>	<b>Median Age (1)</b>	<b>Education Level in Years of Schooling (1)</b>	<b>School Enrollment (2)</b>	<b>Unemploy- ment Rate (3)</b>
2004	21,413	\$ 379,460,000	\$ 17,721	33.00	13.75	12,100	8.20%
2005	21,413	\$ 403,635,000	\$ 18,850	34.00	13.75	12,600	7.30%
2006	21,413	\$ 457,017,000	\$ 21,343	31.40	13.75	14,000	7.30%
2007	21,413	\$ 480,593,000	\$ 22,444	32.00	13.75	15,300	8.20%
2008	21,413	\$ 518,087,000	\$ 24,195	32.50	13.75	16,000	8.20%
2009	21,413	\$ 519,651,000	\$ 24,268	33.00	13.80	16,000	8.30%
2010	21,413	\$ 586,289,000	\$ 27,380	32.60	13.80	17,261	6.90%
2011	24,236	\$ 588,159,000	\$ 24,268	32.90	13.80	18,206	8.40%
2012	24,236	\$ 539,299,000	\$ 22,252	33.00	13.60	18,206	7.90%
2013	24,236	\$ 564,481,000	\$ 23,291	34.50	13.18	19,696	7.00%

Data sources:

- (1) Alvin Manvel Area Chamber of Commerce; 2011 Estimated Census.
- (2) Alvin Independent School District.
- (3) Brazoria County Labor Market Information Website
- (4) Community Economic Development HotRepot

# CITY OF ALVIN, TEXAS

## PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2013			2004		
	Employees	Rank	Total City Employment (%)	Employees	Rank	Total City Employment (%)
Alvin Independent School District	2,546	1	43.87%	1,742	1	34.69%
DISH Network	650	2	11.20%	-	-	-
Ascend Performance Materials	585	3	10.08%	-	-	-
WalMart	520	4	8.96%	-	-	-
INEOS Olfens & Polymers USA	455	5	7.84%	459	5	9.14%
Alvin Community College	300	6	5.17%	515	3	10.26%
Rice Tec	249	7	4.29%	122	9	2.43%
Team Industrial Services	227	8	3.91%	102	10	2.03%
City of Alvin	181	9	3.12%	165	8	3.29%
Diversified Ceramics	91	10	1.57%	-	-	-
Solutia	N/A	-	-	525	4	10.46%
Ron Carter Automotive Center	N/A	-	-	396	6	7.89%
Amoco Petrochemical	N/A	-	-	725	2	14.44%
Lyondell/Bassell	N/A	-	-	270	7	5.38%
<b>Total</b>	<b>5,804</b>		<b>100.00%</b>	<b>5,021</b>		<b>100.00%</b>

Source: Economic development department

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# CITY OF ALVIN, TEXAS

## FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

Last Ten Years

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b><u>General Fund:</u></b>										
Administration	4	5.5	5.5	7	6	2	2	2	4	3
Legal	3	2	3	3	3	3	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	7	6	7	7	7	9	9	8	6	7
City Hall	1	-	-	-	-	-	-	-	-	-
Public Safety										
Police	68	69	70	74	76	72	72	75	76	74
Fire	2.5	2.5	3	3	3	4	4	4	4	4
Fire Marshal	1	1	1	1	1	1	1	1	1	1
Humane	2	2	2	2	2	2	2	2	2	4
Culture and Recreation										
Parks	11	9.5	9.5	10.5	10	10	9	9	11	10
Facility Maintenance	2	1	1	1	1	1	1	1	1	1
Economic Development	-	-	2	2	2	2	2	2	2	1
CYB	-	-	-	-	-	-	1	1	1	2
Public Works										
Street	13	16	16	17	19	20	20	20	22	25
Engineering										
Engineering	11	9	9	9	9	4	-	-	-	9
Planning	-	-	-	-	-	4	-	-	-	-
CIP	-	-	-	-	-	4	4	-	-	-
Community Development										
Inspections	3	3	4	4	4	5	4	5	9	4
Code Enforcement	-	-	-	-	-	4	4	4	4	-
<b>General Fund Total</b>	<b>133.5</b>	<b>131.5</b>	<b>138</b>	<b>145.5</b>	<b>148</b>	<b>156</b>	<b>146</b>	<b>146</b>	<b>151</b>	<b>154</b>
<b><u>Enterprise Fund:</u></b>										
Administration	7	6	7.5	7.5	7	8	7	7	7	8
Water, Sewer, WWTP	23	24	24	24	24	24	24	24	24	25
<b>Enterprise Fund Total</b>	<b>30</b>	<b>30</b>	<b>31.5</b>	<b>31.5</b>	<b>31</b>	<b>32</b>	<b>31</b>	<b>31</b>	<b>31</b>	<b>33</b>
<b><u>Internal Service Fund:</u></b>										
Administration	5	5	4	4	4	4	4	4	4	4
<b>Internal Service Fund Total</b>	<b>5</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
<b><u>Emergency Medical Services:</u></b>										
Administration	2	2	2	2	2	2	2	2	3	3
<b>Emergency Medical Service Total</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>3</b>
<b>TOTAL CITY POSITIONS</b>	<b>170.5</b>	<b>168.5</b>	<b>175.5</b>	<b>183</b>	<b>185</b>	<b>194</b>	<b>183</b>	<b>184</b>	<b>189</b>	<b>194</b>

Source: Economic development department

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

Function/Program	Fiscal Year			
	2004	2005	2006	2007
Police				
Physical arrests	2,351	2,506	2,627	1,557
Traffic violations	2,840	2,378	1,936	2,620
Fire				
Emergency responses	626	710	724	712
Inspections	673	634	747	876
Sanitation				
Monthly residential pickups	4,819	4,903	5,042	5,147
Commercial containers	792	797	602	781
Culture and recreation				
Athletic fields	21	21	21	21
Water				
New accounts	170	96	237	154
Total number of water connections	5,959	6,055	6,975	7,129
Average daily consumption (thousands of gallons)	2.311	2.350	2.287	2.226
Sewer				
Average daily sewage treatment (thousands of gallons)	3.250	3.500	2.395	3.000

Source: Various City departments

Note: Indicators are not available for the general government function

Fiscal Year					
2008	2009	2010	2011	2012	2013
2,201	1,973	1,920	2,253	2,199	2,402
3,074	3,405	3,429	3,857	3,649	4,522
889	894	599	511	560	551
884	461	424	511	428	333
5,317	5,339	5,376	5,452	5,486	5,566
845	835	835	848	842	866
21	21	22	22	22	22
128	93	55	94	91	117
7,257	7,350	7,405	7,499	7,567	7,684
2.379	2.774	2.414	2.414	2.395	2.337
2.965	2.552	3.416	3.416	2.860	2.639

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

Function/Program	Fiscal Year			
	2004	2005	2006	2007
Police				
Stations	1	1	1	1
Patrol units	35	32	32	35
Fire				
Fire station	2	2	2	2
Volunteers	61	63	57	61
Highways and Streets				
Streets (miles)	169	192	178	178
Parks and recreation				
Parks acreage	88.0	88.0	91.0	108.0
Parks	13	13	15	15
Senior center	-	-	-	-
Skate park	-	-	-	-
Dog park	-	-	-	-
Hike & bike trail	-	-	-	-
Swimming pools	1	1	1	1
Tennis courts	2	2	2	2
Water				
Water wells	5	5	5	5
Water mains (miles)	175.0	137.0	142.0	145.0
Fire hydrants	785	891	876	901
Storage capacity (thousands of gallons)	2,311	2,496	2,496	2,496
Sewer				
Sanitary sewers (miles)	110.0	135.0	138.0	140.0
Storm sewers (miles)	29.0	35.0	38.0	50.0
Treatment capacity (thousands of gallons)	15,000	15,000	15,000	15,000

Source: Various City departments

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

Fiscal Year					
2008	2009	2010	2011	2012	2013
1	1	1	1	1	1
34	36	41	41	41	41
2	3	3	3	3	3
64	65	65	65	65	65
178	180	180	180	180	180
108.0	101.0	101.0	103.0	103.0	171.0
15	16	16	16	16	14
-	-	-	-	-	1
-	-	-	-	-	1
-	-	-	-	-	1
-	-	-	-	-	1
1	1	1	1	1	1
2	2	2	2	2	2
5	5	5	5	5	5
145.0	145.0	147.0	147.0	150.0	150.0
905	905	920	920	946	949
2.496	7.920	8.310	8.310	8.310	8.310
104.0	104.0	141.0	141.0	142.0	142.0
50.5	50.5	52.0	52.0	52.0	52.0
15.000	15.000	15.000	15.000	15.000	15.000

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