



City of Alvin, Texas

Comprehensive Annual Financial Report

*For the Year Ended
September 30, 2010*

*COMPREHENSIVE
ANNUAL FINANCIAL REPORT*

of the

CITY OF ALVIN, TEXAS

For the Year Ended
September 30, 2010

Officials Issuing Report:

**Terry Lucas
City Manager**

**Suzy Kou
Finance Director**

CITY OF ALVIN, TEXAS

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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

May 31, 2011

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, 2010 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, 2010 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City’s financial statements for fiscal year ended September 30, 2010 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 is located in the southern part of the state, which is considered to be one of the fastest growing areas of the state. The City 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 83 as part of the Required Supplemental Information. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 89.

ECONOMIC CONDITION AND OUTLOOK

The community of Alvin is strong and our future is clear because of the many leaders and the foundations we are building on. Our C&R #3 Drainage District received a \$1.6 million Grant Application to assist with continued drainage improvements for the region. This will allow more work on the M-1 Ditch system and place new pipes under the railroad at CR 169. Working with Brazoria County, the City has over-laid Sealy, Hardy and Willis streets in the Historical Downtown area. Working with the Texas Department of Transportation, the City's ten percent match yielded two new bridges, critical to transportation improvements. The City has a capital improvement program including major street projects that will start the first quarter of fiscal year 2011.

Home to Alvin Community College ("ACC"), ACC partnered with The University of Texas Medical Branch ("UTMB") for more seamless RN to BSN transition for those students. The newly renovated ACC Continuing Education Workforce Development building now houses many new certification programs relating to the medical field. A \$1 million grant is working to help get people higher paying technical jobs through collaborations with many other regional institutions. Last September, the Board of Regents approved a \$1.3 million TWC Grant to be used in partnership with a petrochemical consortium to provide training on new manufacturing equipment going into operations. Alvin Independent School District ("Alvin ISD") delivered an Exemplary District Rating for the entire district. Alvin ISD just signed a contract to construct the Mark Twain Elementary replacement school. It is planned to open fall of 2012 with capacity to educate up to 800 students.

Commercial and retail growth continues. Over 20 new retail businesses were opened in 2010. Winchester Lodge, a skilled care facility received a \$10 million dollar improvement program. Melbourne Seniors Community will be open the first quarter of 2011. This 110-unit development will have many amenities, including courtyards and walking trails.

The Keep Alvin Beautiful organization invested thousands of dollars in 2010 for many beautification projects that include a new clock tower and lighted ironwork over Mustang Bayou leading into historic Downtown. The community held a grand opening and ribbon cutting for Briscoe Park with amenities that include soccer and football fields, a concessions building, and a bridge with direct access to the ACC trails system.

One of our largest employers, Dish Network, now has over 970 employees in Alvin. Denbury Resources has begun a \$100 million separation plant for Hastings Oilfields. They brought in a 27-inch CO2 gas line from Louisiana to flood the oilfields and bring new life back to Hastings. This will add hundreds of construction jobs and has added 16 new permanent jobs to date.

Permit revenues through August 2010 were as follows: 65 new residential permits totaling \$8,786,813; 159 remodel/addition permits totaling \$6,979,502; and 14 new commercial permits totaling \$ 3,259,131. This is a 35 percent increase in permit revenues over the previous year.

LONG-TERM FINANCIAL PLANNING

TIRZ No. 2 was formed in 2003 for the development of the Kendall Lakes subdivision. Construction on the first four subdivision sections began in February 2006 with construction of homes beginning in early 2008. Approximately 70 percent of the property tax derived from the incremental improvements will be used by the developer for the construction of public infrastructure. Thirty percent will be directed to the City for administrative, police, and emergency services. The City will also receive construction Impact Fees and residential water and sewer service fees. This development has reserved about 30 percent of its area for commercial development.

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

RELEVANT FINANCIAL POLICIES

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

AWARDS AND ACKNOWLEDGEMENTS

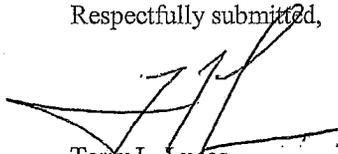
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Alvin for its CAFR for the fiscal year ended September 30, 2009. This was the twenty-fifth consecutive year that the government has received this prestigious award. 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.

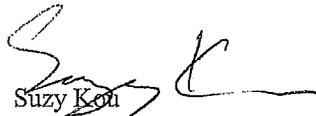
In addition, the government also received the GFOA Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning October 1, 2009. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient as 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

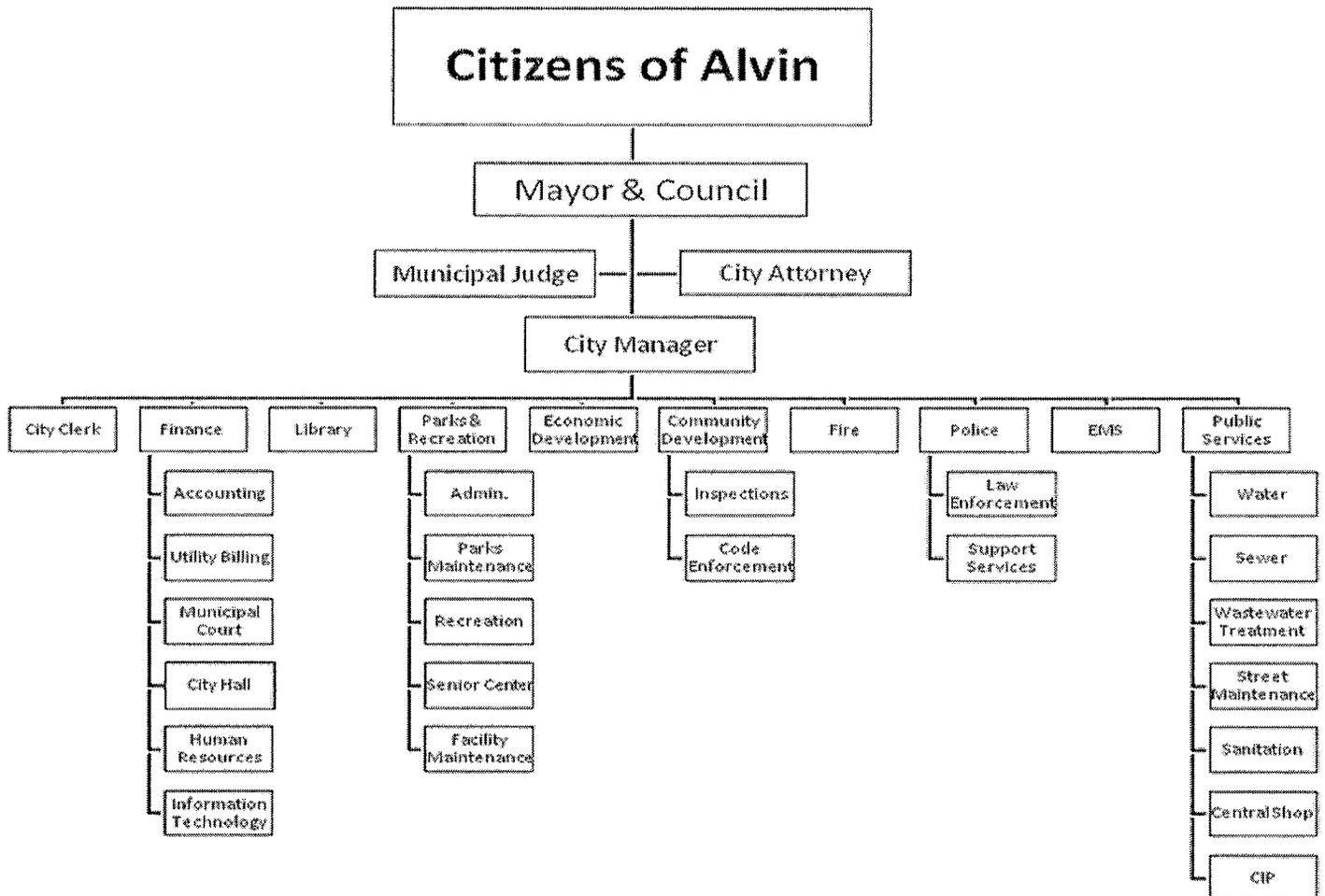


Suzy Kohn
Finance Director

CITY OF ALVIN, TEXAS

ORGANIZATIONAL CHART

September 30, 2010



CITY OF ALVIN, TEXAS
*CERTIFICATE OF ACHIEVEMENT FOR
EXCELLENCE IN FINANCIAL REPORTING*
September 30, 2010

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, 2009

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



President

Executive Director

CITY OF ALVIN, TEXAS

PRINCIPAL OFFICIALS

September 30, 2010

<u>City Officials</u>	<u>Elective Position</u>	<u>Term Expires</u>
Gary Appelt	Mayor	2011
Juan Sifuentes	Council Member - District A	2013
Eileen Cross	Council Member - District B	2012
Jim Landriault	Council Member - District C	2012
Roger E. Stuksa	Council Member - District D	2013
Greg Bullard	Council Member - District E	2011
Charles Batty, III	Council Member - At Large 1	2012
Terry Droege	Council Member - At Large 2	2013

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

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Alvin, Texas (the "City"), as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis, budgetary comparison information, and pension information are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
May 31, 2011

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

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CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For the Year Ended September 30, 2010

such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

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

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

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

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

FUND FINANCIAL STATEMENTS

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

Governmental Funds

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

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

The City maintains 19 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and the sales tax capital projects fund, which are considered to be major funds. The City adopts an annual appropriated budget for its general fund, debt service fund, and select

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*
For the Year Ended September 30, 2010

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, emergency medical services, and a proposed conference center. The proprietary fund financial statements provide separate information for the water and sewer system, sanitation, emergency medical services, and conference center. The basic proprietary fund financial statements can be found in the basic financial statements of this report.

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

Notes to Financial Statements

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

Other Information

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

The combining statements, referred to earlier in connection with nonmajor governmental funds and internal service funds, are presented immediately following the RSI.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. For the City, assets exceed liabilities by \$55,624,523 as of September 30, 2010. As required by GASB Statement No. 34, a comparative analysis of government-wide data has been presented as a component of the MD&A for the year ending September 30, 2010. The largest portion of the City's net assets, 60 percent, reflects its investment in capital assets (e.g., land, building, equipment, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For the Year Ended September 30, 2010

Statement of Net Assets:

The following table reflects the condensed Statement of Net Assets:

SUMMARY OF STATEMENT OF NET ASSETS

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 16,986,954	\$ 15,590,823	\$ 11,761,916	\$ 11,985,609	\$ 28,748,870	\$ 27,576,432
Capital assets, net	31,905,045	32,960,765	29,928,826	28,761,561	61,833,871	61,722,326
Total Assets	48,891,999	48,551,588	41,690,742	40,747,170	90,582,741	89,298,758
Long-term liabilities	10,513,760	10,595,350	21,684,000	21,600,412	32,197,760	32,195,762
Other liabilities	989,717	1,286,873	1,770,741	1,787,761	2,760,458	3,074,634
Total Liabilities	11,503,477	11,882,223	23,454,741	23,388,173	34,958,218	35,270,396
Net assets:						
Invested in capital assets, net of related debt	23,231,068	23,625,720	9,898,132	7,281,665	33,129,200	30,907,385
Restricted	9,006,259	8,162,397	698,662	805,076	9,704,921	8,967,473
Unrestricted	5,151,195	4,881,248	7,639,207	9,272,256	12,790,402	14,153,504
Total Net Assets	\$ 37,388,522	\$ 36,669,365	\$ 18,236,001	\$ 17,358,997	\$ 55,624,523	\$ 54,028,362

A portion of the City's net assets, \$9,704,921 or 17 percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets, \$12,790,402 or 23 percent, may be used to meet the City's ongoing obligation to citizens and creditors.

The City's total net assets increased by \$1,596,161, as compared to the prior year. This increase is largely the result of a decrease in sanitation expenses, as well as a decrease in capital expenditures in the general government function.

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For the Year Ended September 30, 2010

Statement of Activities:

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

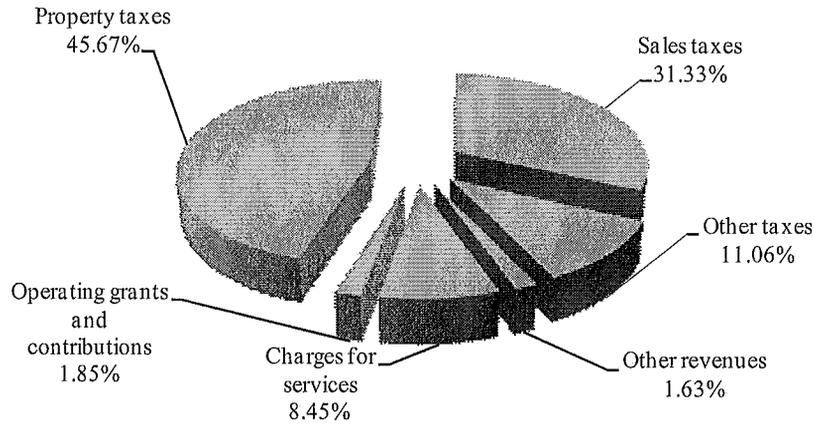
CHANGES IN NET ASSETS

	Governmental		Business-type		Total	
	Activities		Activities		Primary	
	2010	2009	2010	2009	2010	2009
Revenues						
Program revenues:						
Charges for services	\$ 1,393,718	\$ 1,271,051	\$ 9,881,559	\$ 9,778,445	\$ 11,275,277	\$ 11,049,496
Operating grants and contributions	305,758	770,851	409,277	1,643,163	715,035	2,414,014
General revenues:						
Property taxes	7,529,156	7,088,549	-	-	7,529,156	7,088,549
Sales taxes	5,164,667	5,395,694	-	-	5,164,667	5,395,694
Other taxes	1,823,226	1,564,194	-	-	1,823,226	1,564,194
Other revenues	269,160	228,440	18,887	103,448	288,047	331,888
Total Revenues	<u>16,485,685</u>	<u>16,318,779</u>	<u>10,309,723</u>	<u>11,525,056</u>	<u>26,795,408</u>	<u>27,843,835</u>
Expenses						
General government	3,398,391	4,618,306	-	-	3,398,391	4,618,306
Public safety	6,612,487	6,828,195	-	-	6,612,487	6,828,195
Public services	1,762,534	1,195,696	-	-	1,762,534	1,195,696
Community services	2,739,494	2,110,567	-	-	2,739,494	2,110,567
Culture, parks, and recreation	1,402,973	1,624,889	-	-	1,402,973	1,624,889
Library	147,661	12,160	-	-	147,661	12,160
Interest on long-term debt	246,444	255,366	-	-	246,444	255,366
Water and sewer	-	-	5,684,004	5,324,261	5,684,004	5,324,261
Sanitation	-	-	1,841,385	3,811,391	1,841,385	3,811,391
EMS	-	-	1,310,354	1,333,579	1,310,354	1,333,579
Conference center	-	-	53,520	-	53,520	-
Total Expenses	<u>16,309,984</u>	<u>16,645,179</u>	<u>8,889,263</u>	<u>10,469,231</u>	<u>25,199,247</u>	<u>27,114,410</u>
Revenue Over (Under) Expenses	175,701	(326,400)	1,420,460	1,055,825	1,596,161	729,425
Transfers	543,456	526,323	(543,456)	(526,323)	-	-
Change in Net Assets	719,157	199,923	877,004	529,502	1,596,161	729,425
Beginning Net Assets	36,669,365	36,469,442	17,358,997	16,829,495	54,028,362	53,298,937
Ending Net Assets	<u>\$ 37,388,522</u>	<u>\$ 36,669,365</u>	<u>\$ 18,236,001</u>	<u>\$ 17,358,997</u>	<u>\$ 55,624,523</u>	<u>\$ 54,028,362</u>

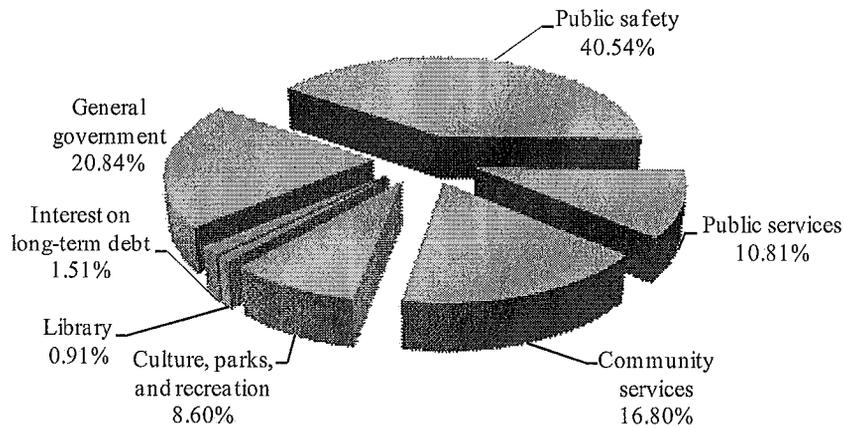
CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For the Year Ended September 30, 2010

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

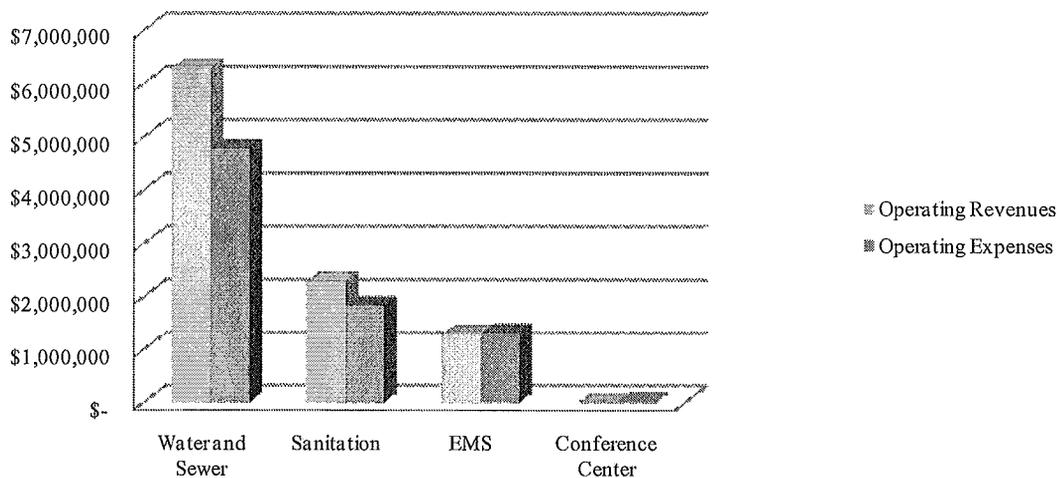
Governmental Revenues



Governmental Expenses



Business-type Activities



CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*
For the Year Ended September 30, 2010

For the year ended September 30, 2010, revenues from governmental activities totaled \$16,485,685, which is comparable to the prior year. This represents an increase of \$166,906 from last year.

For the year ended September 30, 2010, expenses for governmental activities totaled \$16,309,984. Overall governmental expenses decreased by two percent. However, public services and community services increased due to changes in capital asset activity.

Operating revenues and expenses for business-type activities were less than the prior year. Charges for services increased by \$103,114, or one percent, because of higher water consumption levels over the prior year. Operating grants and contributions decreased by \$1,233,886, or 75 percent, because of Hurricane Ike reimbursements in the prior year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

The City's governmental funds reflect a combined fund balance of \$13,865,172. Of this, \$3,055,257 is reserved for various purposes, and the remaining balance is unreserved, undesignated among the general fund, special revenue funds, capital project funds, and a permanent fund.

There was a net increase in the combined fund balance of \$926,658 compared to the prior year.

The general fund is the chief operating fund of the City. At the end of the current year, unreserved, undesignated fund balance of the general fund was \$3,105,318, while total fund balance reached \$5,509,485. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 27 percent of the total general fund expenditures, while total fund balance represents 48 percent of the total general fund expenditures. The general fund demonstrated an overall increase of \$317,940 primarily due to transfers from other funds.

The debt service fund has a total fund balance of \$420,806, all of which is reserved for the payment of debt service. The net increase in the fund balance during the current year in the debt service fund was \$46,556. This planned increase can be attributed to the decrease in overall debt payments.

The sales tax capital projects fund recorded an increase of \$350,922 in fund balance. This is primarily due to a decrease in the number of projects engaged during the current year.

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

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For the Year Ended September 30, 2010

GENERAL FUND BUDGETARY HIGHLIGHTS

There had been a planned decrease in budgeted fund balance in the amount of \$781,990 in the general fund. However, the net change in fund balance increased by \$317,940, resulting in a positive variance of \$1,099,930 from budgeted as amended over actual. This was largely due to much higher-than-anticipated transfers in.

Actual general fund revenues were more than original and amended budgeted revenues by \$100,707 during 2010. This variance includes negative variances of \$132,928 for property tax revenue, \$37,152 for fines and forfeitures, and \$73,582 for investment revenue. There was a positive variance for franchise fees and taxes, and licenses and permits for \$108,877 and \$101,139 respectively.

Actual expenditures were less than budgeted amounts by \$546,948 for the fiscal year. The greatest positive variance was in the finance department and culture, parks, and recreation. Negative variances were reported in administrative and police for \$10,016 and \$28,001 respectively.

CAPITAL ASSETS

At the end of the current year, the City's governmental activities funds had invested \$31,905,045 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net decrease of \$1,055,720. Depreciation is included with the governmental capital assets as required by GASB Statement No. 34 with an increase in depreciation expense of \$2,052,439.

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

- Hike and bike trail for \$223,477
- Northside storage tank for \$1,894,023
- I & I reduction program for \$2,268,878
- WWTP upgrade for \$937,725

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

LONG-TERM DEBT

At the end of the current year, the City had total bonds and certificates of obligation outstanding of \$30,101,001. Of this amount, \$9,911,001 was general obligation debt, \$10,745,000 as revenue bond debt, and certificates of obligation accounted for \$9,445,000.

During the year, the City had a net decrease in the long-term debt of \$677,367. The City issued new debt this year to finance the proposed conference center and hospital.

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

Current underlying ratings on debt issues are as follows:

	Moody's Investors Service	Standard and Poor's
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
Water revenue bonds	A2	A+

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*
For the Year Ended September 30, 2010

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The 2010 certified taxable value is \$896,677,634, down almost three percent from the previous year. The unemployment rate for the City area is currently 6.9 percent. Inflationary trends in the region compare favorably to national indices. All of these factors were considered in preparing the City's budget for the 2010-2011 fiscal year.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

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BASIC FINANCIAL STATEMENTS

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CITY OF ALVIN, TEXAS

STATEMENT OF NET ASSETS

September 30, 2010

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
<u>Assets</u>			
Cash and cash equivalents	\$ 10,823,636	\$ 7,905,898	\$ 18,729,534
Investments	2,644,861	403,174	3,048,035
Receivables, net of allowances	2,878,091	2,043,299	4,921,390
Inventory	73,020	71,755	144,775
Prepays and other assets	10,517	65	10,582
Deferred charges	556,829	486,128	1,042,957
Restricted assets:			
Temporarily restricted cash and cash equivalents	-	851,597	851,597
	16,986,954	11,761,916	28,748,870
Capital assets:			
Non-depreciable capital assets	5,053,056	4,011,043	9,064,099
Depreciable capital assets, net	26,851,989	25,917,783	52,769,772
	31,905,045	29,928,826	61,833,871
Total Assets	48,891,999	41,690,742	90,582,741
<u>Liabilities</u>			
Accounts payable and accrued liabilities	858,723	1,423,180	2,281,903
Unearned revenue	2,904	-	2,904
Accrued bond interest	128,090	347,561	475,651
Long-term liabilities due within one year	2,338,286	2,259,690	4,597,976
Long-term liabilities due in more than one year	8,175,474	19,424,310	27,599,784
Total Liabilities	11,503,477	23,454,741	34,958,218
<u>Net Assets</u>			
Invested in capital assets, net of related debt	23,231,068	9,898,132	33,129,200
Restricted for:			
Perpetual care:			
Expendable	418,602	-	418,602
Non-expendable	50,000	-	50,000
Debt service	1,251,662	698,662	1,950,324
Special projects	1,312,372	-	1,312,372
Capital projects	5,973,623	-	5,973,623
Unrestricted	5,151,195	7,639,207	12,790,402
Total Net Assets	\$ 37,388,522	\$ 18,236,001	\$ 55,624,523

See Notes to Financial Statements.

CITY OF ALVIN, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2010

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government			
Governmental Activities			
General government	\$ 3,398,391	\$ 236,236	\$ 305,758
Public safety	6,612,487	1,157,482	-
Public services	1,762,534	-	-
Community services	2,739,494	-	-
Culture, parks, and recreation	1,402,973	-	-
Library	147,661	-	-
Interest on long-term debt	246,444	-	-
Total Governmental Activities	16,309,984	1,393,718	305,758
Business-Type Activities			
Water and sewer	5,684,004	6,299,393	-
Sanitation	1,841,385	2,290,014	216,277
EMS	1,310,354	1,292,152	193,000
Conference Center	53,520	-	-
Total Business-Type Activities	8,889,263	9,881,559	409,277
Total Primary Government	\$ 25,199,247	\$ 11,275,277	\$ 715,035

General Revenues:

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

Total General Revenues and Transfers

Change in Net Assets

Beginning net assets

Ending Net Assets

See Notes to Financial Statements.

Net Revenue (Expense) and Changes in Net Assets

Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (2,856,397)	\$ -	\$ (2,856,397)
(5,455,005)	-	(5,455,005)
(1,762,534)	-	(1,762,534)
(2,739,494)	-	(2,739,494)
(1,402,973)	-	(1,402,973)
(147,661)	-	(147,661)
(246,444)	-	(246,444)
<u>(14,610,508)</u>	<u>-</u>	<u>(14,610,508)</u>
-	615,389	615,389
-	664,906	664,906
-	174,798	174,798
-	(53,520)	(53,520)
<u>-</u>	<u>1,401,573</u>	<u>1,401,573</u>
<u>(14,610,508)</u>	<u>1,401,573</u>	<u>(13,208,935)</u>
7,529,156	-	7,529,156
5,164,667	-	5,164,667
1,601,341	-	1,601,341
221,885	-	221,885
36,080	13,571	49,651
233,080	5,316	238,396
543,456	(543,456)	-
<u>15,329,665</u>	<u>(524,569)</u>	<u>14,805,096</u>
719,157	877,004	1,596,161
<u>36,669,365</u>	<u>17,358,997</u>	<u>54,028,362</u>
<u>\$ 37,388,522</u>	<u>\$ 18,236,001</u>	<u>\$ 55,624,523</u>

CITY OF ALVIN, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2010

	General	Debt Service	Sales Tax Capital Projects	Other Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 2,810,468	\$ 420,408	\$ 4,324,182	\$ 2,446,643
Investments	2,272,457	-	372,404	-
Receivables, net	1,664,361	86,722	781,733	194,312
Prepaid items	10,317	-	-	200
Inventory	492	-	-	-
Total Assets	\$ 6,758,095	\$ 507,130	\$ 5,478,319	\$ 2,641,155
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 553,124	\$ 390	\$ 177,337	\$ 7,256
Due to others	58,746	-	-	-
Advances from other funds	247,265	-	-	-
Deferred revenue	389,475	85,934	-	-
Total Liabilities	1,248,610	86,324	177,337	7,256
<u>Fund Balances</u>				
Reserved for:				
Encumbrances	124,055	-	176,077	4,007
Inventories	492	-	-	-
Prepaid expenditures	10,317	-	-	200
Debt service	830,856	420,806	-	-
Perpetual care	-	-	-	50,000
Designated for:				
Compensated absences	1,236,848	-	-	-
Network improvement	70,207	-	-	-
Fire capital	131,392	-	-	-
Unreserved, undesignated, reported in:				
General fund	3,105,318	-	-	-
Special revenue funds	-	-	-	1,312,372
Capital projects funds	-	-	5,124,905	848,718
Permanent fund	-	-	-	418,602
Total Fund Balances	5,509,485	420,806	5,300,982	2,633,899
Total Liabilities and Fund Balances	\$ 6,758,095	\$ 507,130	\$ 5,478,319	\$ 2,641,155

See Notes to Financial Statements.

Total

\$ 10,001,701
2,644,861
2,727,128
10,517
492

\$ 15,384,699

\$ 738,107
58,746
247,265
475,409

1,519,527

304,139
492
10,517
1,251,662
50,000

1,236,848
70,207
131,392

3,105,318
1,312,372
5,973,623
418,602

13,865,172

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CITY OF ALVIN, TEXAS
RECONCILIATION OF THE GOVERNMENTAL
FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
September 30, 2010

Total fund balances - total governmental funds \$ 13,865,172

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

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

Capital assets, non-depreciable	5,053,056
Capital assets, net depreciable	25,947,160

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

472,505

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

2,109,820

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

Accrued interest payable	(128,090)
Non-current liabilities due in one year	(2,315,039)
Non-current liabilities due in more than one year	(8,172,891)
Deferred charges for issuance costs	556,829

Net Assets of Governmental Activities	\$ <u>37,388,522</u>
--	-----------------------------

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, 2010

	General	Debt Service	Sales Tax Capital Projects	Other Governmental Funds
Revenues				
Property taxes	\$ 6,137,408	\$ 1,218,081	\$ -	\$ -
Sales taxes	1,721,898	-	3,442,769	-
Franchise fees and taxes	1,402,877	-	-	198,464
Other taxes	221,885	-	-	-
Licenses and permits	701,289	-	-	-
Fines and forfeitures	438,848	-	-	17,345
Charges for services	197,636	-	-	38,600
Intergovernmental	200,316	-	-	105,442
Investment revenue	11,418	193	3,834	4,922
Other revenue	-	-	5,516	227,564
Total Revenues	11,033,575	1,218,274	3,452,119	592,337
Expenditures				
Current:				
General government	3,230,141	-	-	9,564
Public safety	6,112,720	-	-	33,221
Public services	715,606	-	-	-
Community services	259,379	-	2,183,429	149,018
Culture, parks, and recreation	1,066,531	-	-	12,950
Library	-	-	-	49,515
Capital outlay	-	-	515,004	490,805
Debt service:				
Principal	-	853,744	95,637	28,644
Interest and fiscal agent fees	14,244	371,658	15,463	5,830
Bond issuance costs	-	-	-	4,641
Total Expenditures	11,398,621	1,225,402	2,809,533	784,188
Excess (Deficiency) of Revenues Over (Under) Expenditures	(365,046)	(7,128)	642,586	(191,851)
Other Financing Sources (Uses)				
Tax note issued	-	-	-	304,641
Transfers in	909,943	91,670	-	173,273
Transfers (out)	(226,957)	(37,986)	(291,664)	(74,823)
Total Other Financing Sources (Uses)	682,986	53,684	(291,664)	403,091
Net Change in Fund Balances	317,940	46,556	350,922	211,240
Beginning fund balances	5,191,545	374,250	4,950,060	2,422,659
Ending Fund Balances	\$ 5,509,485	\$ 420,806	\$ 5,300,982	\$ 2,633,899

See Notes to Financial Statements.

Total

\$ 7,355,489
5,164,667
1,601,341
221,885
701,289
456,193
236,236
305,758
20,367
233,080

16,296,305

3,239,705
6,145,941
715,606
2,591,826
1,079,481
49,515
1,005,809

978,025
407,195
4,641

16,217,744

78,561

304,641
1,174,886
(631,430)

848,097

926,658

12,938,514

\$ 13,865,172

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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, 2010

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

Net changes in fund balances - total governmental funds	\$	926,658
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay		984,249
Depreciation expense		(1,730,789)
<p>The issuance of long-term debt (e.g., bonds, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued; whereas, these amounts are deferred and amortized in the Statement of Net Assets.</p>		
Principal payments		978,025
Amortization of bond issuance costs, premiums, and discounts		159,078
Compensated absences		(49,552)
Issuance of tax note		(304,641)
Net pension obligation		(524,351)
Accrued interest		6,314
Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the funds.		173,667
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.		100,499
Change in Net Assets of Governmental Activities	\$	<u>719,157</u>

See Notes to Financial Statements.

CITY OF ALVIN, TEXAS
STATEMENT OF NET ASSETS (Page 1 of 2)
PROPRIETARY FUNDS
September 30, 2010

	Business-Type Activities			
	Water and Sewer	Sanitation	Emergency Medical Services	Conference Center
Assets				
Current assets				
Cash and cash equivalents	\$ 5,416,799	\$ 708,985	\$ 523,922	\$ 1,256,192
Investments	403,174	-	-	-
Accounts receivable (net of allowance for uncollectibles)	897,902	335,954	809,443	-
Advances to other funds	-	-	-	-
Inventory	71,755	-	-	-
Prepaid items	65	-	-	-
Total Current Assets	<u>6,789,695</u>	<u>1,044,939</u>	<u>1,333,365</u>	<u>1,256,192</u>
Noncurrent assets				
Restricted cash, cash equivalents and investments:				
Current portion of revenue bonds	751,597	-	-	-
Customer deposits	100,000	-	-	-
Total Restricted Assets	<u>851,597</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred charges	470,394	2,328	-	13,406
Capital assets:				
Land	937,829	503,538	-	-
Buildings	5,523,533	80,501	558,423	-
Improvements	7,125	2,610,608	36,879	-
Infrastructure	42,567,442	15,342	-	-
Equipment	877,122	-	203,550	-
Construction in progress	2,569,676	-	-	-
Less allowance for depreciation	(24,446,711)	(1,610,587)	(505,444)	-
Total Capital Assets (Net)	<u>28,036,016</u>	<u>1,599,402</u>	<u>293,408</u>	<u>-</u>
Total Noncurrent Assets	<u>29,358,007</u>	<u>1,601,730</u>	<u>293,408</u>	<u>13,406</u>
Total Assets	<u>\$ 36,147,702</u>	<u>\$ 2,646,669</u>	<u>\$ 1,626,773</u>	<u>\$ 1,269,598</u>

See Notes to Financial Statements.

<u>Business-Type Activities</u>	<u>Governmental Activities</u>
<u>Total</u>	<u>Internal Service Funds</u>
\$ 7,905,898	\$ 821,935
403,174	-
2,043,299	13,419
-	384,809
71,755	72,528
65	-
10,424,191	1,292,691
751,597	-
100,000	-
851,597	-
486,128	-
1,441,367	-
6,162,457	7,754
2,654,612	-
42,582,784	-
1,080,672	2,961,965
2,569,676	-
(26,562,742)	(2,064,890)
29,928,826	904,829
31,266,551	904,829
\$ 41,690,742	\$ 2,197,520

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

September 30, 2010

Business-Type Activities

	<u>Water and Sewer</u>	<u>Sanitation</u>	<u>Emergency Medical Services</u>	<u>Conference Center</u>
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued liabilities	\$ 212,446	\$ 154,493	\$ 93,431	\$ -
Customer deposits	962,810	-	-	-
Accrued interest payable	319,463	2,299	-	25,799
Other payables	-	-	-	-
Long-term debt due within one year	1,548,525	12,979	58,089	640,097
Total Current Liabilities	<u>3,043,244</u>	<u>169,771</u>	<u>151,520</u>	<u>665,896</u>
Noncurrent liabilities				
Long-term debt due in more than one year	18,421,307	186,188	161,553	655,262
Total Noncurrent Liabilities	<u>18,421,307</u>	<u>186,188</u>	<u>161,553</u>	<u>655,262</u>
Total Liabilities	<u>21,464,551</u>	<u>355,959</u>	<u>313,073</u>	<u>1,321,158</u>
Net Assets				
Invested in capital assets, net of related debt	8,204,232	1,400,492	293,408	-
Restricted for:				
Debt service	698,662	-	-	-
Unrestricted net assets	5,780,257	890,218	1,020,292	(51,560)
Total Net Assets	<u>\$ 14,683,151</u>	<u>\$ 2,290,710</u>	<u>\$ 1,313,700</u>	<u>\$ (51,560)</u>

See Notes to Financial Statements.

<u>Business-Type Activities</u>	<u>Governmental Activities</u>
<u>Total</u>	<u>Internal Service Funds</u>
\$ 460,370	\$ 61,870
962,810	-
347,561	-
-	-
<u>2,259,690</u>	<u>23,247</u>
<u>4,030,431</u>	<u>85,117</u>
<u>19,424,310</u>	<u>2,583</u>
<u>19,424,310</u>	<u>2,583</u>
<u>23,454,741</u>	<u>87,700</u>
9,898,132	904,829
698,662	-
<u>7,639,207</u>	<u>1,204,991</u>
<u>\$ 18,236,001</u>	<u>\$ 2,109,820</u>

CITY OF ALVIN, TEXAS

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

For the Year Ended September 30, 2010

	Business-Type Activities			
	Water and Sewer	Sanitation	Emergency Medical Services	Conference Center
<u>Operating Revenues</u>				
Water service	\$ 2,988,410	\$ -	\$ -	\$ -
Sewer service	3,080,465	-	-	-
Sanitation service	-	2,289,238	-	-
Emergency medical service	-	-	1,284,514	-
Charges for services	-	-	-	-
Other revenue	230,518	776	7,638	-
Miscellaneous revenue	-	-	-	-
Total Operating Revenues	6,299,393	2,290,014	1,292,152	-
<u>Operating Expenses</u>				
Water service	1,397,954	-	-	-
Sewer service	2,118,056	-	-	-
Sanitation service	-	1,764,475	-	-
Emergency medical service	-	-	1,275,706	-
Personnel services	-	-	-	-
Supplies	-	-	-	-
Program	-	-	-	21,018
Depreciation	1,268,151	67,661	34,555	-
Total Operating Expenses	4,784,161	1,832,136	1,310,261	21,018
Operating Income (Loss)	1,515,232	457,878	(18,109)	(21,018)
<u>Nonoperating Revenues (Expenses)</u>				
Intergovernmental	-	216,277	193,000	-
Gain (loss) on sale of capital assets	5,316	-	-	-
Investment revenue	10,396	741	474	1,960
Interest and fiscal agent fees	(899,843)	(9,249)	(93)	(32,502)
Total Nonoperating Revenues (Expenses)	(884,131)	207,769	193,381	(30,542)
Income (Loss) Before Transfers	631,101	665,647	175,272	(51,560)
<u>Transfers In (Out)</u>				
Transfers in	64,403	-	-	-
Transfers (out)	(370,040)	(202,309)	(35,510)	-
Total Transfers	(305,637)	(202,309)	(35,510)	-
Change in Net Assets	325,464	463,338	139,762	(51,560)
Beginning net assets	14,357,687	1,827,372	1,173,938	-
Ending Net Assets	\$ 14,683,151	\$ 2,290,710	\$ 1,313,700	\$ (51,560)

See Notes to Financial Statements.

<u>Business-Type Activities</u>	<u>Governmental Activities</u>
<u>Total</u>	<u>Internal Service Funds</u>
\$ 2,988,410	\$ -
3,080,465	-
2,289,238	-
1,284,514	-
-	918,364
238,932	-
-	29,221
9,881,559	947,585
1,397,954	-
2,118,056	-
1,764,475	-
1,275,706	-
-	241,070
-	291,568
21,018	-
1,370,367	321,649
7,947,576	854,287
1,933,983	93,298
409,277	-
5,316	(8,512)
13,571	15,713
(941,687)	-
(513,523)	7,201
1,420,460	100,499
64,403	5,535
(607,859)	(5,535)
(543,456)	-
877,004	100,499
17,358,997	2,009,321
\$ 18,236,001	\$ 2,109,820

CITY OF ALVIN, TEXAS

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

For the Year Ended September 30, 2010

Business-Type Activities-Enterprise Funds

	Water and Sewer	Sanitation	Emergency Medical Services	Conference Center
<u>Cash Flows from Operating Activities</u>				
Receipts from customers and users	\$ 7,973,793	\$ 3,828,890	\$ 2,826,513	\$ -
Payments to suppliers	(3,619,220)	(1,763,716)	(1,231,394)	(21,018)
Payments to employees	(1,581,730)	(1,630,650)	(1,580,455)	-
Net Cash Provided (Used) by Operating Activities	2,772,843	434,524	14,664	(21,018)
<u>Cash Flows from Noncapital Financing Activities</u>				
Transfers from other funds	64,403	-	-	-
Transfer to other funds	(370,040)	(202,309)	(35,510)	-
Interfund loan	-	-	150,000	-
Interfund loan payments	-	-	(12,455)	-
Interest paid on interfund loan	-	-	(93)	-
Insurance claim recovery	-	-	-	-
Subsidy from federal grant	-	216,277	193,000	-
Net Cash Provided (Used) by Noncapital Financing Activities	(305,637)	13,968	294,942	-
<u>Cash Flows from Capital and Related Financing Activities</u>				
Acquisition and construction of capital assets	(2,601,058)	-	-	-
Proceeds from sale of capital assets	40,532	-	-	-
Issuance of tax notes, net of issuance costs	-	-	-	1,275,250
Principal paid on capital debt	(1,478,461)	(13,152)	-	-
Interest payments on long-term debt	(875,517)	(7,394)	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(4,914,504)	(20,546)	-	1,275,250
<u>Cash Flows from Investing Activities</u>				
Proceeds from sale of investments	899,961	-	-	-
Purchase of investments	(200,000)	-	-	-
Interest on investments	10,396	741	474	1,960
Net Cash Provided by Investing Activities	710,357	741	474	1,960
Net Increase (Decrease) in Cash and Cash Equivalents	(1,736,941)	428,687	310,080	1,256,192
Cash and Cash Equivalents, Beginning of Year	8,005,337	280,298	213,842	-
Ending Cash and Cash Equivalents	\$ 6,268,396	\$ 708,985	\$ 523,922	\$ 1,256,192
Ending Cash and Cash Equivalents:				
Unrestricted cash and cash equivalents	\$ 5,416,799	\$ 708,985	\$ 523,922	\$ 1,256,192
Restricted cash and cash equivalents	851,597	-	-	-
	\$ 6,268,396	\$ 708,985	\$ 523,922	\$ 1,256,192

See Notes to Financial Statements.

<u>Business-Type Activities</u>	<u>Governmental Activities</u>
<u>Total</u>	<u>Internal Service Funds</u>
\$ 14,629,196	\$ 955,289
(6,635,348)	(281,360)
<u>(4,792,835)</u>	<u>(250,473)</u>
3,201,013	423,456
64,403	(5,535)
(607,859)	5,535
150,000	(150,000)
(12,455)	106,892
(93)	-
-	25,000
<u>409,277</u>	<u>-</u>
3,273	(18,108)
(2,601,058)	(70,014)
40,532	7,984
1,275,250	-
(1,491,613)	-
<u>(882,911)</u>	<u>-</u>
<u>(3,659,800)</u>	<u>(62,030)</u>
899,961	-
(200,000)	-
<u>13,571</u>	<u>15,713</u>
713,532	15,713
258,018	359,031
8,499,477	462,904
<u>\$ 8,757,495</u>	<u>\$ 821,935</u>
\$ 7,905,898	\$ 821,935
<u>851,597</u>	<u>-</u>
<u>\$ 8,757,495</u>	<u>\$ 821,935</u>

CITY OF ALVIN, TEXAS

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

For the Year Ended September 30, 2010

	Business-Type Activities-Enterprise Funds			
	Water and Sewer	Sanitation	Emergency Medical Services	Conference Center
Reconciliation of Operating Income (Loss)				
to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ 1,515,232	\$ 457,878	\$ (18,109)	\$ (21,018)
Adjustments to reconcile operating income (loss)				
to net cash provided by operating activities:				
Depreciation	1,268,151	67,661	34,555	-
Changes in Operating Assets and Liabilities:				
(Increase) Decrease in Current Assets:				
Accounts receivable	2,899	(92,032)	(96,688)	-
Due from other governments	20,743	-	141	-
Inventories	(13,275)	-	-	-
Prepays	5,847	-	-	-
Increase (Decrease) in Current Liabilities:				
Accounts payable	(95,782)	759	44,312	-
Compensated absences	(26,841)	-	(354)	-
Customer deposits	19,850	-	-	-
Net pension obligation	76,019	258	50,807	-
Net Cash Provided (Used) by Operating Activities	\$ 2,772,843	\$ 434,524	\$ 14,664	\$ (21,018)

See Notes to Financial Statements.

<u>Business-Type Activities</u>	<u>Governmental Activities</u>
<u>Total</u>	<u>Internal Service Funds</u>
\$ 1,933,983	\$ 93,298
1,370,367	321,649
(185,821)	8,599
20,884	-
(13,275)	(6,672)
5,847	5,777
(50,711)	10,208
(27,195)	(9,403)
19,850	-
127,084	-
<u>\$ 3,201,013</u>	<u>\$ 423,456</u>

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CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

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

Blended Component Units

Tax Increment Reinvestment Zone Number One

During 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 for certain infrastructure costs. As the developer of the commercial and residential sites completes

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

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.

B. Financial Statement Presentation

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

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

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

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

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

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information about the City as a whole. These statements include all activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs and grants that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, such as taxes and investment earnings, are presented as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. In the fund financial statements, the accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate.

Following is a description of the various funds:

Governmental Funds

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

General Fund

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

Special Revenue Funds

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

building security fund, municipal court technology fund, juvenile case manager fund, park dedication fund, donation fund, senior fund, hospital fund, TIRZ No. 1 fund, TIRZ No. 2 fund, and the TIRZ No. 3 fund. The special revenue funds are considered nonmajor funds for reporting purposes.

Debt Service Fund

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

Capital Projects Funds

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

Permanent Funds

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

Proprietary Fund Types

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

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

Enterprise Funds

The enterprise funds are used to account for the operations that provide water and wastewater collection, wastewater treatment operations, solid waste collection and disposal, emergency medical services, and a proposed conference center. 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, emergency medical services fund, and conference center fund are considered major funds for reporting purposes.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

Additionally, the government reports the following fund types:

Internal Service Funds

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

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

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

1. Deposits and Investments

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

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

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

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

2. Receivables

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

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

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

Property taxes

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

3. Inventories and Prepaid Items

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

4. Capital Assets

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

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

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

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

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

5. Compensated Employee Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, sick pay benefits, and compensatory time. The City records vacation as it accrues up to a maximum of 240 hours for all employees after October 1, 1998. Employees hired prior to October 1, 1998, are allowed to carry over vacation time ("old vacation") accumulated prior to October 1, 1998, plus vacation accumulated after October 1, 1998 up to the maximum of 240 hours plus the old vacation time. The City adopted a policy to accrue sick pay based on employment date of the employee. For employees hired prior to October 2, 1998, the City accrues sick pay at a rate of one day's pay for every two days of accrued sick leave up to a maximum of 360 hours for employees who had not accrued more than 720 hours as of October 2, 1998. For employees as of October 2, 1998 who had more than 720 hours of accrued sick time, the City would pay 50 percent of the accumulated sick hours upon termination of employment with the City. For employees hired after October 2, 1998, the City will not pay out accumulated sick leave upon termination. For these employees, the sick leave can only be used for

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

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

6. Long-Term Obligations

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

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

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

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

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

7. Fund Equity

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

8. Estimates

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

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

A. Excess of Expenditures Over Appropriations

General Fund	
General government - Administrative	\$10,016
Public safety - police	\$28,001
Library Fund	
Building maintenance	\$45,415
Transfers out	\$3,490
Special Investigation Fund	
Public safety	\$13,775
Capital outlay	\$9,196
Building Security Fund	
Public safety	\$1,178
Municipal Court Technology Fund	
Public safety	\$5,585
Donation Fund	
General administration	\$1,120
Culture, parks and recreation	\$950
Hospital Fund	
Bond issuance costs	\$4,641

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Credit risk. As of September 30, 2010, the City's investment in TexPool 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, 2010 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, 2010, market values of pledged securities exceeded bank balances.

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

As of September 30, 2010, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
U.S. agencies	\$ 3,299,638	0.22
TexPool	13,456,766	0.00
TexSTAR	4,508,991	0.00
Total fair value	\$ 21,265,395	
Portfolio weighted average maturity		0.04

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

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.

B. Receivables

The following comprise receivable balances at year end:

Governmental Funds

	<u>General</u>	<u>Debt Service</u>	<u>Sales Tax Capital Projects</u>	<u>Nonmajor</u>
Property taxes	\$ 550,431	\$ 128,823	\$ -	\$ -
Sales taxes	314,345	-	628,502	-
Franchise taxes	407,981	-	-	-
Other taxes	-	-	-	194,312
Intergovernmental	528,794	-	153,231	-
Accounts receivable	-	787	-	-
Other receivables	26,670	-	-	-
Less allowance	(163,860)	(42,888)	-	-
	<u>\$ 1,664,361</u>	<u>\$ 86,722</u>	<u>\$ 781,733</u>	<u>\$ 194,312</u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

Proprietary Funds

	<u>Water and Sewer</u>	<u>Sanitation</u>	<u>EMS</u>	<u>Internal Service Funds</u>
Intergovernmental	\$ 157,379	\$ 3,672	\$ 35,559	\$ 13,419
Accounts receivable	774,704	337,383	2,330,939	-
Other receivables	2,393	-	-	-
Less allowance	(36,574)	(5,101)	(1,557,055)	-
	<u>\$ 897,902</u>	<u>\$ 335,954</u>	<u>\$ 809,443</u>	<u>\$ 13,419</u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

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	
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 3,122,123	\$ -	\$ -	\$ 3,122,123
Construction in progress	1,364,682	789,728	(223,477)	1,930,933
Total capital assets not being depreciated	<u>4,486,805</u>	<u>789,728</u>	<u>(223,477)</u>	<u>5,053,056</u>
Other capital assets:				
Buildings	10,749,862	-	-	10,749,862
Infrastructure	29,653,612	-	-	29,653,612
Improvements other than buildings	3,261,775	242,236	-	3,504,011
Machinery and equipment	10,573,895	221,157	(113,898)	10,681,154
Total other capital assets	<u>54,239,144</u>	<u>463,393</u>	<u>(113,898)</u>	<u>54,588,639</u>
Less accumulated depreciation for:				
Buildings	(5,652,735)	(425,532)	-	(6,078,267)
Infrastructure	(11,869,837)	(660,100)	-	(12,529,937)
Improvements other than buildings	(1,607,322)	(162,350)	-	(1,769,672)
Machinery and equipment	(6,635,290)	(804,457)	80,973	(7,358,774)
Total accumulated depreciation	<u>(25,765,184)</u>	<u>(2,052,439)</u>	<u>80,973</u>	<u>(27,736,650)</u>
Other capital assets, net	28,473,960	(1,589,046)	(32,925)	26,851,989
Totals	<u>\$ 32,960,765</u>	<u>\$ (799,318)</u>	<u>\$ (256,402)</u>	<u>31,905,045</u>
			Less associated debt	<u>(8,673,977)</u>
			Invested in Capital Assets, Net of Related Debt	<u>\$ 23,231,068</u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

Depreciation was charged to governmental functions as follows:

General government	\$ 88,178
Public safety	604,652
Public services	754,425
Community services	51,328
Culture, parks, and recreation	232,206
Internal service fund	<u>321,650</u>

Total Governmental Activities Depreciation Expense \$ 2,052,439

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>
Depot Restoration	\$ 231,400	\$ 172,533	\$ 58,867
FM 528 Extension	1,775,947	832,811	943,136
McGinty Street	50,000	-	50,000
Hike and Bike Trail	680,373	651,511	28,862
Stadium Drive	739,520	185,075	554,445
Library Renovation	218,383	168,866	49,517
Animal Shelter	25,000	14,935	10,065
Bob Briscoe Park Improvements	967,000	824,761	142,239
	<u>\$ 4,687,623</u>	<u>\$ 2,850,492</u>	<u>\$ 1,837,131</u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

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
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 1,441,367	\$ -	\$ -	\$ 1,441,367
Construction in progress	5,151,703	2,518,600	(5,100,627)	2,569,676
Total capital assets not being depreciated	6,593,070	2,518,600	(5,100,627)	4,011,043
Other capital assets:				
Buildings	6,162,457	-	-	6,162,457
Infrastructure	37,482,157	5,100,627	-	42,582,784
Improvements other than buildings	2,647,487	7,125	-	2,654,612
Machinery and equipment	1,103,981	11,907	(35,216)	1,080,672
Total other capital assets	47,396,082	5,119,659	(35,216)	52,480,525
Less accumulated depreciation for:				
Buildings	(3,435,775)	(155,002)	-	(3,590,777)
Infrastructure	(19,517,786)	(1,066,695)	-	(20,584,481)
Improvements other than buildings	(1,509,012)	(67,014)	-	(1,576,026)
Machinery and equipment	(765,018)	(81,656)	35,216	(811,458)
Total accumulated depreciation	(25,227,591)	(1,370,367)	35,216	(26,562,742)
Other capital assets, net	22,168,491	3,749,292	-	25,917,783
Totals	\$ 28,761,561	\$ 6,267,892	\$ (5,100,627)	\$ 29,928,826
				Plus unspent bond proceeds
				1,295,359
				Less associated debt
				(21,326,053)
				Invested in Capital Assets, Net of Related Debt
				\$ 9,898,132

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

Depreciation was charged to business-type functions as follows:

Utility	\$	1,268,151
Sanitation		67,661
Emergency management		<u>34,555</u>
Total Business-type Activities Depreciation Expense	\$	<u>1,370,367</u>

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

Project Description	Authorized Contract	Contract Expenditures	Remaining Contract
Small Diameter Lines	\$ 175,000	\$ 17,489	\$ 157,511
West Side Truck Main	50,000	-	50,000
Wastewater Treatment Plant Upgrade	3,200,000	2,223,532	976,468
Sewer Lines (Pipe Bursting)	100,000	9,051	90,949
SCADA	180,000	20,000	160,000
	<u>\$ 3,705,000</u>	<u>\$ 2,270,072</u>	<u>\$ 1,434,928</u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

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>Ending</u>	<u>Amounts</u>
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Due within</u>
					<u>One Year</u>
Governmental Activities:					
Bonds, notes and other payables:					
General obligation bonds	\$ 5,736,412	\$ 304,641	\$ (668,742)	\$ 5,372,311	* \$ 835,215
Certificates of obligation	3,360,504	-	(213,644)	3,146,860	*
Deferred amounts:					
For issuance discounts/premiums	13,172	-	(3,344)	9,828	*
On refunding	(76,899)	-	15,660	(61,239)	*
Capital leases	301,856	-	(95,639)	206,217	*
	<u>9,335,045</u>	<u>304,641</u>	<u>(965,709)</u>	<u>8,673,977</u>	<u>1,154,397</u>
Other liabilities:					
Net pension obligation	-	524,351	-	524,351	-
Compensated absences	1,260,305	861,019	(805,892)	1,315,432	1,183,889
	<u>1,260,305</u>	<u>861,019</u>	<u>(805,892)</u>	<u>1,315,432</u>	<u>1,183,889</u>
Total Governmental Activities	<u>\$ 10,595,350</u>	<u>\$ 1,690,011</u>	<u>\$ (1,771,601)</u>	<u>\$ 10,513,760</u>	<u>\$ 2,338,286</u>
				<u>\$ 8,175,474</u>	
				<u>\$ 8,673,977</u>	

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

	Beginning			Ending	Amounts
	Balance	Additions	Reductions	Balance	Due within
					One Year
Business-Type Activities:					
Interfund loan payable	\$ -	\$ 150,000	\$ (12,456)	\$ 137,544	\$ 29,927
General obligation bonds	3,763,588	1,295,359	(520,257)	4,538,690 *	1,164,419
Certificates of obligation	6,669,496	-	(371,356)	6,298,140 *	381,356
Revenue bonds	11,345,000	-	(600,000)	10,745,000 *	600,000
Deferred amounts:					
For issuance discounts/premiums	(18,677)	-	4,498	(14,179) *	-
On refunding	(279,511)	-	37,913	(241,598) *	-
	<u>21,479,896</u>	<u>1,445,359</u>	<u>(1,461,658)</u>	<u>21,463,597</u>	<u>2,175,702</u>
Other liabilities:					
Net pension obligation	-	127,084	-	127,084	-
Compensated absences	108,464	99,511	(114,656)	93,319	83,988
Total Business-Type Activities	<u>\$ 21,588,360</u>	<u>\$ 1,671,954</u>	<u>\$ (1,576,314)</u>	<u>\$ 21,684,000</u>	<u>\$ 2,259,690</u>

Long-term debt due in more than one year \$ 19,424,310

***Debt associated with business-type activity capital assets** \$ 21,326,053

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

The City's long-term debt includes all outstanding bonded debt secured by the full faith and credit of the City. The bonds are certificates of obligation, general obligations and contractual obligation bonds which are secured by the full faith and credit of the City and are paid through the debt service fund from tax revenues. The City's water and sewer fund has some general obligation bond issues recorded 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, 2010

Advance Refunding

The City issued Water and Sewer System Revenue and Refunding Bonds, Series 2005 for \$4,965,000, in part to provide resources to purchase U.S. Government securities that were placed in irrevocable trust for the purpose of generating resources for all future debt service payments of \$2,765,000 of water and sewer revenue bonds. As a result the refunded bonds are considered to be defeased and the liability has been removed from the Statement of Net Assets. The reacquisition price exceeded the net carrying amount of the old debt by \$116,634. The amount is being netted against the new debt and amortized over the life of the refunded debt. This refunding resulted in an economic gain of \$15,051. As of September 30, 2010, \$2,765,000 of the refunded bonds were considered defeased.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

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

<u>Description</u>	<u>Interest Rates</u>	<u>Balance</u>
Governmental Activities		
General Obligation Bonds		
Series 1998	4.15-4.5%	\$ 62,290
Series 2000	4.1-6.1%	90,000
Series 2002	4.1-6.1%	2,700,000
Series 2002A	3.5-4.0%	346,720
Series 2003	2.0-3.75%	1,284,660
Series 2005 tax note	3.0-3.75%	78,000
Series 2007 tax note	3.99%	506,000
Series 2009 tax note	2.41%	304,641
Total General Obligation Bonds		<u>5,372,311</u>
Certificates of Obligation		
Series 2003	1.05-3.75%	156,860
Series 2006A	4.0-4.1%	1,245,000
Series 2006C	4.0-4.1%	1,105,000
Series 2008A	3.89%	640,000
Total Certificates of Obligation		<u>3,146,860</u>
Total Bonds and Certificates of Obligation		<u>8,519,171</u>
Capital Leases		
Vacuum truck	5.02%	110,031
Gradall	5.24%	96,186
Total Capital Leases		<u>206,217</u>
Total Governmental Activities Long-Term Debt		<u><u>\$ 8,725,388</u></u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

Description	Interest Rates	Balance
Business-type Activities		
General Obligation Bonds		
Series 1998	4.15-4.5%	\$ 392,711
Series 2002A	3.0-4.0%	453,280
Series 2003 refunding	4.15-5.60%	2,375,340
Series 2005 tax note	3.0-3.75%	22,000
Series 2009 tax note	2.41%	1,295,359
Total General Obligation Bonds		4,538,690
Certificates of Obligation		
Series 2003	1.05-3.75%	418,140
Series 2006B	4.0-4.1%	3,955,000
Series 2008B	4.00%	1,925,000
Total Certificates of Obligation		6,298,140
Revenue Bonds		
Series 2001	1.8-4.20%	5,780,000
Series 2005 refunding	4.0-4.30%	4,965,000
Total Revenue Bonds		10,745,000
Total Business-Type Activities Long-Term Debt		\$ 21,581,830

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

Year Ending	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2011	\$ 1,053,859	\$ 324,949	\$ 2,145,775	\$ 790,343
2012	945,617	288,369	2,267,750	720,661
2013	792,615	254,631	1,551,385	649,028
2014	810,420	223,733	1,498,580	594,031
2015	755,065	192,892	1,389,935	541,156
2016-2020	2,961,595	530,347	5,133,405	2,058,163
2021-2025	1,200,000	61,522	4,820,000	1,047,089
2026-2029	-	-	2,775,000	323,336
Total	\$ 8,519,171	\$ 1,876,443	\$ 21,581,830	\$ 6,723,807

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

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

Capital Leases

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

Year	<u>Governmental Activities</u>	
<u>Ending</u>	<u>Principal</u>	<u>Interest</u>
2011	100,538	10,564
2012	105,679	5,421
Total	<u>\$ 206,217</u>	<u>\$ 15,985</u>

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Asset:	
Machinery and equipment	\$ 309,947
Less: Accumulated depreciation	<u>(113,502)</u>
Total	<u>\$ 196,445</u>

Federal Arbitrage

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

E. Interfund Transactions

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

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amounts</u>
General fund	Nonmajor	\$ 173,273
General fund	Debt service	53,684
Debt service	General fund	37,986
Central shop fund	Vehicle maintenance fund	5,535
Sales tax capital projects fund	General fund	291,664
Nonmajor	Debt service	37,986
Nonmajor	General fund	36,837
Water and sewer fund	General fund	370,040
Sanitation fund	General fund	137,906
Sanitation fund	Water and sewer fund	64,403
Emergency medical services	General fund	35,510
		<u>\$ 1,244,824</u>

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

F. Fund Equity

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

Negative Net Assets

The conference center fund has negative net assets of \$51,560 as of September 30, 2010. The fund was established during the year to account for the issuance of a tax note and the construction and operation of a conference center. As of year end, there had been expenses related to a feasibility study, but no assets had been acquired or constructed.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

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

General Fund

Reserved for encumbrances	\$ 124,055
Reserved for inventory	492
Reserved for prepaids	10,317
Reserved for debt service	830,856
Designated for compensated absences	1,236,848
Designated for network improvements	70,207
Designated for fire capital	131,392

Debt Service Fund

Reserved for debt service	\$ 420,806
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Sales Tax Capital Projects

Reserved for encumbrances	\$ 176,077
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Nonmajor Other Governmental Funds

Reserved for encumbrances	\$ 4,007
Reserved for prepaids	200
Reserved for perpetual care	50,000

IV. OTHER INFORMATION

A. Risk Management

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

B. Contingent Liabilities

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

The City is a defendant in a number of lawsuits rising principally from claims against the City by various claimants. Total damages claimed are not substantial. The City Attorney estimates the

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

potential claims against the City will be substantially covered by insurance and would not materially affect the financial condition of the City.

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

C. Pension Plans

1. Texas Municipal Retirement System

Plan Description

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

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

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>2010</u>	<u>2009</u>
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/ yrs of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

Benefits

Upon retirement, benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. City-financed monetary credits are composed of three sources: prior service credits, current service credits, and updated service credits. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount at least equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit. This is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence, and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions, with interest, and the employer-financed monetary credits, with interest, were used to purchase an annuity.

Contributions

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

The City contributes to the TMRS plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect (i.e., December 31, 2007 valuation is effective for rates beginning January 2009). The annual pension cost and the net pension obligation (asset) are as follows:

Annual required contribution (ARC)	\$	1,776,063
Interest on net pension obligation (NPO)		-
Adjustment to the ARC		-
Annual pension cost (APC)		1,776,063
Contributions made		(1,124,628)
Increase in net pension obligation		651,435
Net pension obligation-beginning of year		-
Net pension obligation-end of year	\$	651,435

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

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
2008	\$ 947,181	1,096,806	100.00%	\$ -
2009	\$ 1,024,560	1,149,721	100.00%	\$ -
2010	\$ 1,776,063	1,124,628	63.32%	\$ 651,435

The required contribution rates for fiscal year 2010 were determined as part of the December 31, 2007 and 2008 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2009, also follows:

	2010	2009	2008
Actuarial Valuation Date	12/31/2009	12/31/2008	12/31/2007
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	28 Years - closed period	29 Years - closed period	30 Years - closed period
Amortization Period for New Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	Amortized cost	Amortized cost	10-year smoothed market
Investment Rate of Return	7.00%	7.50%	7.50%
Projected Salary Increases	Varies by age and service	Varies by age and service	Varies by age and service
Includes Inflation at	3.00%	3.00%	3.00%
Cost of Living Adjustments	2.10%	2.10%	2.10%

The funded status as of December 31, 2009, the most recent valuation date, is as follows:

	2010
Actuarial Valuation Date	12/31/2009
Actuarial Value of Assets	\$ 18,794,261
Actuarial Accrued Liability	\$ 28,959,184
Percentage Funded	64.9%
Unfunded Actuarial Accrued Liability (UAAL)	\$ 10,164,923
Covered Payroll	119.7%

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

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, 2010.

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 by writing to the Office of the Fire Fighters' Pension Commissioner, P.O. Box 12577, Austin, TX, 78711-2577. In addition, the report is available online at 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. TESRS is considered a component unit of the State of Texas financial reporting entity and is included in the State's financial reports as a pension trust fund. At August 31, 2010, there were 199 fire or emergency services departments participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a participant department.

At August 31, 2010, TESRS membership consisted of:

Retirees and beneficiaries currently receiving benefits	2,231
Terminated members entitled to benefits but not yet receiving them	2,106
Active participants (vested and nonvested)	4,371

Of the 4,371 active participants, four were covered by the City.

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

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

Upon reaching age 55, a vested member may retire and receive a monthly pension equal to his vested percentage multiplied by six times the governing body's average monthly contribution over the member's years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 6.2 percent compounded annually.

On and off-duty death benefits and on-duty disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death or disability. Death benefits

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

include a lump-sum amount and continuing monthly payments to a member's surviving spouse and dependent children.

Funding Policy

Contribution provisions were established by S.B. 411, 65th Legislature, Regular Session (1977) and were amended by Board rule in 2006. No contributions are required by individual members of participating departments. The governing bodies of participating departments are required to contribute at least the minimum prescribed amount per month for each active member and may contribute more. Additional contributions may be made by a governing body to pay for granting 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, 2010, total contributions (dues and prior service) of \$2,875,103 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, 2010 and 2011. Total contributions were equal to those required by the state statute and equal to the contributions required based on the August 31, 2008 actuarial valuation. For 2010 and 2009 respectively, \$97,245 (3.38 percent) and \$86,410 (3.54 percent), was contributed by the City of Alvin.

The purpose of the biennial actuarial valuation is to test the adequacy of the contribution arrangement to determine if it is adequate to pay the benefits that have been promised. The actuarial valuations as of August 31, 2010 revealed the adequacy of the expected contributions from the political subdivisions (dues and prior service contributions) together with the actual state appropriations for the fiscal year ending August 31, 2010 (\$502,941 to help pay for TESRS's administrative expenses) and with the assumed continuation of legislative appropriations of (1) the maximum state contribution amount in future years as is necessary for TESRS to have a 30-year amortization period, and (2) approximately \$500,000 each year to help pay for TESRS's administrative expenses. Expected contributions for the fiscal year ending August 31, 2011 are less than the contributions required because of the lag in time between an actuarial valuation that shows the need for maximum state contribution amounts and the appropriations process.

Three Year Contribution Information for the City

<u>Fiscal year</u>	<u>Annual Pension Percentage of ARC</u>		<u>Net Pension Obligation</u>
	<u>Cost (ARC)</u>	<u>Contributions</u>	
2008	\$ 87,570	100%	\$ -
2009	\$ 86,410	100%	\$ -
2010	\$ 97,245	100%	\$ -

D. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The plan's trust arrangements are established to protect deferred compensation amounts of employees under the plan from any other use

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended September 30, 2010

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.

E. Subsequent Events

On November 4, 2010, subsequent to year end, the City Council approved the early repayment of the tax note, series 2009 in the amount of \$1,600,000. The original maturity date for this debt issue was December 1, 2011. The majority of the bond issue was going to be used to construct a convention center. However, the project has been put on hold indefinitely due to a change in plans by City Council.

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, 2010

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 6,270,336	\$ 6,270,336	\$ 6,137,408	\$ (132,928)
Sales taxes	1,902,020	1,661,791	1,721,898	60,107
Franchise fees and taxes	1,294,000	1,294,000	1,402,877	108,877
Other taxes	26,000	220,191	221,885	1,694
Licenses and permits	600,150	600,150	701,289	101,139
Fines and forfeitures	476,000	476,000	438,848	(37,152)
Charges for services	159,650	159,650	197,636	37,986
Intergovernmental	12,000	165,750	200,316	34,566
Investment revenue	85,000	85,000	11,418	(73,582)
Total Revenues	10,825,156	10,932,868	11,033,575	100,707
Expenditures				
General government:				
Administrative	1,609,789	1,583,824	1,593,840	(10,016) *
City attorney	329,745	334,542	300,027	34,515
City manager	189,963	264,543	258,141	6,402
Finance	971,771	1,152,866	914,381	238,485
Economic development	174,275	166,004	163,752	2,252
Total General Government Expenditures	3,275,543	3,501,779	3,230,141	271,638
Public safety:				
Police	5,437,293	5,411,522	5,439,523	(28,001) *
Fire	730,380	734,782	673,197	61,585
Total Public Safety Expenditures	6,167,673	6,146,304	6,112,720	33,584
Public services	734,966	736,373	715,606	20,767
Community services	265,196	265,196	259,379	5,817
Culture, parks, and recreation	1,217,750	1,222,976	1,066,531	156,445
Capital outlay	-	49,221	-	49,221
Debt service	23,720	23,720	14,244	9,476
Total Expenditures	11,684,848	11,945,569	11,398,621	546,948
Revenues Over (Under) Expenditures	(859,692)	(1,012,701)	(365,046)	647,655
Other Financing Sources (Uses)				
Transfers in	419,044	457,668	909,943	452,275
Transfers (out)	(75,985)	(226,957)	(226,957)	-
Total Other Financing Sources	343,059	230,711	682,986	452,275
Net Change in Fund Balance	\$ (516,633)	\$ (781,990)	317,940	\$ 1,099,930
Beginning Fund Balance			5,191,545	
Ending Fund Balance			\$ 5,509,485	

Notes to Required Supplementary Information:

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

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CITY OF ALVIN, TEXAS
SCHEDULE OF FUNDING PROGRESS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2010

Fiscal Year	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Actuarial Valuation Date	12/31/2009	12/31/2008	12/31/2007	12/31/2006	12/31/2005
Actuarial Value of Assets	\$ 18,794,261	\$ 17,191,731	\$ 16,458,510	\$ 15,506,034	\$ 14,848,855
Actuarial Accrued Liability	\$ 28,959,184	\$ 27,252,226	\$ 25,364,013	\$ 19,269,372	\$ 18,268,644
Percentage Funded	64.9%	63.1%	64.9%	80.5%	81.3%
Unfunded Actuarial					
Accrued Liability	\$ 10,164,923	\$ 10,060,495	\$ 8,905,503	\$ 3,763,338	\$ 3,419,789
Annual Covered Payroll	\$ 8,493,570	\$ 8,574,668	\$ 7,513,013	\$ 7,315,856	\$ 6,737,174
Unfunded Actuarial Accrued Liability (UAAL) % of Covered Payroll	119.7%	117.3%	118.5%	51.4%	50.8%
Net Pension Obligation (NPO) at the Beginning of Period	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Pension Cost (APC)	1,776,063	1,024,560	947,181	922,325	849,369
Contributions Made	1,124,628	1,024,560	947,181	922,325	849,369
NPO at the End of Period	\$ 651,435	\$ -	\$ -	\$ -	\$ -

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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, 2010

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 1,173,947	\$ 1,173,947	\$ 1,218,081	\$ 44,134
Investment revenue	500	500	193	(307)
Total Revenues	1,174,447	1,174,447	1,218,274	43,827
Expenditures				
Debt service:				
Principal	853,744	853,744	853,744	-
Interest and fiscal agent fees	374,387	374,387	371,658	2,729
Total Expenditures	1,228,131	1,228,131	1,225,402	2,729
Revenues Over (Under)				
Expenditures	(53,684)	(53,684)	(7,128)	46,556
Other Financing Sources (Uses)				
Transfers in	(53,684)	91,670	91,670	-
Transfers (out)	-	(37,986)	(37,986)	-
Total Other Financing Sources (Uses)	(53,684)	53,684	53,684	-
Net Change in Fund Balance	\$ (107,368)	\$ -	46,556	\$ 46,556
Beginning fund balance			374,250	
Ending Fund Balance			\$ 420,806	

Notes to 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
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2010

SPECIAL REVENUE FUNDS

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

Hike and Bike Trail Fund

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

Hotel/Motel Fund

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

Library Fund

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

Special Investigation fund

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

Court Building Security

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

Municipal Court Technology Fund

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

Donation Fund

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

Juvenile Case Manager Fund

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

Senior Fund

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

Park Dedication Fund

This fund is designated to receive donations for local parks.

Hospital Fund

This fund is used to account for revenues and expenditures related to the proposed hospital.

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 TIRZ 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.

CAPITAL PROJECTS FUNDS

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

Bond Capital Projects Fund

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

PERMANENT FUNDS

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

Cemetery Fund

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

CITY OF ALVIN, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS (Page 1 of 2)
September 30, 2010

	Special Revenue Funds			
	Hike and Bike Trail	Hotel/ Motel	Library	Special Investigation
<u>Assets</u>				
Cash and cash equivalents	\$ 101,051	\$ 498,831	\$ 41,001	\$ 59,773
Receivables, net	-	25,756	-	-
Prepaid items	-	-	-	-
Total Assets	\$ 101,051	\$ 524,587	\$ 41,001	\$ 59,773
<u>Liabilities and Fund Balance</u>				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 5,239	\$ -	\$ -
Total Liabilities	-	5,239	-	-
Fund balances:				
Reserved for:				
Encumbrances	-	-	1,500	-
Prepays	-	-	-	-
Perpetual care	-	-	-	-
Unreserved and undesignated	101,051	519,348	39,501	59,773
Total Fund Balances	101,051	519,348	41,001	59,773
Total Liabilities and Fund Balances	\$ 101,051	\$ 524,587	\$ 41,001	\$ 59,773

Special Revenue Funds

<u>Court Building Security</u>	<u>Municipal Court Technology</u>	<u>Donation</u>	<u>Juvenile Case Manager</u>	<u>Senior</u>	<u>Park Dedication</u>
\$ 98,888	\$ 26,497	\$ 41,865	\$ 31,741	\$ 8,094	\$ 57,000
-	-	-	-	-	-
200	-	-	-	-	-
<u>\$ 99,088</u>	<u>\$ 26,497</u>	<u>\$ 41,865</u>	<u>\$ 31,741</u>	<u>\$ 8,094</u>	<u>\$ 57,000</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 206</u>	<u>\$ -</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>206</u>	<u>-</u>
-	-	2,250	-	257	-
200	-	-	-	-	-
-	-	-	-	-	-
<u>98,888</u>	<u>26,497</u>	<u>39,615</u>	<u>31,741</u>	<u>7,631</u>	<u>57,000</u>
<u>99,088</u>	<u>26,497</u>	<u>41,865</u>	<u>31,741</u>	<u>7,888</u>	<u>57,000</u>
<u>\$ 99,088</u>	<u>\$ 26,497</u>	<u>\$ 41,865</u>	<u>\$ 31,741</u>	<u>\$ 8,094</u>	<u>\$ 57,000</u>

CITY OF ALVIN, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 2)
September 30, 2010

	Special Revenue Funds			
	Hospital	TIRZ No. 1 Fund	TIRZ No. 2 Fund	TIRZ No. 3 Fund
<u>Assets</u>				
Cash and cash equivalents	\$ 286,657	\$ 21	\$ 43,912	\$ 737
Receivables, net	-	-	-	-
Prepaid items	-	-	-	-
Total Assets	\$ 286,657	\$ 21	\$ 43,912	\$ 737
<u>Liabilities and Fund Balance</u>				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	-	-
Fund balances:				
Reserved for:				
Encumbrances	-	-	-	-
Prepays	-	-	-	-
Perpetual care	-	-	-	-
Unreserved and undesignated	286,657	21	43,912	737
Total Fund Balances	286,657	21	43,912	737
Total Liabilities and Fund Balances	\$ 286,657	\$ 21	\$ 43,912	\$ 737

<u>Capital Projects Fund</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Bond Capital Projects</u>	<u>Cemetery</u>	
\$ 680,162	\$ 470,413	\$ 2,446,643
168,556	-	194,312
-	-	200
<u>\$ 848,718</u>	<u>\$ 470,413</u>	<u>\$ 2,641,155</u>
\$ -	\$ 1,811	\$ 7,256
-	1,811	7,256
-	-	4,007
-	-	200
-	50,000	50,000
<u>848,718</u>	<u>418,602</u>	<u>2,579,692</u>
<u>848,718</u>	<u>468,602</u>	<u>2,633,899</u>
<u>\$ 848,718</u>	<u>\$ 470,413</u>	<u>\$ 2,641,155</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, 2010

	Special Revenue Funds			
	Hike and Bike Trail	Hotel/ Motel	Library	Special Investigation
Revenues				
Franchise and local taxes	\$ -	\$ 169,827	\$ -	\$ -
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Intergovernmental	-	-	-	3,909
Investment revenue	170	794	-	188
Other revenue	-	-	170	3,277
Total Revenues	<u>170</u>	<u>170,621</u>	<u>170</u>	<u>7,374</u>
Expenditures				
Current:				
General government	-	6,444	-	-
Public safety	-	-	-	13,775
Community services	-	123,199	-	-
Culture, parks and recreation	-	-	-	-
Library	-	-	49,515	-
Capital outlay	-	-	-	9,196
Debt service:				
Principal	-	28,644	-	-
Interest and fiscal charges	-	5,830	-	-
Bond issuance costs	-	-	-	-
Total Expenditures	<u>-</u>	<u>164,117</u>	<u>49,515</u>	<u>22,971</u>
Revenues Over (Under)				
Expenditures	<u>170</u>	<u>6,504</u>	<u>(49,345)</u>	<u>(15,597)</u>
Other Financing Sources (Uses)				
Tax note issued	-	-	-	-
Transfer in	-	-	-	-
Transfers (out)	-	-	(3,490)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(3,490)</u>	<u>-</u>
Net Change in Fund Balances	170	6,504	(52,835)	(15,597)
Beginning fund balances	100,881	512,844	93,836	75,370
Ending Fund Balances	<u>\$ 101,051</u>	<u>\$ 519,348</u>	<u>\$ 41,001</u>	<u>\$ 59,773</u>

Special Revenue Funds

<u>Court Building Security</u>	<u>Municipal Court Technology</u>	<u>Donation</u>	<u>Juvenile Case Manager</u>	<u>Senior</u>	<u>Park Dedication</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7,434	9,911	-	-	-	-
-	-	-	-	-	-
-	-	19,663	-	8,101	33,000
127	32	52	15	19	-
-	-	-	12,047	-	-
<u>7,561</u>	<u>9,943</u>	<u>19,715</u>	<u>12,062</u>	<u>8,120</u>	<u>33,000</u>
-	-	3,120	-	-	-
1,178	18,268	-	-	-	-
-	-	-	-	7,202	-
-	-	12,950	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,178</u>	<u>18,268</u>	<u>16,070</u>	<u>-</u>	<u>7,202</u>	<u>-</u>
<u>6,383</u>	<u>(8,325)</u>	<u>3,645</u>	<u>12,062</u>	<u>918</u>	<u>33,000</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>6,383</u>	<u>(8,325)</u>	<u>3,645</u>	<u>12,062</u>	<u>918</u>	<u>33,000</u>
<u>92,705</u>	<u>34,822</u>	<u>38,220</u>	<u>19,679</u>	<u>6,970</u>	<u>24,000</u>
<u>\$ 99,088</u>	<u>\$ 26,497</u>	<u>\$ 41,865</u>	<u>\$ 31,741</u>	<u>\$ 7,888</u>	<u>\$ 57,000</u>

CITY OF ALVIN, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 2)
For the Year Ended September 30, 2010

	Special Revenue Funds			
	Hospital	TIRZ No. 1 Fund	TIRZ No. 2 Fund	TIRZ No. 3 Fund
Revenues				
Franchise and local taxes	\$ -	\$ 9	\$ 28,411	\$ 217
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Intergovernmental	-	-	-	-
Investment revenue	461	-	8	-
Other revenue	-	-	-	-
Total Revenues	<u>461</u>	<u>9</u>	<u>28,419</u>	<u>217</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community services	-	-	-	-
Culture, parks and recreation	-	-	-	-
Library	-	-	-	-
Capital outlay	13,804	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Bond issuance costs	4,641	-	-	-
Total Expenditures	<u>18,445</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues Over (Under)				
Expenditures	<u>(17,984)</u>	<u>9</u>	<u>28,419</u>	<u>217</u>
Other Financing Sources (Uses)				
Tax note issued	304,641	-	-	-
Transfer in	-	-	-	-
Transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	<u>304,641</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	286,657	9	28,419	217
Beginning fund balances	-	12	15,493	520
Ending Fund Balances	<u>\$ 286,657</u>	<u>\$ 21</u>	<u>\$ 43,912</u>	<u>\$ 737</u>

<u>Capital Projects Fund</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Bond Capital Projects</u>	<u>Cemetery</u>	
\$ -	\$ -	\$ 198,464
-	-	17,345
-	38,600	38,600
40,769	-	105,442
2,258	798	4,922
212,070	-	227,564
<u>255,097</u>	<u>39,398</u>	<u>592,337</u>
-	-	9,564
-	-	33,221
450	18,167	149,018
-	-	12,950
-	-	49,515
467,805	-	490,805
-	-	28,644
-	-	5,830
-	-	4,641
<u>468,255</u>	<u>18,167</u>	<u>784,188</u>
<u>(213,158)</u>	<u>21,231</u>	<u>(191,851)</u>
-	-	304,641
150,972	22,301	173,273
<u>(37,986)</u>	<u>(33,347)</u>	<u>(74,823)</u>
<u>112,986</u>	<u>(11,046)</u>	<u>403,091</u>
(100,172)	10,185	211,240
<u>948,890</u>	<u>458,417</u>	<u>2,422,659</u>
<u>\$ 848,718</u>	<u>\$ 468,602</u>	<u>\$ 2,633,899</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, 2010

Hike and Bike Fund				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Investment revenue	\$ 1,200	\$ 1,200	\$ 170	\$ (1,030)
Total Revenues	1,200	1,200	170	(1,030)
Net Change in Fund Balance	\$ 1,200	\$ 1,200	170	\$ (1,030)
Beginning fund balance			100,881	
Ending Fund Balance			\$ 101,051	

Hotel/Motel Fund				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Franchise and local taxes	\$ 240,000	\$ 240,000	\$ 169,827	\$ (70,173)
Investment revenue	5,800	5,800	794	(5,006)
Total Revenues	245,800	245,800	170,621	(75,179)
Expenditures				
Current:				
General government	5,000	6,800	6,444	356
Community services	148,146	137,176	123,199	13,977
Debt Service:				
Principal	28,644	28,644	28,644	-
Interest and fiscal charges	5,830	5,830	5,830	-
Total Expenditures	187,620	178,450	164,117	14,333
Net Change in Fund Balance	\$ 58,180	\$ 67,350	6,504	\$ (60,846)
Beginning fund balance			512,844	
Ending Fund Balance			\$ 519,348	

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, 2010

		Library Fund			
		Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues					
Other revenue		\$ -	\$ -	\$ 170	\$ 170
	Total Revenues	<u>-</u>	<u>-</u>	<u>170</u>	<u>170</u>
Expenditures					
Current:					
Building maintenance		2,600	4,100	49,515	(45,415) *
	Total Expenditures	<u>2,600</u>	<u>4,100</u>	<u>49,515</u>	<u>(45,415)</u>
	Revenues Over (Under) Expenditures	<u>(2,600)</u>	<u>(4,100)</u>	<u>(49,345)</u>	<u>(45,585)</u>
Other Financing Sources (Uses)					
Transfers (out)		-	-	(3,490)	(3,490) *
	Net Change in Fund Balance	<u>\$ (2,600)</u>	<u>\$ (4,100)</u>	<u>(52,835)</u>	<u>\$ (48,735)</u>
Beginning fund balance				<u>93,836</u>	
	Ending Fund Balance			<u>\$ 41,001</u>	

		Special Investigation Fund			
		Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues					
Intergovernmental		\$ -	\$ -	\$ 3,909	\$ 3,909
Investment revenue		1,350	1,350	188	(1,162)
Other revenue		500	500	3,277	2,777
	Total Revenues	<u>1,850</u>	<u>1,850</u>	<u>7,374</u>	<u>5,524</u>
Expenditures					
Current:					
Public safety		-	-	13,775	(13,775) *
Capital outlay		-	-	9,196	(9,196) *
	Total Expenditures	<u>-</u>	<u>-</u>	<u>22,971</u>	<u>(22,971)</u>
	Net Change in Fund Balance	<u>\$ 1,850</u>	<u>\$ 1,850</u>	<u>(15,597)</u>	<u>\$ (17,447)</u>
Beginning fund balance				<u>75,370</u>	
	Ending Fund Balance			<u>\$ 59,773</u>	

* Expenditures exceeded appropriations at the legal level of control.

CITY OF ALVIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended September 30, 2010

Building Security Fund				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Fines and forfeitures	\$ 8,000	\$ 8,000	\$ 7,434	\$ (566)
Investment revenue	1,000	1,000	127	(873)
Total Revenues	9,000	9,000	7,561	(1,439)
Expenditures				
Current:				
Public safety	-	-	1,178	(1,178) *
Total Expenditures	-	-	1,178	(1,178)
Net Change in Fund Balance	\$ 9,000	\$ 9,000	6,383	\$ (2,617)
Beginning fund balance			92,705	
Ending Fund Balance			\$ 99,088	

Municipal Court Technology Fund				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Fines and forfeitures	\$ 10,800	\$ 10,800	\$ 9,911	\$ (889)
Investment revenue	250	250	32	(218)
Total Revenues	11,050	11,050	9,943	(1,107)
Expenditures				
Current:				
Public safety	12,683	12,683	18,268	(5,585) *
Total Expenditures	12,683	12,683	18,268	(5,585)
Net Change in Fund Balance	\$ (1,633)	\$ (1,633)	(8,325)	\$ (6,692)
Beginning fund balance			34,822	
Ending Fund Balance			\$ 26,497	

* Expenditures exceeded appropriations at the legal level of control.

CITY OF ALVIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended September 30, 2010

Donation Fund				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 15,000	\$ 15,000	\$ 19,663	\$ 4,663
Investment revenue	-	-	52	52
Total Revenues	15,000	15,000	19,715	4,715
Expenditures				
Current:				
General administration	2,000	2,000	3,120	(1,120) *
Culture, parks and recreation	12,000	12,000	12,950	(950) *
Total Expenditures	14,000	14,000	16,070	(2,070)
Net Change in Fund Balance	\$ 1,000	\$ 1,000	3,645	\$ 2,645
Beginning fund balance			38,220	
Ending Fund Balance			\$ 41,865	

Juvenile Case Manager Fund				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Investment revenue	\$ -	\$ -	\$ 15	\$ 15
Other revenue	10,000	10,000	12,047	2,047
Total Revenues	10,000	10,000	12,062	2,062
Net Change in Fund Balance	\$ 10,000	\$ 10,000	12,062	\$ 2,062
Beginning fund balance			19,679	
Ending Fund Balance			\$ 31,741	

* Expenditures exceeded appropriations at the legal level of control.

CITY OF ALVIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended September 30, 2010

		Senior Fund			
		Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues					
	Intergovernmental	\$ 9,000	\$ 9,000	\$ 8,101	\$ (899)
	Investment revenue	100	100	19	(81)
	Total Revenues	<u>9,100</u>	<u>9,100</u>	<u>8,120</u>	<u>(980)</u>
Expenditures					
Current:					
	Community services	8,500	8,757	7,202	1,555
	Total Expenditures	<u>8,500</u>	<u>8,757</u>	<u>7,202</u>	<u>1,555</u>
	Net Change in Fund Balance	<u>\$ 600</u>	<u>\$ 343</u>	918	<u>\$ 575</u>
	Beginning fund balance			6,970	
	Ending Fund Balance			<u>\$ 7,888</u>	

		Hospital Fund			
		Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues					
	Investment revenue	\$ -	\$ -	\$ 461	\$ 461
	Total Revenues	<u>-</u>	<u>-</u>	<u>461</u>	<u>461</u>
Expenditures					
	Capital outlay	-	24,600	13,804	10,796
	Bond issuance costs	-	-	4,641	(4,641) *
	Total Expenditures	<u>-</u>	<u>24,600</u>	<u>18,445</u>	<u>6,155</u>
	Revenues Over (Under) Expenditures	<u>-</u>	<u>(24,600)</u>	<u>(17,984)</u>	<u>6,616</u>
Other Financing Sources					
	Tax note issued	-	300,000	304,641	4,641
	Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 275,400</u>	286,657	<u>\$ 11,257</u>
	Beginning fund balance			-	
	Ending Fund Balance			<u>\$ 286,657</u>	

* Expenditures exceeded appropriations at the legal level of control.

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

For the Year Ended September 30, 2010

Cemetery Fund				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Charges for services	\$ 32,500	\$ 32,500	\$ 38,600	\$ 6,100
Investment revenue	7,000	7,000	798	(6,202)
Total Revenues	<u>39,500</u>	<u>39,500</u>	<u>39,398</u>	<u>(102)</u>
Expenditures				
Current:				
Community services	20,000	20,000	18,167	1,833
Total Expenditures	<u>20,000</u>	<u>20,000</u>	<u>18,167</u>	<u>1,833</u>
Revenues Over (Under) Expenditures	<u>19,500</u>	<u>19,500</u>	<u>21,231</u>	<u>1,935</u>
Other Financing Sources (Uses)				
Transfers in	22,301	22,301	22,301	-
Transfers (out)	(35,493)	(35,493)	(33,347)	2,146
Net Change in Fund Balance	<u>\$ 6,308</u>	<u>\$ 6,308</u>	10,185	<u>\$ 3,877</u>
Beginning fund balance			<u>458,417</u>	
Ending Fund Balance			<u>\$ 468,602</u>	

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CITY OF ALVIN, TEXAS

INTERNAL SERVICE FUNDS

September 30, 2010

Central Shop Fund

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

Vehicle Replacement Fund

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

CITY OF ALVIN, TEXAS
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
September 30, 2010

	Central Shop	Vehicle Replacement	Total
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 172,862	\$ 649,073	\$ 821,935
Accounts receivable	13,419	-	13,419
Advances to other funds	-	384,809	384,809
Inventory	72,528	-	72,528
Total Current Assets	258,809	1,033,882	1,292,691
Noncurrent assets:			
Capital assets:			
Buildings	7,754	-	7,754
Equipment	32,696	2,929,269	2,961,965
Less: accumulated depreciation	(8,345)	(2,056,545)	(2,064,890)
Total Capital Assets (Net of Accumulated Depreciation)	32,105	872,724	904,829
Total Noncurrent Assets	32,105	872,724	904,829
Total Assets	290,914	1,906,606	2,197,520
<u>Liabilities and Net Assets</u>			
Accounts payable	61,870	-	61,870
Long term debt due within one year	23,247	-	23,247
Long term debt due in more than one year	2,583	-	2,583
Total Current Liabilities	87,700	-	87,700
Total Liabilities	87,700	-	87,700
<u>Net Assets</u>			
Invested in capital assets	32,105	872,724	904,829
Unrestricted	171,109	1,033,882	1,204,991
Total Net Assets	\$ 203,214	\$ 1,906,606	\$ 2,109,820

CITY OF ALVIN, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2010

	Central Shop	Vehicle Replacement	Total
<u>Operating Revenues</u>			
Charges for sales and services	\$ 583,871	\$ 334,493	\$ 918,364
Miscellaneous revenue	4,221	25,000	29,221
Total Operating Revenues	588,092	359,493	947,585
<u>Operating Expenses</u>			
Personnel services	241,070	-	241,070
Supplies	291,568	-	291,568
Depreciation	2,067	319,582	321,649
Total Operating Expenses	534,705	319,582	854,287
Operating Income	53,387	39,911	93,298
<u>Nonoperating Revenues (Expenses)</u>			
Loss on sale of capital assets	-	(8,512)	(8,512)
Investment revenue	236	15,477	15,713
Total Nonoperating Revenues	236	6,965	7,201
<u>Transfers In (Out)</u>			
Transfers in	-	5,535	5,535
Transfers (out)	(5,535)	-	(5,535)
Total Transfers	(5,535)	5,535	-
Change in Net Assets	48,088	52,411	100,499
Beginning net assets	155,126	1,854,195	2,009,321
Ending Net Assets	\$ 203,214	\$ 1,906,606	\$ 2,109,820

CITY OF ALVIN, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2010

	Central Shop	Vehicle Replacement	Total
<u>Cash Flows from Operating Activities</u>			
Receipts from customers and users	\$ 595,796	\$ 359,493	\$ 955,289
Payments to suppliers	(281,360)	-	(281,360)
Payments to employees	(250,473)	-	(250,473)
Net Cash Provided by Operating Activities	63,963	359,493	423,456
<u>Cash Flows from Noncapital Financing Activities</u>			
Transfers to other funds	(5,535)	-	(5,535)
Transfers from other funds	-	5,535	5,535
Interfund loan	-	(150,000)	(150,000)
Interfund loan payments received	-	106,892	106,892
Insurance claim recovery	-	25,000	25,000
Net Cash (Used) by Noncapital Financing Activities	(5,535)	(12,573)	(18,108)
<u>Cash Flows from Capital and Related Financing Activities</u>			
Acquisition and construction of capital assets	-	(70,014)	(70,014)
Sale of capital assets	-	7,984	7,984
Net Cash (Used) by Capital and Related Financing Activities	-	(62,030)	(62,030)
<u>Cash Flows from Investing Activities</u>			
Interest on investments	236	15,477	15,713
Net Cash Provided by Investing Activities	236	15,477	15,713
Net Increase in Cash and Cash Equivalents	58,664	300,367	359,031
Beginning cash and cash equivalents	114,198	348,706	462,904
Ending Cash and Cash Equivalents	\$ 172,862	\$ 649,073	\$ 821,935
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income	\$ 53,387	\$ 39,911	\$ 93,298
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	2,067	319,582	321,649
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in Current Assets:			
Accounts receivable	8,599	-	8,599
Inventories	(6,672)	-	(6,672)
Prepays	5,777	-	5,777
Increase (Decrease) in Current Liabilities:			
Accounts payable	10,208	-	10,208
Compensated absences	(9,403)	-	(9,403)
Net Cash Provided by Operating Activities	\$ 63,963	\$ 359,493	\$ 423,456

STATISTICAL SECTION

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

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Financial Trends	112
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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	124
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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	132
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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	143
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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	146
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These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the governments provides and the activities it performs.

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

CITY OF ALVIN, TEXAS

NET ASSETS BY COMPONENT

Last Eight Years (1)
(Accrual Basis of Accounting)

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

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

Year			
2007	2008	2009	2010
\$ 26,711,260	\$ 24,683,114	\$ 23,625,720	\$ 23,231,068
4,185,439	5,412,521	8,162,397	9,006,259
5,088,173	6,373,807	4,881,248	5,151,195
<u>\$ 35,984,872</u>	<u>\$ 36,469,442</u>	<u>\$ 36,669,365</u>	<u>\$ 37,388,522</u>
\$ 9,185,334	\$ 10,094,821	\$ 7,281,665	\$ 9,898,132
845,723	861,202	805,076	698,662
4,625,332	5,873,472	9,272,256	7,639,207
<u>\$ 14,656,389</u>	<u>\$ 16,829,495</u>	<u>\$ 17,358,997</u>	<u>\$ 18,236,001</u>
\$ 35,896,594	\$ 34,777,935	\$ 30,907,385	\$ 33,129,200
5,031,162	6,273,723	8,967,473	9,704,921
9,713,505	12,247,279	14,153,504	12,790,402
<u>\$ 50,641,261</u>	<u>\$ 53,298,937</u>	<u>\$ 54,028,362</u>	<u>\$ 55,624,523</u>

CITY OF ALVIN, TEXAS

CHANGES IN NET ASSETS

Last Eight Years (1)

(Accrual Basis of Accounting)

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

Year			
2007	2008	2009	2010
\$ 3,155,673	\$ 3,397,176	\$ 4,618,306	\$ 3,398,391
5,765,961	5,885,390	6,828,196	6,612,487
554,616	751,470	-	-
3,907,160	3,697,371	1,195,696	1,762,534
347,169	297,019	2,110,567	2,739,494
1,222,914	1,827,931	1,637,049	1,550,634
470,225	320,272	255,366	246,444
<u>15,423,718</u>	<u>16,176,629</u>	<u>16,645,180</u>	<u>16,309,984</u>
5,179,628	5,048,607	5,324,261	5,684,004
1,679,203	3,032,494	3,811,391	1,841,385
1,060,634	1,015,022	1,333,579	1,310,354
-	-	-	53,520
<u>7,919,465</u>	<u>9,096,123</u>	<u>10,469,231</u>	<u>8,889,263</u>
<u>\$ 23,343,183</u>	<u>\$ 25,272,752</u>	<u>\$ 27,114,411</u>	<u>\$ 25,199,247</u>
\$ 37,029	\$ 22,764	\$ 98,718	\$ 236,236
735,677	745,922	1,092,685	1,157,482
401,661	328,881	-	-
-	-	-	-
-	-	79,648	-
187,229	167,642	-	-
157,790	434,842	770,851	305,758
<u>1,519,386</u>	<u>1,700,051</u>	<u>2,041,902</u>	<u>1,699,476</u>
5,771,303	6,211,760	6,325,404	6,299,393
1,995,110	1,943,739	2,174,386	2,290,014
1,126,101	1,204,907	1,278,655	1,292,152
1,364	1,343,767	1,643,163	409,277
-	-	-	-
<u>8,893,878</u>	<u>10,704,173</u>	<u>11,421,608</u>	<u>10,290,836</u>
<u>\$ 10,413,264</u>	<u>\$ 12,404,224</u>	<u>\$ 13,463,510</u>	<u>\$ 11,990,312</u>
\$ (13,904,332)	\$ (14,476,578)	\$ (14,603,278)	\$ (14,610,508)
974,413	1,608,050	952,377	1,401,573
<u>\$ (12,929,919)</u>	<u>\$ (12,868,528)</u>	<u>\$ (13,650,901)</u>	<u>\$ (13,208,935)</u>

CITY OF ALVIN, TEXAS
CHANGES IN NET ASSETS (Continued)

Last Eight Years (1)
(Accrual Basis of Accounting)

	Year			
	2003	2004	2005	2006
General Revenues and Other Changes in Net Assets				
Governmental Activities				
Taxes				
Property taxes	\$ 4,857,873	\$ 5,143,255	\$ 5,363,226	\$ 5,793,632
Sales and use taxes	3,787,820	3,911,035	4,185,111	4,311,123
Franchise taxes	1,242,162	1,505,370	1,257,702	1,279,211
Other taxes	-	-	-	-
Investment revenue	81,329	70,999	161,734	364,080
Other revenues	42,523	75,336	14,587	94,255
Transfers	1,429	687,563	2,664,611	1,184,047
Total Governmental Activities	<u>10,013,136</u>	<u>11,393,558</u>	<u>13,646,971</u>	<u>13,026,348</u>
Business-Type Activities				
Investment earnings	140,282	133,776	60,292	195,478
Other revenues	13,390	8,204	9,562	5,043
Transfers	(1,429)	(687,563)	(2,664,611)	(1,184,047)
Total Business-Type Activities	<u>152,243</u>	<u>(545,583)</u>	<u>(2,594,757)</u>	<u>(983,526)</u>
Total Primary Government	<u>\$ 10,165,379</u>	<u>\$ 10,847,975</u>	<u>\$ 11,052,214</u>	<u>\$ 12,042,822</u>
Change in Net Assets				
Governmental activities	\$ 161,125	\$ 893,311	\$ (239,574)	\$ 373,719
Business-type activities	814,008	373,185	256,303	1,050,797
Total Primary Government	<u>\$ 975,133</u>	<u>\$ 1,266,496</u>	<u>\$ 16,729</u>	<u>\$ 1,424,516</u>

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

Year		2007	2008	2009	2010		
\$	6,441,666	7,135,500	\$	7,088,549	\$	7,529,156	
	5,540,205	5,754,038		5,395,694		5,164,667	
	1,321,208	1,332,828		1,535,710		1,601,341	
	-	-		28,484		221,885	
	674,853	483,412		131,886		36,080	
	44,355	121,128		96,555		233,080	
	1,581,281	(10,449)		526,323		543,456	
	15,603,568	14,816,457		14,803,201		15,329,665	
	440,689	265,878		88,820		13,571	
	5,875	168,707		14,628		5,316	
	(1,581,281)	10,449		(526,323)		(543,456)	
	(1,134,717)	445,034		(422,875)		(524,569)	
\$	14,468,851	\$	15,261,491	\$	14,380,326	\$	14,805,096
\$	1,699,236	\$	339,879	\$	199,923	\$	719,157
	(160,304)		2,053,084		529,502		877,004
	1,538,932		2,392,963		729,425		1,596,161

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

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

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>Change 2009-2010</u>
\$	6,441,666	\$ 7,135,500	\$ 7,088,549	\$ 7,529,156	6.2%
	5,540,205	5,754,038	5,395,694	5,164,667	-4.3%
	1,321,208	1,332,828	1,535,710	1,601,341	4.3%
	-	-	28,484	221,885	679.0%
\$	<u>13,303,079</u>	<u>\$ 14,222,366</u>	<u>\$ 14,048,437</u>	<u>\$ 14,517,049</u>	3.3%

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

	Year			
	2001	2002	2003	2004
General Fund				
Reserved	\$ 246,021	\$ 232,142	\$ 82,628	\$ 97,594
Unreserved	228,987	2,051,325	2,491,329	2,725,533
Total General Fund	\$ 475,008	\$ 2,283,467	\$ 2,573,957	\$ 2,823,127
All Other Governmental Funds				
Reserved	\$ 2,849,962	\$ 3,985,194	\$ 3,723,632	\$ 2,609,387
Unreserved, reported in:				
Special revenue funds	197,725	391,103	108,676	107,975
Capital project funds	7,147,590	2,953,546	1,080,467	1,612,652
Permanent fund	-	-	358,307	365,409
Total All Other Governmental Funds	\$ 10,195,277	\$ 7,329,843	\$ 5,271,082	\$ 4,695,423

Year					
2005	2006	2007	2008	2009	2010
\$ 95,159	\$ 74,986	\$ 1,184,413	\$ 1,086,186	\$ 630,892	\$ 965,720
3,027,096	3,211,526	2,961,457	4,444,453	4,560,653	4,543,765
<u>\$ 3,122,255</u>	<u>\$ 3,286,512</u>	<u>\$ 4,145,870</u>	<u>\$ 5,530,639</u>	<u>\$ 5,191,545</u>	<u>\$ 5,509,485</u>
\$ 1,505,349	\$ 1,266,145	\$ 8,003,700	\$ 6,753,433	\$ 786,454	\$ 651,090
110,872	110,193	113,064	103,221	1,011,195	1,312,372
2,070,324	4,562,445	-	-	5,540,903	5,973,623
370,982	377,940	397,964	397,040	408,417	418,602
<u>\$ 4,057,527</u>	<u>\$ 6,316,723</u>	<u>\$ 8,514,728</u>	<u>\$ 7,253,694</u>	<u>\$ 7,746,969</u>	<u>\$ 8,355,687</u>

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

Last Ten Years
(Modified Accrual Basis of Accounting)

	2001	2002	2003	2004
Revenues				
Taxes	\$ 9,046,792	\$ 9,699,770	\$ 9,880,565	\$ 10,569,602
Permits, licenses, and fees	111,795	183,498	197,905	266,378
Fines and forfeitures	143,454	344,824	450,894	376,232
Intergovernmental	9,823	22,427	5,200	4,550
Contributions	247,132	60,997	39,241	23,830
Investment earnings	409,829	202,054	85,752	76,320
Other revenues	196,582	453,583	423,465	395,510
Total Revenues	<u>10,165,407</u>	<u>10,967,153</u>	<u>11,083,022</u>	<u>11,712,422</u>
Expenditures				
General government	2,331,722	3,176,053	3,193,675	2,698,996
Public safety	3,487,929	3,477,699	4,354,626	4,316,165
Engineering and planning	200,337	218,967	153,119	859,878
Public services	375,349	450,643	1,267,511	1,730,750
Community services	4,568	94,448	84,041	24,661
Culture, parks, and recreation	678,453	736,995	1,275,978	1,062,355
Library	-	-	-	65,749
Capital outlay	2,424,467	4,670,860	2,983,215	934,908
Debt service:				
Principal	451,194	480,901	460,246	842,396
Interest	458,787	451,530	459,542	389,871
Total Expenditures	<u>10,412,806</u>	<u>13,758,096</u>	<u>14,231,953</u>	<u>12,925,729</u>
Revenues Over (Under) Expenditures	(247,399)	(2,790,943)	(3,148,931)	(1,213,307)
Other Financing Sources (Uses)				
Transfers in	6,648,021	2,690,085	2,171,279	3,629,342
Transfers out	(2,378,555)	(7,071,681)	(1,594,850)	(2,941,779)
Refunding bonds issued	-	-	-	1,349,595
Bonds issued	343,972	3,083,556	80,013	319,176
Premium on bonds issued	-	-	-	-
Discount on bonds issued	-	-	-	(10,439)
Payments to refunded bond escrow agent	-	-	-	(1,311,643)
Capital leases	-	-	300,669	-
Sales of capital assets	-	-	-	-
Total Other Financing Sources (Uses)	<u>4,613,438</u>	<u>(1,298,040)</u>	<u>957,111</u>	<u>1,034,252</u>
Net Change in Fund Balances	<u>\$ 4,366,039</u>	<u>\$ (4,088,983)</u>	<u>\$ (2,191,820)</u>	<u>\$ (179,055)</u>

Debt service as a percentage of noncapital expenditures	12.9%	11.4%	8.9%	11.5%
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		Year									
		2005	2006	2007	2008	2009	2010				
\$	10,820,920	\$	11,351,914	\$	13,228,598	\$	14,294,405	\$	14,301,958	\$	14,343,382
	301,393		663,057		325,191		316,854		611,082		937,525
	381,554		388,202		437,085		455,554		481,603		456,193
	215,244		4,313		3,731		530,316		748,833		305,758
	3,825		22,027		32,563		-		-		-
	171,876		345,650		620,207		439,770		106,888		20,367
	471,511		598,811		756,958		654,819		242,018		233,080
	<u>12,366,323</u>		<u>13,373,974</u>		<u>15,404,333</u>		<u>16,691,718</u>		<u>16,492,382</u>		<u>16,296,305</u>
	2,704,408		2,676,013		3,019,200		3,269,353		3,284,579		3,239,705
	4,788,853		4,809,776		4,932,289		5,723,203		6,129,989		6,145,941
	768,252		552,276		489,331		712,129		-		-
	1,406,740		1,518,905		2,870,696		1,977,554		777,418		715,606
	21,015		143,300		158,160		186,487		1,361,535		2,591,826
	1,077,971		906,749		950,845		1,028,437		1,369,506		1,079,481
	71,666		79,117		94,886		113,061		12,160		49,515
	3,883,770		2,266,772		1,503,979		2,520,505		2,572,745		1,005,809
											-
	788,572		810,861		801,753		1,163,091		1,038,791		978,025
	337,391		455,020		430,776		436,194		412,775		411,836
	<u>15,848,638</u>		<u>14,218,789</u>		<u>15,251,915</u>		<u>17,130,014</u>		<u>16,959,498</u>		<u>16,217,744</u>
	(3,482,315)		(844,815)		152,418		(438,296)		(467,116)		78,561
	5,385,425		3,362,287		4,744,518		3,423,766		2,520,975		1,174,886
	(2,720,814)		(2,910,566)		(3,962,600)		(3,799,196)		(1,994,652)		(631,430)
	-		-		-		-		-		-
	478,925		2,780,000		835,000		675,000		-		304,641
	-		1,591		-		-		-		-
	-		-		-		-		-		-
	-		-		-		-		-		-
	-		-		231,652		262,467		94,974		-
	-		28,351		22,916		-		-		-
	<u>3,143,536</u>		<u>3,261,663</u>		<u>1,871,486</u>		<u>562,037</u>		<u>621,297</u>		<u>848,097</u>
\$	<u>(338,779)</u>	\$	<u>2,416,848</u>	\$	<u>2,023,904</u>	\$	<u>123,741</u>	\$	<u>154,181</u>	\$	<u>926,658</u>
	10.4%		11.8%		9.8%		12.3%		10.09%		9.12%

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Residential Property	\$ A	\$ A	\$ A	\$ A
Commercial Property	A	A	A	A
Less: Tax Exempt Property	<u>A</u>	<u>A</u>	<u>A</u>	<u>A</u>
Total Taxable Assessed Value (1)	<u>\$ 495,541,410</u>	<u>\$ 537,843,592</u>	<u>\$ 596,476,416</u>	<u>\$ 633,444,214</u>
Total Direct Tax Rate	0.80360	0.80360	0.80360	0.80360

Source: Brazoria County - Tax Office Collections

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

(A) Data is not available

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 419,639,580	\$ 463,788,970	\$ 494,709,890	\$ 545,828,781	\$ 561,797,458	\$ 569,692,952
280,972,630	310,043,900	328,960,620	372,642,100	376,840,429	398,544,224
<u>(45,598,292)</u>	<u>(52,772,196)</u>	<u>(27,271,987)</u>	<u>(17,519,673)</u>	<u>(29,535,234)</u>	<u>(46,725,576)</u>
<u>\$ 655,013,918</u>	<u>\$ 721,060,674</u>	<u>\$ 796,398,523</u>	<u>\$ 900,951,208</u>	<u>\$ 909,102,653</u>	<u>\$ 921,511,600</u>
0.80360	0.80360	0.80360	0.80360	0.80360	0.80360

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
City By Fund:				
Operating	\$ 0.6381	\$ 0.6628	\$ 0.6702	\$ 0.6486
Debt service	0.1655	0.1408	0.1334	0.1550
Total Direct Rates	<u>0.8036</u>	<u>0.8036</u>	<u>0.8036</u>	<u>0.8036</u>
Alvin Independent School District	1.5660	1.5660	1.5860	1.6261
Brazoria County	0.3395	0.3395	0.3595	0.3620
C&R District No. 3	0.0600	0.1100	0.1166	0.1316
Alvin Community College	<u>0.2389</u>	<u>0.2411</u>	<u>0.2553</u>	<u>0.2406</u>
Total Direct and Overlapping Rates (1)	<u>\$ 3.0080</u>	<u>\$ 3.0602</u>	<u>\$ 3.1210</u>	<u>\$ 3.1639</u>

Tax rates per \$100 of assessed valuation

Source: Brazoria County - Tax Office Collections

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

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 0.6784	\$ 0.6565	\$ 0.6440	\$ 0.6544	\$ 0.6709	\$ 0.6697
0.1252	0.1471	0.1596	0.1492	0.1327	0.1339
<u>0.8036</u>	<u>0.8036</u>	<u>0.8036</u>	<u>0.8036</u>	<u>0.8036</u>	<u>0.8036</u>
1.7058	1.5459	1.3282	1.3282	1.3041	1.3041
0.3480	0.3817	0.3114	0.3900	0.4263	0.4631
0.1306	0.1300	0.1281	0.1500	0.1500	0.1500
<u>0.2376</u>	<u>0.2195</u>	<u>0.2103</u>	<u>0.1998</u>	<u>0.1998</u>	<u>0.1998</u>
<u>\$ 3.2256</u>	<u>\$ 3.0807</u>	<u>\$ 2.7816</u>	<u>\$ 2.8716</u>	<u>\$ 2.8838</u>	<u>\$ 2.9206</u>

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

Property Taxpayer	2010			2001		
	Taxable Assessed Value	Rank	% of Taxable Assessed Value	Taxable Assessed Value	Rank	% of Taxable Assessed Value
Walmart	\$ 18,295,580	1	1.99%	\$ 5,577,030	7	1.13%
WeatherFord, USA L.P.	13,619,970	2	1.48%	6,394,270	5	1.29%
Home Depot & Home Depot USA Inc	12,177,070	3	1.32%	-	-	-
Alvin Autoland, Inc.	8,558,150	4	0.93%	5,991,260	6	1.21%
Axens North American	6,948,090	5	0.75%	-	-	-
Texas New-Mexico Power Company	6,736,270	6	0.73%	7,068,790	4	1.43%
Gas Turbine Engines, Inc.	6,626,840	7	0.72%	-	-	-
Team Industrial Services, Inc.	6,598,229	8	0.72%	3,129,200	8	0.63%
Alvin Motorcars, LTD	6,504,440	9	0.71%	-	-	-
Highland Square, LTD	6,190,972	10	0.67%	-	-	-
IPOP	-	n/a	-	21,189,100	1	4.28%
Southwestern Bell Telephone Co.	-	n/a	-	8,900,820	2	1.80%
Ron Carter Autoland	-	n/a	-	8,284,770	3	1.67%
Franks Casing Crew	-	n/a	-	3,022,360	9	0.61%
Alvin Center	-	n/a	-	2,990,620	10	0.60%
Subtotal	\$ 92,255,611		10.01%	\$ 72,548,220		14.64%
Other Taxpayers	829,255,989		89.99%	422,993,190		85.36%
Total	\$ 921,511,600		100.00%	\$ 495,541,410		100.00%

Source: Brazoria County - Tax Office Collections

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Tax levy	\$ 3,928,597	\$ 4,312,622	\$ 4,652,307	\$ 5,090,358
Current tax collected	\$ 3,789,817	\$ 4,147,538	\$ 4,594,434	\$ 4,896,746
Percent of current tax collections	96.47%	96.17%	98.76%	96.20%
Delinquent tax collections	<u>99,035</u>	<u>152,219</u>	<u>151,854</u>	<u>162,549</u>
Total tax collections	<u>\$ 3,888,852</u>	<u>\$ 4,299,757</u>	<u>\$ 4,746,288</u>	<u>\$ 5,059,295</u>
Total collections as a percentage of current levy	98.988%	99.702%	102.020%	99.390%
Outstanding delinquent taxes	\$ 39,745	\$ 12,865	\$ (93,981)	\$ 31,063
Outstanding delinquent taxes as percentage of current levy	1.012%	0.298%	-2.020%	0.610%

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 5,267,342	\$ 5,684,983	\$ 6,291,790	\$ 7,064,411	\$ 7,260,355	\$ 7,260,544
\$ 5,104,625	\$ 5,519,795	\$ 6,117,953	\$ 6,907,075	\$ 7,099,395	\$ 7,118,215
96.91%	97.09%	97.24%	97.77%	97.78%	98.04%
<u>177,270</u>	<u>157,488</u>	<u>159,222</u>	<u>149,237</u>	<u>133,796</u>	<u>142,509</u>
<u>\$ 5,281,895</u>	<u>\$ 5,677,283</u>	<u>\$ 6,277,175</u>	<u>\$ 7,056,312</u>	<u>\$ 7,233,191</u>	<u>\$ 7,260,724</u>
100.276%	99.865%	99.768%	99.885%	99.626%	100.002%
\$ (14,553)	\$ 7,700	\$ 14,615	\$ 8,099	\$ 27,164	\$ (180)
-0.276%	0.135%	0.232%	0.115%	0.374%	-0.002%

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

	Year			
	2001	2002	2003	2004
Primary Government				
Governmental Activities:				
General obligation bonds	\$ 9,134,337	\$ 8,797,495	\$ 8,412,381	\$ 8,146,667
Capital leases	-	300,670	229,658	282,482
Subtotal	<u>\$ 9,134,337</u>	<u>\$ 9,098,165</u>	<u>\$ 8,642,039</u>	<u>\$ 8,429,149</u>
Business-Type Activities:				
Revenue bonds	\$ 10,350,000	\$ 10,350,000	\$ 10,240,000	\$ 10,120,000
General obligation bonds	11,690,664	10,727,505	10,697,618	9,768,331
Capital leases	-	241,077	184,140	176,786
Total Primary Government	<u>\$ 31,175,001</u>	<u>\$ 30,416,747</u>	<u>\$ 29,763,797</u>	<u>\$ 28,494,266</u>
Personal Income	\$ 350,766,000	\$ 360,445,000	\$ 341,131,000	\$ 379,460,000
Debt as a Percentage of Personal Income	8.89%	8.44%	8.73%	7.51%
Population	21,413	21,413	21,413	21,413
Debt per Capita	\$ 1,456	\$ 1,420	\$ 1,390	\$ 1,331

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

Year

2005	2006	2007	2008	2009	2010
\$ 10,313,613	\$ 10,398,080	\$ 10,044,753	\$ 9,096,916	\$ 9,096,916	\$ 8,519,171
84,675	265,107	392,810	301,856	301,856	206,217
\$ 10,398,288	\$ 10,663,187	\$ 10,437,563	\$ 9,398,772	\$ 9,398,772	\$ 8,725,388
\$ 12,160,000	\$ 12,025,000	\$ 11,815,000	\$ 11,345,000	\$ 11,345,000	\$ 10,745,000
12,516,386	11,206,920	11,835,248	10,433,084	10,433,084	10,836,830
34,666	13,697	-	-	-	-
\$ 35,109,340	\$ 33,908,804	\$ 34,087,811	\$ 31,176,856	\$ 31,176,856	\$ 30,307,218
\$ 403,635,000	\$ 457,017,000	\$ 480,593,000	\$ 518,087,000	\$ 519,651,000	\$ 586,289,000
8.70%	7.42%	7.09%	6.02%	6.00%	5.17%
21,413	21,413	21,413	21,413	21,413	21,413
\$ 1,640	\$ 1,584	\$ 1,592	\$ 1,456	\$ 1,456	\$ 1,415

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

	Year			
	2001	2002	2003	2004
Net Taxable Assessed Value				
All property	\$ 495,541,410	\$ 537,843,592	\$ 596,476,416	\$ 633,444,214
Net Bonded Debt				
Gross bonded debt	\$ 6,492,738	\$ 9,134,337	\$ 8,797,495	\$ 8,412,381
Less debt service funds	892,217	921,909	990,668	455,181
Net Bonded Debt	<u>\$ 5,600,521</u>	<u>\$ 8,212,428</u>	<u>\$ 7,806,827</u>	<u>\$ 7,957,200</u>
Ratio of Net Bonded Debt to Assessed Value	1.13%	1.53%	1.31%	1.26%
Population	21,413	21,413	21,413	21,413
Net Bonded Debt Per Capita	\$ 262	\$ 384	\$ 365	\$ 372

Year

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 655,013,918	\$ 721,060,674	\$ 796,398,523	\$ 900,951,208	\$ 909,102,653	\$ 921,511,600
\$ 8,146,667	\$ 10,313,613	\$ 10,398,080	\$ 10,044,753	\$ 9,096,916	\$ 8,519,171
479,185	325,660	346,983	319,154	374,250	420,806
<u>\$ 7,667,482</u>	<u>\$ 9,987,953</u>	<u>\$ 10,051,097</u>	<u>\$ 9,725,599</u>	<u>\$ 8,722,666</u>	<u>\$ 8,098,365</u>
1.17%	1.39%	1.26%	1.08%	0.96%	0.88%
21,413	21,413	21,413	21,413	21,413	21,413
\$ 358	\$ 466	\$ 469	\$ 454	\$ 407	\$ 378

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CITY OF ALVIN, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
September 30, 2010

Governmental Unit	Net Bonded Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes			
Alvin ISD	\$ 522,964,945	65.00%	\$ 339,927,214
Brazoria County	66,370,000	4.77%	3,165,849
Alvin Community College	17,615,000	65.00%	<u>11,449,750</u>
Subtotal, overlapping debt			354,542,813
City Direct Debt	19,356,001	100.00%	<u>19,356,001</u>
Total Direct and Overlapping Debt			<u><u>\$ 373,898,814</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.

CITY OF ALVIN, TEXAS
LEGAL DEBT MARGIN INFORMATION

Last Ten Years

	Year			
	2001	2002	2003	2004
Debt limit	\$ 46,996,484	\$ 49,554,141	\$ 53,784,359	\$ 59,647,642
Total net debt applicable to limit	<u>5,735,098</u>	<u>5,850,617</u>	<u>7,877,428</u>	<u>7,806,827</u>
Legal debt margin	<u>\$ 41,261,386</u>	<u>\$ 43,703,524</u>	<u>\$ 45,906,931</u>	<u>\$ 51,840,815</u>
Total net debt applicable to the limit as a percentage of debt limit	12.20%	11.81%	14.65%	13.09%

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed value	\$ 921,511,600
Debt limit (10% of assessed value)	92,151,160
Debt applicable to limit:	
General obligation bonds	8,519,171
Less: amount set aside for repayment of general obligation debt	<u>420,806</u>
Total net debt applicable to limit	<u>8,939,977</u>
Legal debt margin	<u>\$ 83,211,183</u>

Year					
2005	2006	2007	2008	2009	2010
\$ 83,161,407	\$ 90,653,218	\$ 96,616,510	\$ 108,094,183	\$ 90,910,265	\$ 92,151,160
<u>7,374,221</u>	<u>6,940,609</u>	<u>7,031,033</u>	<u>6,197,815</u>	<u>9,471,166</u>	<u>8,939,977</u>
<u>\$ 75,787,186</u>	<u>\$ 83,712,609</u>	<u>\$ 89,585,477</u>	<u>\$ 101,896,368</u>	<u>\$ 81,439,099</u>	<u>\$ 83,211,183</u>
8.87%	7.66%	7.28%	5.73%	10.42%	9.70%

CITY OF ALVIN, TEXAS

PLEDGED-REVENUE COVERAGE

Last Ten Years

	Year			
	2001	2002	2003	2004
Gross Revenues (1)	\$ 5,756,706	\$ 5,261,825	\$ 5,202,315	\$ 5,278,796
Operating Expenses (2)	2,495,442	2,257,614	2,518,769	2,717,189
Net Revenues Available for Debt Service	\$ 3,261,264	\$ 3,004,211	\$ 2,683,546	\$ 2,561,607
Debt Service Requirements (3)				
Principal	\$ 1,055,244	\$ 1,125,344	\$ 1,156,616	\$ 1,233,053
Interest	766,555	760,163	938,232	898,598
Total	\$ 1,821,799	\$ 1,885,507	\$ 2,094,848	\$ 2,131,651
Coverage	1.79	1.59	1.28	1.20

(1) Total revenues including interest

(2) Total operating expenses less depreciation

(3) Includes revenue bonds only

Year					
2005	2006	2007	2008	2009	2010
\$ 5,183,862	\$ 6,036,003	\$ 6,190,290	\$ 6,750,856	\$ 6,605,025	\$ 9,895,131
2,943,051	2,378,938	4,027,507	4,166,715	4,361,497	6,577,209
\$ 2,240,811	\$ 3,657,065	\$ 2,162,783	\$ 2,584,141	\$ 2,243,528	\$ 3,317,922
\$ 1,146,810	\$ 1,436,945	\$ 1,429,846	\$ 1,556,533	\$ 1,478,461	\$ 600,000
782,824	826,533	1,036,558	881,892	875,517	425,106
\$ 1,929,634	\$ 2,263,478	\$ 2,466,404	\$ 2,438,425	\$ 2,353,978	\$ 1,025,106
1.16	1.62	0.88	1.06	0.95	3.24

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

<u>Fiscal Year Ended</u>	<u>Population (1)</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate (3)</u>
2001	21,413	\$ 350,766,000	\$ 16,381	32.30	11,619	5.70%
2002	21,413	\$ 360,445,000	\$ 16,833	33.00	11,760	8.30%
2003	21,413	\$ 341,131,000	\$ 15,931	33.00	12,046	8.20%
2004	21,413	\$ 379,460,000	\$ 17,721	33.00	12,100	8.20%
2005	21,413	\$ 403,635,000	\$ 18,850	34.00	12,600	7.30%
2006	21,413	\$ 457,017,000	\$ 21,343	31.40	14,000	7.30%
2007	21,413	\$ 480,593,000	\$ 22,444	32.00	15,300	8.20%
2008	21,413	\$ 518,087,000	\$ 24,195	32.50	16,000	8.20%
2009	21,413	\$ 519,651,000	\$ 24,268	33.00	16,000	8.30%
2010	21,413	\$ 586,289,000	\$ 27,380	32.60	17,261	6.90%

Data sources:

(1) Bureau of the Census

(2) The school enrollment reflects enrollment in schools located within the City limits.

(3) Texas Workforce Commission

CITY OF ALVIN, TEXAS

PRINCIPAL EMPLOYERS

Current Year and Ten Years Ago

Employer	2010			2000 ⁽¹⁾		
	Employees	Rank	Total City Employment (%)	Employees	Rank	Total City Employment (%)
Alvin Independent School District	2,000	1	33.44%	1,701	1	34.86%
DISH Network	1,030	2	17.22%	-		-
Wal-Mart	514	3	8.59%	450	5	9.22%
Alvin Community College	500	4	8.36%	500	3	10.25%
Solutia, Inc.	465	5	7.77%	497	4	10.19%
INEOS Olfens & Polymers USA	429	6	7.17%	-		0.00%
Ron Carter Automotive	310	7	5.18%	360	6	7.38%
Lyondell/Bassell	300	8	5.02%	252	7	5.16%
Team, Inc.	247	9	4.13%	103	10	2.11%
City of Alvin	186	10	3.11%	185	8	3.79%
Amoco Petrochemical	-		-	711	2	14.57%
RiceTec	-		-	120	9	2.46%
Total	<u>5,981</u>		<u>100.00%</u>	<u>4,879</u>		<u>100.00%</u>

(1) Information for nine years ago is not currently available, so information for ten years ago has been presented instead.

Source: Economic development department

CITY OF ALVIN, TEXAS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Years

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund:										
Administration	5	4	4	4	5.5	5.5	7	6	2	2
Legal	2	2	2	3	2	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	9	7	7	7	6	7	7	7	9	9
City Hall	1	1	1	1	-	-	-	-	-	-
Public Safety										
Police	61	61	67	68	69	70	74	76	72	72
Fire	2	2	2	2.5	2.5	3	3	3	4	4
Fire Marshal	-	-	-	1	1	1	1	1	1	1
Humane	2	2	2	2	2	2	2	2	2	2
Culture and Recreation										
Parks	10	9.5	9.5	11	9.5	9.5	10.5	10	10	9
Facility Maintenance	-	-	-	2	1	1	1	1	1	1
Economic Development	-	-	-	-	-	2	2	2	2	2
CYB	-	-	-	-	-	-	-	-	-	1
Public Works										
Administration & Facility	3	-	-	-	-	-	-	-	-	-
Street	14	13	13	13	16	16	17	19	20	20
Engineering										
Engineering	8	8	8	11	9	9	9	9	4	-
Planning	-	1	1	-	-	-	-	-	4	-
CIP	-	-	-	-	-	-	-	-	4	4
Community Development										
Inspections	5	9	6	3	3	4	4	4	5	4
Code Enforcement	-	-	-	-	-	-	-	-	4	4
General Fund Total	127	124.5	127.5	133.5	131.5	138	145.5	148	156	146
Enterprise Fund:										
Administration	7	7	7	7	6	7.5	7.5	7	8	7
Water, Sewer, WWTP	23	23	22	23	24	24	24	24	24	24
Enterprise Fund Total	30	30	29	30	30	31.5	31.5	31	32	31
Internal Service Fund:										
Administration	5	5	5	5	5	4	4	4	4	4
Internal Service Fund Total	5	5	5	5	5	4	4	4	4	4
Emergency Medical Services:										
Administration	2	2	2	2	2	2	2	2	2	2
Emergency Medical Service Total	2	2	2	2	2	2	2	2	2	2
TOTAL CITY POSITIONS	164	161.5	163.5	170.5	168.5	175.5	183	185	194	183

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

Function/Program	Fiscal Year			
	2001	2002	2003	2004
Police				
Physical arrests	2,005	2,136	2,388	2,351
Traffic violations	2,737	3,476	4,118	2,840
Fire				
Emergency responses	549	612	579	626
Inspections	n/a	n/a	694	673
Sanitation				
Monthly residential pickups	4,734	4,766	4,846	4,819
Commercial containers	775	788	765	792
Culture and recreation				
Athletic fields	19	21	21	21
Water				
New accounts	101	87	26	170
Total number of water connections	5,676	5,763	5,789	5,959
Average daily consumption (thousands of gallons)	2.496	2.469	2.496	2.311
Sewer				
Average daily sewage treatment (thousands of gallons)	3.150	3.150	3.150	3.250

Source: Various City departments

Fiscal Year

2005	2006	2007	2008	2009	2010
2,506	2,627	1,557	2,201	1,973	1,920
2,378	1,936	2,620	3,074	3,405	3,429
710	724	712	889	894	599
634	747	876	884	461	424
4,903	5,042	5,147	5,317	5,339	5,376
797	602	781	845	835	835
21	21	21	21	21	22
96	237	154	128	93	55
6,055	6,975	7,129	7,257	7,350	7,405
2.350	2.287	2.226	2.379	2.774	2.414
3.500	2.395	3.000	2.965	2.552	3.416

CITY OF ALVIN, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Years

Function/Program	Fiscal Year			
	2001	2002	2003	2004
Police				
Stations	1	1	1	1
Patrol units	31	31	31	35
Fire				
Fire station	2	2	2	2
Volunteers	54	62	63	61
Highways and Streets				
Streets (miles)	113	113	113	169
Parks and recreation				
Parks acreage	83.7	83.7	83.7	88.0
Parks	13	13	13	13
Swimming pools	1	1	1	1
Tennis courts	2	2	2	2
Water				
Water wells	5	5		5
Water mains (miles)	162.0	162.0	170.0	175.0
Fire hydrants	603	603	603	785
Storage capacity (thousands of gallons)	4.199	2.496	2.496	2.311
Sewer				
Sanitary sewers (miles)	100.0	100.0	106.0	110.0
Storm sewers (miles)	29.0	29.0	29.0	29.0
Treatment capacity (thousands of gallons)	15.000	15.000	15.000	15.000

Source: Various City departments

Fiscal Year

2005	2006	2007	2008	2009	2010
1	1	1	1	1	1
32	32	35	34	36	41
2	2	2	2	3	3
63	57	61	64	65	65
192	178	178	178	180	180
88.0	91.0	108.0	108.0	101.0	101.0
13	15	15	15	16	16
1	1	1	1	1	1
2	2	2	2	2	2
5	5	5	5	5	5
137.0	142.0	145.0	145.0	145.0	147.0
891	876	901	905	905	920
2.496	2.496	2.496	2.496	7.920	8.310
135.0	138.0	140.0	104.0	104.0	141.0
35.0	38.0	50.0	50.5	50.5	52.0
15.000	15.000	15.000	15.000	15.000	15.000

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