

City of Alvin, Texas



Comprehensive Annual Financial Report

*For the Year Ended
September 30, 2011*

*COMPREHENSIVE
ANNUAL FINANCIAL REPORT*

of the

CITY OF ALVIN, TEXAS

For the Year Ended
September 30, 2011

Officials Issuing Report:

Terry Lucas
City Manager

Suzy Kou
Finance Director

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CITY OF ALVIN, TEXAS

TABLE OF CONTENTS

September 30, 2011

	<u>Page</u>
<u>INTRODUCTORY SECTION</u>	
Letter of Transmittal	3
Organizational Chart	8
Certificate of Achievement for Excellence in Financial Reporting	9
Principal Officials	10
<u>FINANCIAL SECTION</u>	
Independent Auditors' Report	13
Management's Discussion and Analysis	17
<u>BASIC FINANCIAL STATEMENTS</u>	
Government-Wide Financial Statements	
Statement of Net Assets	29
Statement of Activities	30
Fund Financial Statements	
Governmental Funds Financial Statements	
Balance Sheet - Governmental Funds	32
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	35
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	36
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	39
Proprietary Funds Financial Statements	
Statement of Net Assets	40
Statement of Revenues, Expenses, and Changes in Fund Net Assets	44
Statement of Cash Flows	46
Notes to Financial Statements	51
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual: General Fund	83
Schedule of Funding Progress – Texas Municipal Retirement System	85
<u>COMBINING STATEMENTS AND SCHEDULES</u>	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual: Debt Service Fund	89

CITY OF ALVIN, TEXAS

TABLE OF CONTENTS

September 30, 2011

	<u>Page</u>
Combining Balance Sheet – Nonmajor Governmental Funds	92
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	96
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
Nonmajor Special Revenue Funds:	
Hike and Bike	100
Hotel/Motel	100
Library	101
Special Investigation	101
Building Security	102
Municipal Court Technology	102
Donation	103
Juvenile Case Manager	103
Senior	104
Hospital	104
Permanent Funds:	
Cemetery	105
Combining Statement of Net Assets - Internal Service Funds	109
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets – Internal Service Funds	110
Combining Statement of Cash Flows – Internal Service Funds	111

STATISTICAL SECTION

Net Assets by Component	114
Changes in Net Assets	116
Tax Revenues by Source, Governmental Activities	120
Fund Balances, Governmental Funds	122
Changes in Fund Balances, Governmental Funds	124
Assessed Value and Actual Value of Taxable Property	126
Property Tax Rates – Direct and Overlapping Governments	128
Principal Property Taxpayers	131
Property Tax Levies and Collections	132
Ratios of Outstanding Debt by Type	134
Ratio of Net Bonded Debt to Assessed Value, Net Bonded Debt Per Capita, and Assessed and Estimated Actual Value of Taxable Property	136
Direct and Overlapping Governmental Activities Debt	139
Legal Debt Margin Information	140
Pledged-Revenue Coverage	142
Demographic and Economic Statistics	144
Principal Employers	146
Full-Time Equivalent City Government Employees by Function/Program	147
Operating Indicators by Function/Program	148
Capital Asset Statistics by Function/Program	150

INTRODUCTORY SECTION

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CITY OF ALVIN

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

March 23, 2012

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, 2011 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, 2011 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, 2011 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

“A city government with individuals who, through cooperation, teamwork and pride, serve to provide the highest level of service to its community.” This mission statement is what guides the city staff as they go about working for the community. Our strategic partners, from the public to private sector are invaluable to Alvin and volunteer organizations are part of the life blood that continues to bring quality events to the community. Many new park improvements have been completed to include thirteen shade pavilions. Efforts are under way for the design and building of our new skate park. We recently completed a large addition to the Tom Blakney Hike and Bike Trail. Our very own Keep Alvin Beautiful is busy as well, winning awards and cash that resulted in the Alvin Clock Tower and the ironwork over Mustang Bayou leading into downtown.

The community is gaining momentum and many exciting things are under way. The manufacturing sector is adding more jobs and capital improvement. Ascend Performance Materials has announced a joint venture with Cyanco that will add 20 jobs and a \$45 million new building. Our future hospital continues to move forward with anticipated ground breaking in the second quarter of 2012. Phase one is estimated to be over \$35 million and the average wages of the jobs will be \$45,000. John Davies, developer of the announced soccer fields project is planning to have fields ready by July of next year. Texas-New Mexico Power's (TNMP) new \$6.5 million, state of the art, System Operations Center (the “SOC”) will monitor and control all TNMP transmission facilities throughout the state. The SOC will office 18 full time employees and will be staffed 24 hours per day, 365 days per year. The 13,000 square foot building was completed and became operational in January 2012. Denbury Resources has completed construction of their \$100 million plus oil and gas separation plant. Startup was January 13, 2012.

Retail is growing with the new Petsmart in the Kroger shopping center and Dollar General on South Gordon. Alvin's retail trade is 78,994, an increase of 7,900 patrons, and by 2015 there will be 10,000 more trading here. More shopping opportunities are coming across from Joe's Bar-B-Q, and there is an increase in City planning and development meetings with those looking to build here. UV Country is open and growing in their 20,000 square foot facility across from Ron Carter. They have hired an additional 13 employees since opening the doors last May, and last February, they donated a Kawasaki Mule to the Alvin Police Department.

The rebirth of our downtown continues with street and sidewalk improvements along with new businesses opening up. A recent lease was executed between the City and Burlington Northern Santa Fe Railroad for beautification of land that will mirror the historic Depot Centre grounds. We are always very aware of our long established businesses that have been the foundation for so many years and have employed many generations of our citizens. To them we say, thank you. To you we say, keep shopping local.

This year's total taxable value is up \$4.7 million over the previous year. There were 62 residential permits for construction and 42 residential certificates of occupancy. Total residential building permits equaled \$10.9 million, and total residential repairs/additions/etc. equaled \$1.2 million. There were four new commercial permits that equaled \$18.7 million.

The City secured \$4.5 million in certificates of obligation to be used for a new humane facility, latest technology radio systems replacement City-wide, Bob S. Owen pool refurbishing, Alvin Museum

refurbishments, Police/Fire/EMS phone system, downtown street signage and light poles, brick sidewalks downtown, fiber optic between City facilities, and improvements to Alvin City Hall.

Alvin Community College had over 4,000 students enrolled in the spring semester of 2012. Alvin ISD is nearing completion of a new primary school in our Kendall Lakes development on the north side of the City.

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

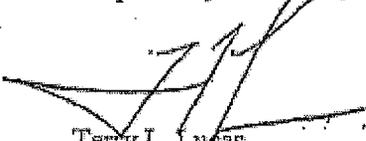
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Alvin for its CAFR for the fiscal year ended September 30, 2010. This was the twenty-sixth consecutive year that the government has received this prestigious award. 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, 2010. 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



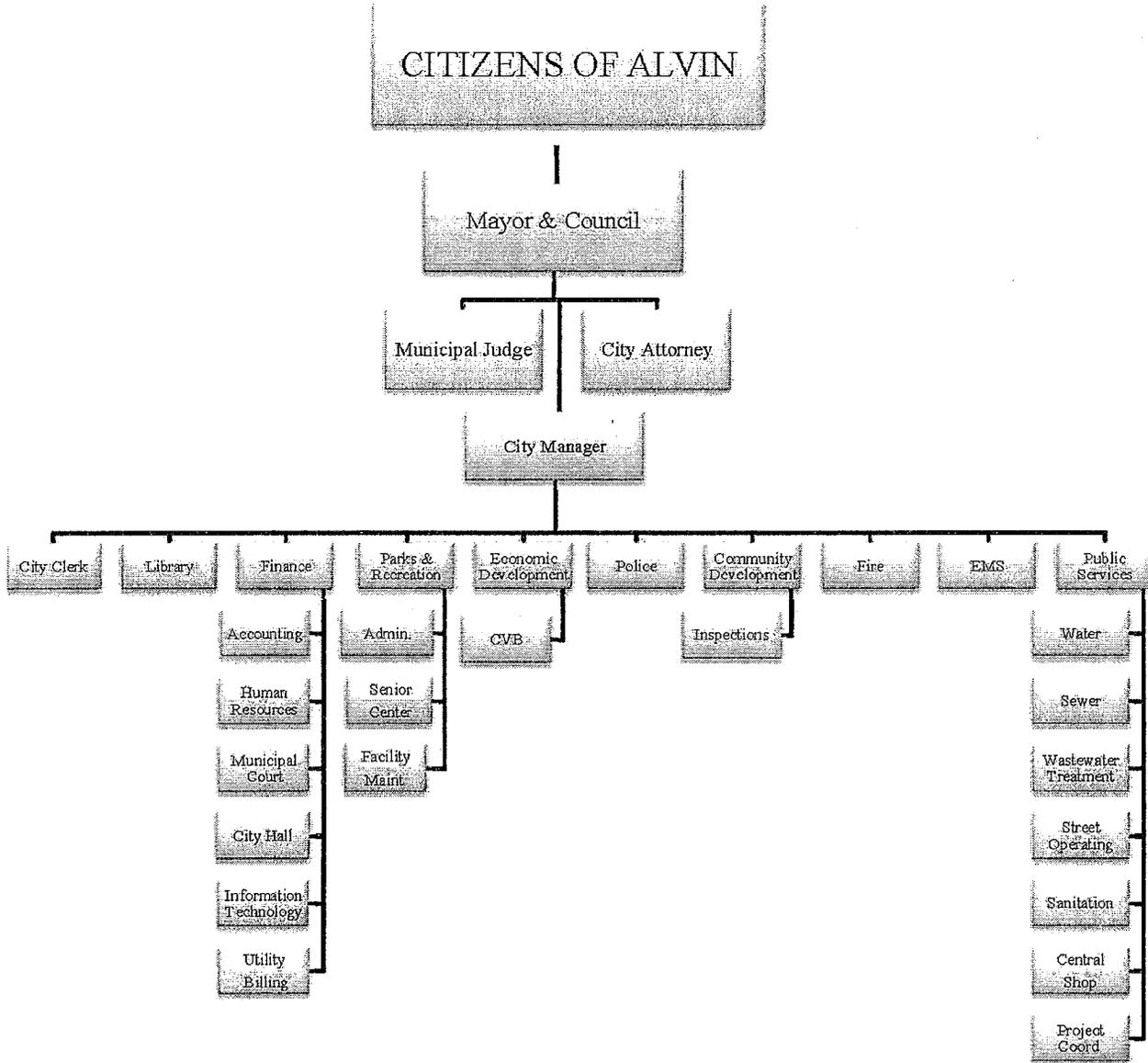
Suzy Kott
Finance Director

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CITY OF ALVIN, TEXAS

ORGANIZATIONAL CHART

September 30, 2011



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

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Alvin
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2010

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.



Linda C. Dawson

President

Jeffrey R. Emer

Executive Director

CITY OF ALVIN, TEXAS

PRINCIPAL OFFICIALS

September 30, 2011

<u>City Officials</u>	<u>Elective Position</u>	<u>Term Expires</u>
Gary Appelt	Mayor	2014
Scott Reed	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	2014
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	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
Dan Kelinske	Director of Parks & Recreation
Ron Schmitz	EMS Director
Abel R. Longoria	EMS Medical Director
Larry Buehler	Director of Economic Development

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Alvin, Texas (the "City"), as of and for the year ended September 30, 2011, 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, 2011, and the respective changes in financial position and where applicable, cash flows 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.

Partners

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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
March 23, 2012

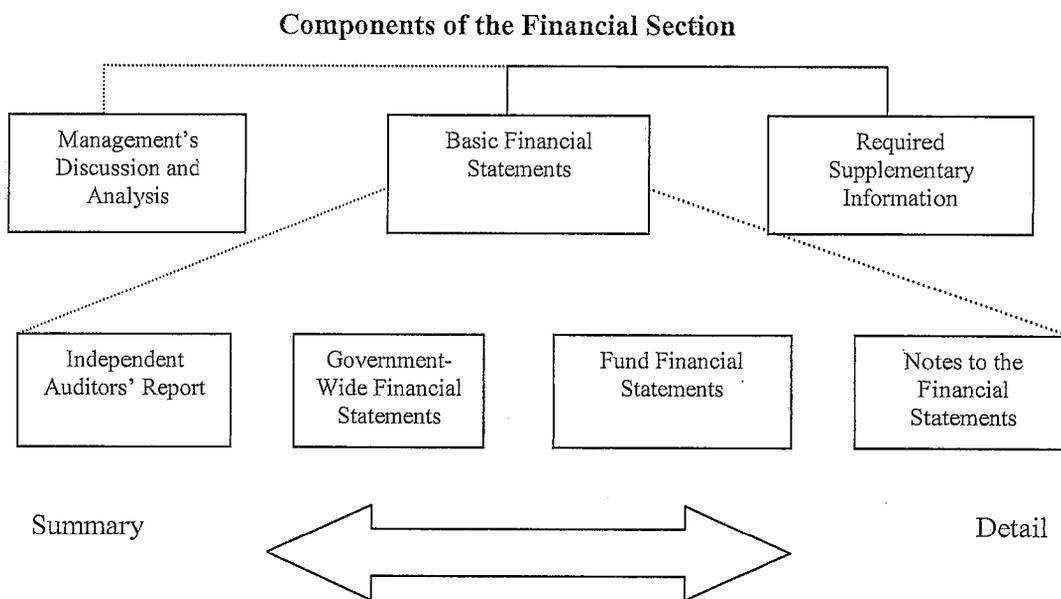
*MANAGEMENT'S DISCUSSION
AND ANALYSIS*

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CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2011

The purpose of the Management's Discussion and Analysis ("MD&A") is to give the readers an objective and easily readable analysis of the financial activities of the City of Alvin, Texas (the "City") for the year ending September 30, 2011. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Governmental Accounting Standards Board ("GASB") Statement No. 34 establishes the content of the minimum requirements for the MD&A. Please read the MD&A in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT



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

Government-Wide Statements

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

The Statement of Net Assets presents information on all of the City's assets and liabilities. The difference between the two is reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other non-financial factors,

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2011

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 20 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, bond capital projects fund, and the sales tax capital projects fund, which are considered to be major funds. The City adopts an annual appropriated budget for its general

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2011

fund, debt service fund, and select special revenue funds. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with these budgets.

Proprietary Funds

The City maintains two types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer system, sanitation, 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, vehicle replacement, and computer replacement services. These internal service funds have been included within governmental activities in the government-wide financial statements.

Notes to Financial Statements

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

Other Information

In addition to the basic financial statements 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 \$56,630,389 as of September 30, 2011. 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, 2011. The largest portion of the City's net assets, 64 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, 2011

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	
	2011	2010	2011	2010	2011	2010
	Current and other assets	\$ 18,927,646	\$ 16,986,954	\$ 10,882,684	\$ 11,761,916	\$ 29,810,330
Capital assets, net	32,809,302	31,905,045	29,656,474	29,928,826	62,465,776	61,833,871
Total Assets	51,736,948	48,891,999	40,539,158	41,690,742	92,276,106	90,582,741
Long-term liabilities	14,029,503	10,513,760	19,250,027	21,684,000	33,279,530	32,197,760
Other liabilities	654,689	989,717	1,711,498	1,770,741	2,366,187	2,760,458
Total Liabilities	14,684,192	11,503,477	20,961,525	23,454,741	35,645,717	34,958,218
Net assets:						
Invested in capital assets, net of related debt	23,710,635	23,231,068	12,506,488	9,898,132	36,217,123	33,129,200
Restricted	9,614,913	9,006,259	706,487	698,662	10,321,400	9,704,921
Unrestricted	3,727,208	5,151,195	6,364,658	7,639,207	10,091,866	12,790,402
Total Net Assets	\$ 37,052,756	\$ 37,388,522	\$ 19,577,633	\$ 18,236,001	\$ 56,630,389	\$ 55,624,523

A portion of the City's net assets, \$10,321,400 or 18 percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets, \$10,091,866 or 18 percent, may be used to meet the City's ongoing obligation to citizens and creditors.

The City's total net assets increased by \$1,005,866, as compared to the prior year. This increase is largely the result of a decrease in water and sewer expenses, as well as an increase in water and sewer operating revenues.

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2011

Statement of Activities:

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

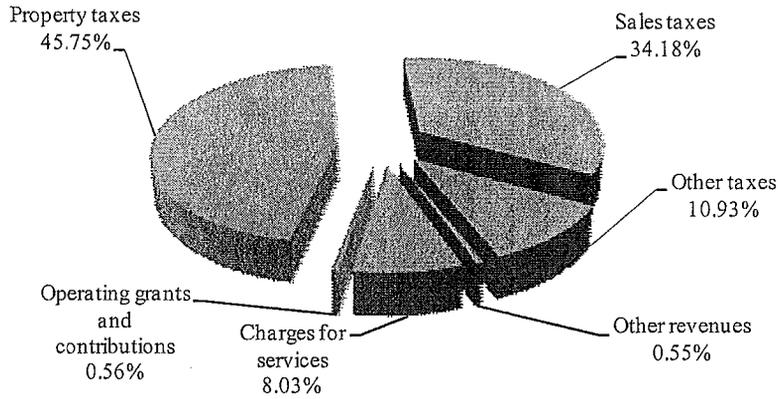
CHANGES IN NET ASSETS

	Governmental		Business-type		Total	
	Activities		Activities		Primary	
	2011	2010	2011	2010	2011	2010
Revenues						
Program revenues:						
Charges for services	\$ 1,282,997	\$ 1,393,718	\$ 10,560,658	\$ 9,881,559	\$ 11,843,655	\$ 11,275,277
Operating grants and contributions	89,468	305,758	195,895	409,277	285,363	715,035
General revenues:						
Property taxes	7,311,667	7,529,156	-	-	7,311,667	7,529,156
Sales taxes	5,460,695	5,164,667	-	-	5,460,695	5,164,667
Other taxes	1,746,526	1,823,226	-	-	1,746,526	1,823,226
Other revenues	88,554	269,160	11,814	18,887	100,368	288,047
Total Revenues	15,979,907	16,485,685	10,768,367	10,309,723	26,748,274	26,795,408
Expenses						
General government	3,493,056	3,398,391	-	-	3,493,056	3,398,391
Public safety	6,818,758	6,612,487	-	-	6,818,758	6,612,487
Public services	1,354,999	1,762,534	-	-	1,354,999	1,762,534
Community services	2,789,836	2,739,494	-	-	2,789,836	2,739,494
Culture, parks, and recreation	1,300,499	1,402,973	-	-	1,300,499	1,402,973
Library	-	147,661	-	-	-	147,661
Interest and fiscal agent fees	953,431	246,444	-	-	953,431	246,444
Water and sewer	-	-	5,275,355	5,684,004	5,275,355	5,684,004
Sanitation	-	-	1,951,774	1,841,385	1,951,774	1,841,385
EMS	-	-	1,705,571	1,310,354	1,705,571	1,310,354
Conference center	-	-	99,129	53,520	99,129	53,520
Total Expenses	16,710,579	16,309,984	9,031,829	8,889,263	25,742,408	25,199,247
Revenue Over (Under) Expenses	(730,672)	175,701	1,736,538	1,420,460	1,005,866	1,596,161
Transfers	394,906	543,456	(394,906)	(543,456)	-	-
Change in Net Assets	(335,766)	719,157	1,341,632	877,004	1,005,866	1,596,161
Beginning Net Assets	37,388,522	36,669,365	18,236,001	17,358,997	55,624,523	54,028,362
Ending Net Assets	\$ 37,052,756	\$ 37,388,522	\$ 19,577,633	\$ 18,236,001	\$ 56,630,389	\$ 55,624,523

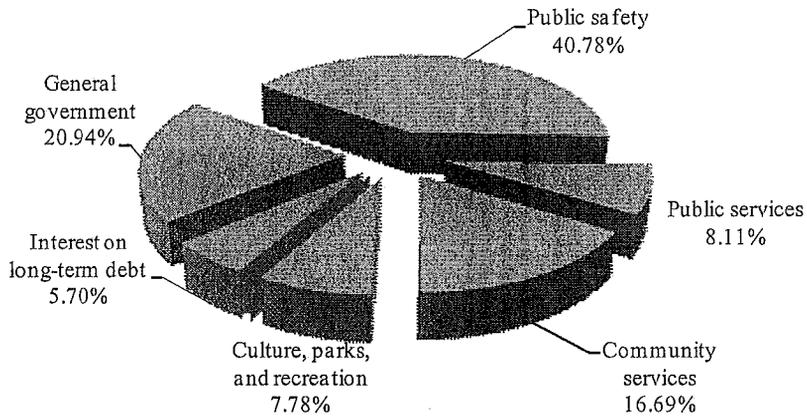
CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
 For the Year Ended September 30, 2011

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

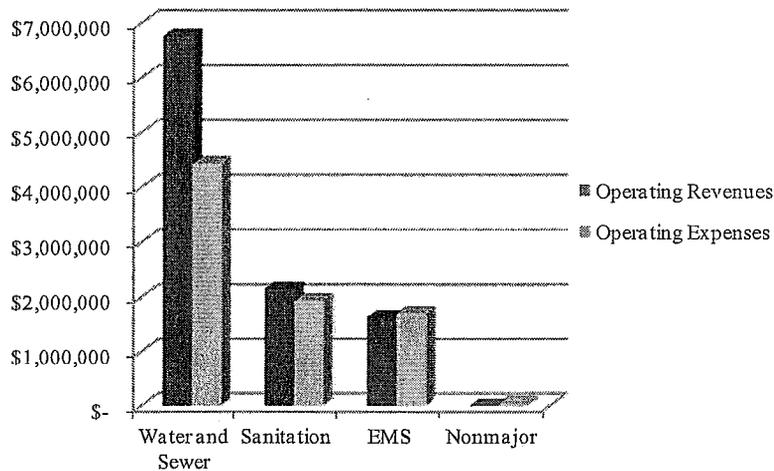
Governmental Revenues



Governmental Expenses



Business-type Activities



CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2011

For the year ended September 30, 2011, revenues from governmental activities totaled \$15,979,907, which is comparable to the prior year. This represents a decrease of \$505,778 from last year. This is primarily due to a decrease in grant revenues and property taxes.

For the year ended September 30, 2011, expenses for governmental activities totaled \$16,710,579. Overall governmental expenses increased by two percent. This is related to an increase in interest and fiscal agent fees as a result of the issuance of two new bonds during the year.

Operating revenues and expenses for business-type activities increased from the prior year. Charges for services increased by \$679,099, or seven percent, because of higher water consumption levels over the prior year. Operating grants and contributions decreased by \$213,382, or 52 percent, because of a decrease in Hurricane Ike reimbursements from 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, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the year.

The City's governmental funds reflect a combined fund balance of \$16,620,098. Of this, \$21,022 is nonspendable. \$10,205,172 is restricted for various purposes, and \$2,038,163 is assigned for various projects. The remaining balance of \$4,355,741 is unassigned in the general fund.

There was a net increase in the combined fund balance of \$2,754,926 compared to the prior year, primarily due to the issuance of bonds during the year.

The general fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the general fund was \$4,355,741, while total fund balance reached \$5,691,990. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 39 percent of total general fund expenditures while total fund balance represents 50 percent of the same amount. The general fund demonstrated an overall increase of \$182,505 primarily due to transfers from other funds.

The debt service fund has a total fund balance of \$409,223, all of which is restricted for the payment of debt service. The net decrease in fund balance during the current year in the debt service fund was \$11,583. This planned decrease can be attributed to the increase in overall debt payments.

The bond capital projects fund has a total fund balance of \$3,247,713 which is restricted for capital projects. The net increase in the fund balance during the current year in the bond capital projects fund was \$2,398,995. This planned increase can be attributed to the series 2011 bonds issued during the year.

The sales tax capital projects fund recorded an increase of \$612,772 in fund balance. This is primarily due to a decrease in the number of projects engaged in during the current year.

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2011

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.

GENERAL FUND BUDGETARY HIGHLIGHTS

There had been a planned decrease in budgeted fund balance in the amount of \$600,723 in the general fund. However, the net change in fund balance increased by \$182,505, resulting in a positive variance of \$783,228 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 \$65,081 during 2011. This variance includes a positive variance of \$186,060 for sales tax revenue and a negative variance \$55,895 for fines and forfeitures. Property taxes had a positive variance of \$47,865 while investment revenue had a negative variance of \$41,833 due to the continuing economic downturn.

Actual expenditures were less than budgeted amounts by \$292,371 for the fiscal year. The greatest positive variance was in the finance department and culture, parks, and recreation. A negative variance was reported in police for \$5,377.

CAPITAL ASSETS

At the end of the current year, the City's governmental activities funds had invested \$32,809,302 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net increase of \$904,257. Depreciation is included with the governmental capital assets as required by GASB Statement No. 34 with an increase in depreciation expense of \$2,105,863.

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

- Library building for \$532,840
- Land for Bob Briscoe Park for \$649,799
- WWTP upgrade for \$669,044

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 \$30,871,997. Of this amount, \$9,976,997 was general obligation debt, \$10,145,000 as revenue bond debt, and certificates of obligation accounted for \$10,750,000.

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

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2011

Current underlying ratings on debt issues are as follows:

	Moody's	
	Investors	Standard and
	Services	Poor's
Tax and revenue certificates of obligation	Aa3	A+
General obligation bonds	Aa3	A+

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The 2011 certified taxable value is \$862,369,289, down almost four percent from the previous year. The unemployment rate for the City area is currently 8.4 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 2011-2012 fiscal year.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to 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, 2011

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Cash and equity in pooled cash and investments	\$ 13,818,014	\$ 7,273,472	\$ 21,091,486
Investments	2,147,665	199,956	2,347,621
Receivables, net of allowances	2,465,320	2,174,736	4,640,056
Internal balances	107,709	(107,709)	-
Inventory	57,150	62,477	119,627
Prepays and other assets	26,276	5,776	32,052
Deferred charges	305,512	467,489	773,001
Restricted assets:			
Temporarily restricted cash and cash equivalents	-	806,487	806,487
	18,927,646	10,882,684	29,810,330
Capital assets:			
Non-depreciable capital assets	5,973,573	4,610,380	10,583,953
Depreciable capital assets, net	26,835,729	25,046,094	51,881,823
	32,809,302	29,656,474	62,465,776
Total Assets	51,736,948	40,539,158	92,276,106
<u>Liabilities</u>			
Accounts payable and accrued liabilities	395,159	1,374,402	1,769,561
Unearned revenue	2,904	-	2,904
Accrued bond interest	256,626	337,096	593,722
Noncurrent liabilities:			
Portion due within one year:			
Compensated absences	1,141,522	83,588	1,225,110
Bonds payable	714,154	1,824,846	2,539,000
Capital leases payable	105,679	-	105,679
Portion due in more than one year:			
Compensated absences	126,836	9,288	136,124
Bonds payable (net of deferred charges)	11,184,036	17,127,905	28,311,941
Net pension obligation	757,276	204,400	961,676
	14,684,192	20,961,525	35,645,717
Total Liabilities	14,684,192	20,961,525	35,645,717
<u>Net Assets</u>			
Invested in capital assets, net of related debt	23,710,635	12,506,488	36,217,123
Restricted for:			
Perpetual care	50,000	-	50,000
Debt service	409,223	706,487	1,115,710
Capital projects	9,155,690	-	9,155,690
Unrestricted	3,727,208	6,364,658	10,091,866
Total Net Assets	\$ 37,052,756	\$ 19,577,633	\$ 56,630,389

See Notes to Financial Statements.

CITY OF ALVIN, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2011

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government			
Governmental Activities			
General government	\$ 3,493,056	\$ 184,829	\$ 89,468
Public safety	6,818,758	1,098,168	-
Public services	1,354,999	-	-
Community services	2,789,836	-	-
Culture, parks, and recreation	1,300,499	-	-
Interest and fiscal agent fees	953,431	-	-
Total Governmental Activities	16,710,579	1,282,997	89,468
Business-Type Activities			
Water and sewer	5,275,355	6,767,843	-
Sanitation	1,951,774	2,162,461	-
EMS	1,705,571	1,630,354	195,895
Conference Center	99,129	-	-
Total Business-Type Activities	9,031,829	10,560,658	195,895
Total Primary Government	\$ 25,742,408	\$ 11,843,655	\$ 285,363

General Revenues:

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

Total General Revenues and Transfers

Change in Net Assets

Beginning net assets

Ending Net Assets

See Notes to Financial Statements.

Net Revenue (Expense) and Changes in Net Assets

Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (3,218,759)	\$ -	\$ (3,218,759)
(5,720,590)	-	(5,720,590)
(1,354,999)	-	(1,354,999)
(2,789,836)	-	(2,789,836)
(1,300,499)	-	(1,300,499)
(953,431)	-	(953,431)
<u>(15,338,114)</u>	<u>-</u>	<u>(15,338,114)</u>
-	1,492,488	1,492,488
-	210,687	210,687
-	120,678	120,678
-	(99,129)	(99,129)
<u>-</u>	<u>1,724,724</u>	<u>1,724,724</u>
<u>(15,338,114)</u>	<u>1,724,724</u>	<u>(13,613,390)</u>
7,311,667	-	7,311,667
5,460,695	-	5,460,695
1,550,016	-	1,550,016
196,510	-	196,510
45,388	11,311	56,699
43,166	503	43,669
394,906	(394,906)	-
<u>15,002,348</u>	<u>(383,092)</u>	<u>14,619,256</u>
(335,766)	1,341,632	1,005,866
<u>37,388,522</u>	<u>18,236,001</u>	<u>55,624,523</u>
<u>\$ 37,052,756</u>	<u>\$ 19,577,633</u>	<u>\$ 56,630,389</u>

CITY OF ALVIN, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2011

	General	Debt Service	Bond Capital Projects	Sales Tax Capital Projects
Assets				
Cash and equity in pooled cash and investments	\$ 3,149,676	\$ 407,947	\$ 3,247,713	\$ 4,882,130
Investments	1,773,374	-	-	374,291
Receivables, net	1,542,494	86,590	-	782,473
Due from other funds	-	-	-	-
Prepaid items	14,722	-	-	5,777
Inventory	523	-	-	-
Total Assets	\$ 6,480,789	\$ 494,537	\$ 3,247,713	\$ 6,044,671
Liabilities				
Accounts payable and accrued liabilities	\$ 199,338	\$ -	\$ -	\$ 130,917
Due to other funds	-	-	-	-
Due to others	52,676	-	-	-
Advances from other funds	136,674	-	-	-
Deferred revenue	400,111	85,314	-	-
Total Liabilities	788,799	85,314	-	130,917
Fund Balances				
Nonspendable:				
Inventories	523	-	-	-
Prepaid items	14,722	-	-	5,777
Restricted for:				
Debt service	-	409,223	-	-
Perpetual care	-	-	-	-
Enabling legislation	2,646	-	-	-
Tax increment reinvestment zone	-	-	-	-
Capital projects	-	-	3,247,713	5,907,977
Assigned to:				
Permanent fund	-	-	-	-
Special projects	-	-	-	-
Compensated absences	1,268,358	-	-	-
Facility preventive maintenance	50,000	-	-	-
Unassigned	4,355,741	-	-	-
Total Fund Balances	5,691,990	409,223	3,247,713	5,913,754
Total Liabilities and Fund Balances	\$ 6,480,789	\$ 494,537	\$ 3,247,713	\$ 6,044,671

See Notes to Financial Statements.

Other Governmental Funds	Total
\$ 1,329,573	\$ 13,017,039
-	2,147,665
40,344	2,451,901
62,258	62,258
-	20,499
-	523
<u>\$ 1,432,175</u>	<u>\$ 17,699,885</u>
\$ 4,679	\$ 334,934
62,258	62,258
-	52,676
-	136,674
7,820	493,245
<u>74,757</u>	<u>1,079,787</u>
-	523
-	20,499
-	409,223
50,000	50,000
524,093	526,739
63,520	63,520
-	9,155,690
418,618	418,618
301,187	301,187
-	1,268,358
-	50,000
-	4,355,741
<u>1,357,418</u>	<u>\$ 16,620,098</u>
<u>\$ 1,432,175</u>	

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CITY OF ALVIN, TEXAS
RECONCILIATION OF THE GOVERNMENTAL
FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
September 30, 2011

Total fund balances - total governmental funds \$ 16,620,098

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	5,973,573
Capital assets, net depreciable	25,716,520

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

490,341

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.

2,209,038

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

Accrued interest payable	(256,626)
Non-current liabilities due in one year	(1,939,932)
Non-current liabilities due in more than one year	(12,065,768)
Deferred charges for issuance costs	305,512

Net Assets of Governmental Activities	\$ <u>37,052,756</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, 2011

	General	Debt Service	Bond Capital Projects	Sales Tax Capital Projects
Revenues				
Property taxes	\$ 6,044,618	\$ 1,206,868	\$ -	\$ -
Sales taxes	1,820,594	-	-	3,640,101
Franchise fees and taxes	1,349,191	-	-	-
Other taxes	196,510	-	-	-
Licenses and permits	650,219	-	-	-
Fines and forfeitures	430,605	-	-	-
Charges for services	145,279	-	-	-
Intergovernmental	2,879	-	-	52,767
Investment revenue	8,167	764	6,935	11,705
Other revenue	-	-	2,083	4,695
Total Revenues	10,648,062	1,207,632	9,018	3,709,268
Expenditures				
Current:				
General government	3,266,579	-	-	-
Public safety	6,145,262	-	-	-
Public services	589,836	-	-	-
Community services	257,784	-	-	2,148,157
Culture, parks, and recreation	975,123	-	-	-
Capital outlay	31,235	-	2,095,381	539,121
Debt service:				
Principal	-	874,679	-	100,538
Interest and fiscal agent fees	9,199	344,536	-	10,564
Bond issuance costs	-	85,176	93,634	-
Total Expenditures	11,275,018	1,304,391	2,189,015	2,798,380
Excess (Deficiency) of Revenues Over (Under) Expenditures	(626,956)	(96,759)	(2,179,997)	910,888
Other Financing Sources (Uses)				
Refunding bonds issued	-	4,194,491	-	-
Bonds issued	-	-	4,468,507	-
Premium on refunding bonds	-	177,489	-	-
Premium on bonds	-	-	67,028	-
Payment to refunded bonds escrow agent	-	(4,286,804)	-	-
Transfers in	879,778	-	69,888	-
Transfers (out)	(70,317)	-	(26,431)	(298,116)
Total Other Financing Sources (Uses)	809,461	85,176	4,578,992	(298,116)
Net Change in Fund Balances	182,505	(11,583)	2,398,995	612,772
Beginning fund balances	5,509,485	420,806	848,718	5,300,982
Ending Fund Balances	\$ 5,691,990	\$ 409,223	\$ 3,247,713	\$ 5,913,754

See Notes to Financial Statements.

Other Governmental Funds	Total
\$ 42,345	\$ 7,293,831
-	5,460,695
200,825	1,550,016
-	196,510
-	650,219
17,344	447,949
39,550	184,829
33,822	89,468
7,174	34,745
36,388	43,166
<u>377,448</u>	<u>15,951,428</u>
44,276	3,310,855
44,800	6,190,062
-	589,836
189,591	2,595,532
8,900	984,023
11,677	2,677,414
333,285	1,308,502
12,786	377,085
2,588	181,398
<u>647,903</u>	<u>18,214,707</u>
<u>(270,455)</u>	<u>(2,263,279)</u>
127,447	4,321,938
-	4,468,507
5,393	182,882
-	67,028
(130,252)	(4,417,056)
146,791	1,096,457
(306,687)	(701,551)
<u>(157,308)</u>	<u>5,018,205</u>
(427,763)	2,754,926
<u>1,785,181</u>	<u>13,865,172</u>
<u>\$ 1,357,418</u>	<u>\$ 16,620,098</u>

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CITY OF ALVIN, TEXAS

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

For the Year Ended September 30, 2011

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

Net changes in fund balances - total governmental funds \$ 2,754,926

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay 2,427,789
Depreciation expense (1,737,913)

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.

Principal payments 1,207,964
Amortization of deferred amounts (516,322)
Compensated absences 45,048
Debt issued - revenue and refunding bonds (8,790,445)
Payment to refund bond escrow agent 4,417,056
Capital lease activity 100,538
Net pension obligation (232,925)
Accrued interest (128,536)

Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the funds. 17,836

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.

99,218

Change in Net Assets of Governmental Activities \$ (335,766)

See Notes to Financial Statements.

CITY OF ALVIN, TEXAS
STATEMENT OF NET ASSETS (Page 1 of 2)
PROPRIETARY FUNDS
September 30, 2011

	Business-Type Activities			
	Water and Sewer	Sanitation	Emergency Medical Services	Nonmajor Conference Center
Assets				
Current assets				
Cash and equity in pooled cash and investments	\$ 6,024,982	\$ 858,730	\$ 389,760	\$ -
Investments	199,956	-	-	-
Accounts receivable (net of allowance for uncollectibles)	911,647	253,368	1,009,721	-
Advances to other funds	-	-	-	-
Inventory	62,477	-	-	-
Prepaid items	5,776	-	-	-
Total Current Assets	7,204,838	1,112,098	1,399,481	-
Noncurrent assets				
Restricted cash, cash equivalents and investments:				
Current portion of revenue bonds	706,487	-	-	-
Customer deposits	100,000	-	-	-
Total Restricted Assets	806,487	-	-	-
Deferred charges	463,684	3,805	-	-
Capital assets:				
Land	937,829	503,538	-	-
Buildings	5,523,533	80,501	558,423	-
Improvements	7,125	2,610,608	36,879	-
Infrastructure	42,742,659	15,342	-	-
Equipment	1,048,678	-	364,477	-
Construction in progress	3,169,013	-	-	-
Less allowance for depreciation	(25,722,629)	(1,678,248)	(541,254)	-
Total Capital Assets (Net)	27,706,208	1,531,741	418,525	-
Total Noncurrent Assets	28,976,379	1,535,546	418,525	-
Total Assets	\$ 36,181,217	\$ 2,647,644	\$ 1,818,006	\$ -

See Notes to Financial Statements.

<u>Business-Type Activities</u>	<u>Governmental Activities</u>
<u>Total</u>	<u>Internal Service Funds</u>
\$ 7,273,472	\$ 800,975
199,956	-
2,174,736	13,419
-	244,383
62,477	56,627
5,776	5,777
<u>9,716,417</u>	<u>1,121,181</u>
706,487	-
100,000	-
<u>806,487</u>	-
467,489	-
1,441,367	-
6,162,457	7,754
2,654,612	-
42,758,001	-
1,413,155	3,530,206
3,169,013	-
<u>(27,942,131)</u>	<u>(2,418,751)</u>
<u>29,656,474</u>	<u>1,119,209</u>
<u>30,930,450</u>	<u>1,119,209</u>
<u>\$ 40,646,867</u>	<u>\$ 2,240,390</u>

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

September 30, 2011

	Business-Type Activities			
	Water and Sewer	Sanitation	Emergency Medical Services	Nonmajor Conference Center
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued liabilities	\$ 160,268	\$ 163,881	\$ 47,304	\$ 25,799
Customer deposits	977,150	-	-	-
Accrued interest payable	334,797	2,299	-	-
Bonds payable - current	1,728,375	96,471	-	-
Advances from other funds	-	-	29,973	-
Compensated absences	54,002	-	29,586	-
Total Current Liabilities	3,254,592	262,651	106,863	25,799
Noncurrent liabilities				
Bonds payable, net of deferred charges	17,034,779	93,126	-	-
Advances from other funds	-	-	77,736	-
Compensated absences	6,000	-	3,288	-
Net pension obligation	102,047	794	101,559	-
Total Noncurrent Liabilities	17,142,826	93,920	182,583	-
Total Liabilities	20,397,418	356,571	289,446	25,799
Net Assets (Deficit)				
Invested in capital assets, net of related debt	10,745,819	1,342,144	418,525	-
Restricted for:				
Debt service	706,487	-	-	-
Unrestricted net assets	4,331,493	948,929	1,110,035	(25,799)
Total Net Assets (Deficit)	\$ 15,783,799	\$ 2,291,073	\$ 1,528,560	\$ (25,799)

See Notes to Financial Statements.

<u>Business-Type Activities</u>	<u>Governmental Activities</u>
<u>Total</u>	<u>Internal Service Funds</u>
\$ 397,252	\$ 7,549
977,150	-
337,096	-
1,824,846	-
29,973	-
<u>83,588</u>	<u>21,423</u>
<u>3,649,905</u>	<u>28,972</u>
17,127,905	-
77,736	-
9,288	2,380
<u>204,400</u>	<u>-</u>
<u>17,419,329</u>	<u>2,380</u>
<u>21,069,234</u>	<u>31,352</u>
12,506,488	1,119,209
706,487	-
<u>6,364,658</u>	<u>1,089,829</u>
<u>\$ 19,577,633</u>	<u>\$ 2,209,038</u>

CITY OF ALVIN, TEXAS

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

For the Year Ended September 30, 2011

	Business-Type Activities			
	Water and Sewer	Sanitation	Emergency Medical Services	Nonmajor Conference Center
<u>Operating Revenues</u>				
Water service	\$ 3,365,261	\$ -	\$ -	\$ -
Sewer service	3,118,975	-	-	-
Sanitation service	-	2,161,680	-	-
Emergency medical service	-	-	1,622,940	-
Charges for services	-	-	-	-
Other revenue	283,607	781	7,414	-
Miscellaneous revenue	-	-	-	-
Total Operating Revenues	6,767,843	2,162,461	1,630,354	-
<u>Operating Expenses</u>				
Water service	1,319,201	-	-	-
Sewer service	1,846,475	-	-	-
Sanitation service	-	1,874,806	-	-
Emergency medical service	-	-	1,669,571	-
Personnel services	-	-	-	-
Supplies	-	-	-	-
Program	-	-	-	52,010
Depreciation	1,275,918	67,661	35,810	-
Total Operating Expenses	4,441,594	1,942,467	1,705,381	52,010
Operating Income (Loss)	2,326,249	219,994	(75,027)	(52,010)
<u>Nonoperating Revenues (Expenses)</u>				
Intergovernmental	-	-	195,895	-
Gain on sale of capital assets	503	-	-	-
Investment revenue	8,588	1,379	943	401
Interest and fiscal agent fees	(833,761)	(9,307)	(190)	(47,119)
Total Nonoperating Revenues (Expenses)	(824,670)	(7,928)	196,648	(46,718)
Income (Loss) Before Transfers	1,501,579	212,066	121,621	(98,728)
Transfers in	97,735	-	139,563	124,489
Transfers (out)	(498,666)	(211,703)	(46,324)	-
Total Transfers	(400,931)	(211,703)	93,239	124,489
Change in Net Assets	1,100,648	363	214,860	25,761
Beginning net assets	14,683,151	2,290,710	1,313,700	(51,560)
Ending Net Assets (Deficit)	\$ 15,783,799	\$ 2,291,073	\$ 1,528,560	\$ (25,799)

See Notes to Financial Statements.

<u>Business-Type Activities</u>	<u>Governmental Activities</u>
<u>Total</u>	<u>Internal Service Funds</u>
\$ 3,365,261	\$ -
3,118,975	-
2,161,680	-
1,622,940	-
-	907,619
291,802	-
-	57,844
<u>10,560,658</u>	<u>965,463</u>
1,319,201	-
1,846,475	-
1,874,806	-
1,669,571	-
-	228,116
-	280,822
52,010	-
<u>1,379,389</u>	<u>367,950</u>
<u>8,141,452</u>	<u>876,888</u>
<u>2,419,206</u>	<u>88,575</u>
195,895	-
503	-
11,311	10,643
<u>(890,377)</u>	<u>-</u>
<u>(682,668)</u>	<u>10,643</u>
<u>1,736,538</u>	<u>99,218</u>
361,787	4,693
<u>(756,693)</u>	<u>(4,693)</u>
<u>(394,906)</u>	<u>-</u>
<u>1,341,632</u>	<u>99,218</u>
<u>18,236,001</u>	<u>2,109,820</u>
<u>\$ 19,577,633</u>	<u>\$ 2,209,038</u>

CITY OF ALVIN, TEXAS

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

For the Year Ended September 30, 2011

Business-Type Activities-Enterprise Funds

	Water and Sewer	Sanitation	Emergency Medical Services	Nonmajor Conference Center
<u>Cash Flows from Operating Activities</u>				
Receipts from customers and users	\$ 8,285,145	\$ 3,761,754	\$ 2,946,783	\$ -
Payments to suppliers	(3,198,953)	(1,865,418)	(1,715,698)	(52,010)
Payments to employees	(1,492,706)	(1,516,171)	(1,464,372)	-
Net Cash Provided (Used) by Operating Activities	<u>3,593,486</u>	<u>380,165</u>	<u>(233,287)</u>	<u>(52,010)</u>
<u>Cash Flows from Noncapital Financing Activities</u>				
Transfers from other funds	97,735	-	139,563	124,489
Transfer to other funds	(498,666)	(211,703)	(46,324)	-
Interfund loan payments	-	-	(29,835)	-
Interest paid on interfund loan	-	-	(190)	-
Subsidy from federal grant	-	-	195,895	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(400,931)</u>	<u>(211,703)</u>	<u>259,109</u>	<u>124,489</u>
<u>Cash Flows from Capital and Related Financing Activities</u>				
Acquisition and construction of capital assets	(946,110)	-	(160,927)	-
Proceeds from sale of capital assets	503	-	-	-
Interest and fiscal agent fees paid	(79,290)	(9,307)	-	(47,119)
Bond issuance costs	6,710	(1,477)	-	13,406
Principal paid on capital debt	(1,063,977)	(2,333)	-	(1,295,359)
Interest payments on long-term debt	(759,124)	(6,979)	-	-
Net Cash (Used) by Capital and Related Financing Activities	<u>(2,841,288)</u>	<u>(20,096)</u>	<u>(160,927)</u>	<u>(1,329,072)</u>
<u>Cash Flows from Investing Activities</u>				
Proceeds from sale of investments	203,218	-	-	-
Interest on investments	8,588	1,379	943	401
Net Cash Provided by Investing Activities	<u>211,806</u>	<u>1,379</u>	<u>943</u>	<u>401</u>
Net Increase (Decrease) in Cash and Equity in Pooled Cash and Investments	563,073	149,745	(134,162)	(1,256,192)
Cash and Equity in Pooled Cash and Investments, Beginning of Year	6,268,396	708,985	523,922	1,256,192
Ending Cash and Equity in Pooled Cash and Investments	<u>\$ 6,831,469</u>	<u>\$ 858,730</u>	<u>\$ 389,760</u>	<u>\$ -</u>
Ending Cash and Equity in Pooled Cash and Investments:				
Unrestricted cash and equity in pooled cash and investments	\$ 6,024,982	\$ 858,730	\$ 389,760	\$ -
Restricted cash and equity in pooled cash and investments	806,487	-	-	-
	<u>\$ 6,831,469</u>	<u>\$ 858,730</u>	<u>\$ 389,760</u>	<u>\$ -</u>

See Notes to Financial Statements.

<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Internal Service Funds</u>
<u>Total</u>	
\$ 14,993,682	\$ 975,587
(6,832,079)	(335,143)
<u>(4,473,249)</u>	<u>(230,143)</u>
3,688,354	410,301
361,787	4,693
(756,693)	(4,693)
(29,835)	140,426
(190)	-
<u>195,895</u>	<u>-</u>
(229,036)	140,426
(1,107,037)	(582,330)
503	-
(135,716)	-
18,639	-
(2,361,669)	-
<u>(766,103)</u>	<u>-</u>
<u>(4,351,383)</u>	<u>(582,330)</u>
203,218	-
<u>11,311</u>	<u>10,643</u>
214,529	10,643
(677,536)	(20,960)
<u>8,757,495</u>	<u>821,935</u>
<u>\$ 8,079,959</u>	<u>\$ 800,975</u>
\$ 7,273,472	\$ 800,975
<u>806,487</u>	<u>-</u>
<u>\$ 8,079,959</u>	<u>\$ 800,975</u>

CITY OF ALVIN, TEXAS

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

For the Year Ended September 30, 2011

	Business-Type Activities-Enterprise Funds			
	Water and Sewer	Sanitation	Emergency Medical Services	Nonmajor Conference Center
Reconciliation of Operating Income (Loss)				
to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ 2,326,249	\$ 219,994	\$ (75,027)	\$ (52,010)
Adjustments to reconcile operating income (loss)				
to net cash provided by operating activities:				
Depreciation	1,275,918	67,661	35,810	-
Changes in Operating Assets and Liabilities:				
(Increase) Decrease in Current Assets:				
Accounts receivable	(13,745)	82,586	(200,278)	-
Inventories	9,278	-	-	-
Prepays	(5,711)	-	-	-
Increase (Decrease) in Current Liabilities:				
Accounts payable	(52,178)	9,388	(46,127)	-
Accrued interest payable	15,334	-	-	-
Compensated absences	(2,027)	-	1,583	-
Customer deposits	14,340	-	-	-
Net pension obligation	26,028	536	50,752	-
Net Cash Provided (Used) by Operating Activities	\$ 3,593,486	\$ 380,165	\$ (233,287)	\$ (52,010)

See Notes to Financial Statements.

<u>Business-Type Activities</u>	<u>Governmental Activities</u>
<u>Total</u>	<u>Internal Service Funds</u>
\$ 2,419,206	\$ 88,575
1,379,389	367,950
(131,437)	-
9,278	15,901
(5,711)	(5,777)
(88,917)	(54,321)
15,334	-
(444)	(2,027)
14,340	-
77,316	-
<u>\$ 3,688,354</u>	<u>\$ 410,301</u>

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CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2011

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. The Kendall Lakes Redevelopment Authority, although legally separate, is considered part of the reporting unit. No other entities, organizations, or functions have been included as part of the City's reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

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

Blended Component Units

Tax Increment Reinvestment Zone Number One

During fiscal year 2003, the City passed ordinances creating a tax increment reinvestment zone ("TIRZ No. 1") in accordance with Section 311.005 of the Texas Tax Code. This entity was created to provide the financing and management tool needed to facilitate development of commercial and residential sites. The TIRZ No. 1 is managed by an 11 member Board of Directors, of which the City Council appoints eight members and the remaining members are appointed by taxing units levying taxes within TIRZ No. 1. Under this arrangement, increases in property taxes will be utilized to pay

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2011

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

Tax Increment Reinvestment Zone Number Two

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

Tax Increment Reinvestment Zone Number Three

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

Kendall Lakes TIRZ Redevelopment Authority

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2011

B. 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 proprietary 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 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.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2011

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 bond capital projects fund and the sales tax capital projects fund are considered major funds for reporting purposes.

Permanent Funds

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

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, and emergency medical services fund are considered major funds for reporting purposes. The conference center fund is considered a nonmajor fund for reporting purposes.

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2011

replacement of vehicles. The computer replacement fund is used to account for computer replacement services.

C. Measurement Focus and Basis of Accounting

The government-wide Statement of Net Assets and Statement 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, modified accrual basis of accounting. 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.

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.

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.

Under the accrual basis 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.

D. 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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2011

debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexPool, are reported using the pools' share price.

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

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

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.

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 \$10,000 and an estimated useful life in excess of four years. Such assets are recorded at historical cost or estimated historical cost if purchased or

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2011

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 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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2011

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

Fund balances of governmental funds are classified as follows:

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

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

Committed fund balance – represents amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint. The commitment must be made prior to year end.

Assigned fund balance – represents amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund. Assignments can be made at any time.

Unassigned fund balance – represents amounts that are available for any purpose. Positive amounts are reported only in the general fund. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed, or assigned.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2011

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed, then assigned funds, and finally unassigned funds.

The City Council is the government's highest level of decision-making authority and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the Council. The resolution must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

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

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

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 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.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2011

A. Expenditures in Excess of Appropriations

General Fund		
Public safety - police		\$5,377
Debt Service Fund		
Bond issuance cost		\$85,176
Payment to refunded bond escrow agent		\$4,286,804
Hotel/Motel Fund		
Bond issuance cost		\$2,588
Payment to refunded bond escrow agent		\$130,252
Special Investigation Fund		
Public safety		\$22,504
Capital outlay		\$9,827
Donation Fund		
General administration		\$1,391
Senior Fund		
Community services		\$1,905
Cemetery Fund		
Transfers out		\$5,263

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2011, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
U.S. agencies	\$ 2,854,851	0.11
TexPool	10,210,896	0.00
TexSTAR	1,502,054	0.00
Total fair value	\$ 14,567,801	
Portfolio weighted average maturity		0.02

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

Credit risk. The City's investment policy limits investments in public fund investment pools rated as to investment quality not less than AM or AAA-m, or at an equivalent rating by at least one nationally recognized rating service. Investments in SEC registered and regulated money market mutual funds must have an investment quality not less than AAA-, or at an equivalent rating by at least one

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2011

nationally recognized rating service. As of September 30, 2011, the City's investment in TexPool and TexSTAR was rated AAAM by Standard & Poor's. All other investments are guaranteed (either express or implied) by the full faith and credit of the United States government or the issuing U.S. agency. More specifically, the U.S. agency securities held by the City as of September 30, 2011 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, 2011, market values of pledged securities were \$12,341,970 and bank balances were \$10,145,781.

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

TexPool

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

TexSTAR

The Texas Short Term Asset Reserve Fund ("TexSTAR") is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. TexSTAR was created in April 2002 by contract among its participating governmental units and is governed by a board of directors. JPMorgan Fleming Asset Management (USA), Inc. and First Southwest Asset Management, Inc. act as co-administrators providing investment management services, participant services, and marketing, respectively. JPMorgan Chase Bank and/or its subsidiary, J.P. Morgan Investor Services, Inc., provide custodial, transfer agency, fund accounting, and depository services. Finally, Standard and Poor's rate TexSTAR AAAM.

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2011

B. Receivables

The following comprise receivable balances at year end:

Governmental Funds

	General	Debt Service	Sales Tax	
			Capital Projects	Nonmajor
Property taxes	\$ 580,722	\$ 132,101	\$ -	\$ 7,820
Sales taxes	329,978	-	659,759	-
Franchise taxes	402,832	-	-	-
Other taxes	-	-	-	32,131
Intergovernmental	383,685	-	122,714	-
Accounts receivable	28,341	1,277	-	-
Other receivables	451	-	-	393
Less allowance	(183,515)	(46,788)	-	-
	<u>\$ 1,542,494</u>	<u>\$ 86,590</u>	<u>\$ 782,473</u>	<u>\$ 40,344</u>

Proprietary Funds

	Water and	Sanitation	EMS	Internal
	Sewer			Service Funds
Intergovernmental	\$ 157,380	\$ 3,672	\$ 35,559	\$ 13,419
Accounts receivable	777,460	252,490	2,965,666	-
Other receivables	-	-	39,182	-
Less allowance	(23,193)	(2,794)	(2,030,686)	-
	<u>\$ 911,647</u>	<u>\$ 253,368</u>	<u>\$ 1,009,721</u>	<u>\$ 13,419</u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2011

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	\$ 742,230	\$ -	\$ 3,864,353
Construction in progress	1,930,933	178,287	-	2,109,220
Total capital assets not being depreciated	5,053,056	920,517	-	5,973,573
Other capital assets:				
Buildings	10,749,862	532,840	-	11,282,702
Infrastructure	29,653,612	-	-	29,653,612
Improvements other than buildings	3,504,011	36,247	-	3,540,258
Machinery and equipment	10,681,154	1,520,516	(14,088)	12,187,582
Total other capital assets	54,588,639	2,089,603	(14,088)	56,664,154
Less accumulated depreciation for:				
Buildings	(6,078,267)	(442,168)	-	(6,520,435)
Infrastructure	(12,529,937)	(647,129)	-	(13,177,066)
Improvements other than buildings	(1,769,672)	(156,402)	-	(1,926,074)
Machinery and equipment	(7,358,774)	(860,164)	14,088	(8,204,850)
Total accumulated depreciation	(27,736,650)	(2,105,863)	14,088	(29,828,425)
Other capital assets, net	26,851,989	(16,260)	-	26,835,729
Totals	\$ 31,905,045	\$ 904,257	\$ -	32,809,302
				Plus unspent bond proceeds
				2,905,202
				Less associated debt
				(12,003,869)
Invested in Capital Assets, Net of Related Debt				\$ 23,710,635

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2011

Depreciation was charged to governmental functions as follows:

General government	\$ 79,705
Public safety	605,311
Public services	761,403
Community services	69,089
Culture, parks, and recreation	222,405
Internal service fund	<u>367,950</u>
Total Governmental Activities Depreciation Expense	<u><u>\$ 2,105,863</u></u>

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

Governmental Activities:

<u>Project Description</u>	<u>Authorized Contract</u>	<u>Contract Expenditures</u>	<u>Remaining Contract</u>
Depot Restoration	\$ 161,400	\$ 138,269	\$ 23,131
FM 528 Extension	903,284	788,593	114,691
Stadium Dr.	739,520	178,554	560,966
South St. Drainage	716,318	6,792	709,526
Animal Shelter	1,525,000	11,554	1,513,446
Bob Briscoe	967,000	843,087	123,913
	<u><u>\$ 5,012,522</u></u>	<u><u>\$ 1,966,849</u></u>	<u><u>\$ 3,045,673</u></u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2011

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	2,569,676	774,554	(175,217)	3,169,013
Total capital assets not being depreciated	4,011,043	774,554	(175,217)	4,610,380
Other capital assets:				
Buildings	6,162,457	-	-	6,162,457
Infrastructure	42,582,784	175,217	-	42,758,001
Improvements other than buildings	2,654,612	-	-	2,654,612
Machinery and equipment	1,080,672	332,483	-	1,413,155
Total other capital assets	52,480,525	507,700	-	52,988,225
Less accumulated depreciation for:				
Buildings	(3,590,777)	(155,002)	-	(3,745,779)
Infrastructure	(20,584,481)	(1,071,075)	-	(21,655,556)
Improvements other than buildings	(1,576,026)	(67,015)	-	(1,643,041)
Machinery and equipment	(811,458)	(86,297)	-	(897,755)
Total accumulated depreciation	(26,562,742)	(1,379,389)	-	(27,942,131)
Other capital assets, net	25,917,783	(871,689)	-	25,046,094
Totals	\$ 29,928,826	\$ (97,135)	\$ (175,217)	29,656,474
Plus unspent bond proceeds				1,802,765
Less associated debt				(18,952,751)
Invested in Capital Assets, Net of Related Debt				\$ 12,506,488

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2011

Depreciation was charged to business-type functions as follows:

Utility	\$ 1,275,918
Sanitation	67,661
Emergency management	<u>35,810</u>
Total Business-type Activities Depreciation Expense	<u><u>\$ 1,379,389</u></u>

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

Business-Type Activities:

<u>Project Description</u>	<u>Authorized Contract</u>	<u>Contract Expenditures</u>	<u>Remaining Contract</u>
Small Diameter Lines	\$ 175,000	\$ 17,489	\$ 157,511
Wastewater Treatment	3,200,000	2,894,247	305,753
Sewer Lines (Pipe Bursting)	100,000	23,255	76,745
SCADA	180,000	20,000	160,000
PSF Renovations	203,500	-	203,500
	<u><u>\$ 3,858,500</u></u>	<u><u>\$ 2,954,991</u></u>	<u><u>\$ 903,509</u></u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2011

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> Balance	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> Balance	<u>Amounts</u> <u>Due within</u> <u>One Year</u>
Governmental Activities:					
Bonds, notes and other payables:					
General obligation bonds	\$ 5,372,311	\$ 4,321,938	\$ (4,604,134)	\$ 5,090,115 *	\$ 484,839
Certificates of obligation	3,146,860	4,468,507	(951,860)	6,663,507 *	229,315
Deferred amounts:					
For issuance discounts/premiums	9,828	249,909	(565)	259,172 *	-
On refunding	(61,239)	(69,025)	15,660	(114,604) *	-
Capital leases	206,217	-	(100,538)	105,679 *	105,679
	<u>8,673,977</u>	<u>8,971,329</u>	<u>(5,641,437)</u>	<u>12,003,869</u>	<u>819,833</u>
Other liabilities:					
Net pension obligation	524,351	232,925	-	757,276	-
Compensated absences	1,315,432	826,792	(873,866)	1,268,358	1,141,522
Total Governmental Activities	<u>\$ 10,513,760</u>	<u>\$ 10,031,046</u>	<u>\$ (6,515,303)</u>	<u>\$ 14,029,503</u>	<u>\$ 1,961,355</u>
				<u>Long-term debt due in more than one year</u>	<u>\$ 12,068,148</u>
				*Debt associated with governmental activity capital assets	<u>\$ 12,003,869</u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2011

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Business-Type Activities:					
General obligation bonds	4,538,690	4,788,062	(4,439,870)	4,886,882 *	954,161
Certificates of obligation	6,298,140	366,493	(2,578,140)	4,086,493 *	250,685
Revenue bonds	10,745,000	-	(600,000)	10,145,000 *	620,000
Deferred amounts:					
For issuance discounts/premiums	14,179	208,103	(26,970)	195,312 *	-
On refunding	(241,598)	(133,359)	14,021	(360,936) *	-
	<u>21,354,411</u>	<u>5,229,299</u>	<u>(7,630,959)</u>	<u>18,952,751</u>	<u>1,824,846</u>
Other liabilities:					
Net pension obligation	127,084	77,316	-	204,400	-
Compensated absences	93,319	99,925	(100,368)	92,876	83,588
	<u>21,574,814</u>	<u>5,406,540</u>	<u>(7,731,327)</u>	<u>19,250,027</u>	<u>1,908,434</u>
Total Business-Type Activities	\$ 21,574,814	\$ 5,406,540	\$ (7,731,327)	\$ 19,250,027	\$ 1,908,434

Long-term debt due in more than one year \$ 17,341,593

***Debt associated with business-type activity capital assets** \$ 18,952,751

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, 2011

Current Refunding

In 2011, the City issued \$9,110,000 general obligation refunding bonds, series 2011 for current refunding of \$310,000 general obligation refunding bonds, series 1998; \$3,625,000 general obligation refunding, series 2003; \$470,000 certificates of obligation, series 2003; \$605,000 certificates of obligation, series 2008A; and \$1,855,000 certificates of obligation, series 2008B. The refunding was undertaken to provide a present value savings in the debt service payable by the City. The acquisition price exceeded the net carrying amount of the old debt by \$202,384. This amount is being netted against the new debt and amortized over the refunded debt's life. The transaction also resulted in an economic gain of \$392,446 and a reduction of \$481,967 in future debt service payments.

Advanced Refunding

In 2011, the City defeased certain portions of general obligation bonds, series 2002 in the amount of \$2,300,000 by placing proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At September 30, 2011, \$2,300,000 of general obligation, series 2002 bonds outstanding was considered defeased related to the 2011 refunding.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2011

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

Description	Interest Rates	Balance
Governmental Activities		
General Obligation Bonds		
Series 2002	4.1-4.8%	\$ 275,000
Series 2002A	3.6-4.0%	67,177
Series 2005 tax note	3.75%	39,000
Series 2007 tax note	3.99%	387,000
Series 2011 refunding	3.0-4.0%	4,321,938
Total General Obligation Bonds		5,090,115
Certificates of Obligation		
Series 2006A	4.0-4.1%	1,165,000
Series 2006C	4.0-4.1%	1,030,000
Series 2011	2.5-4.0%	4,468,507
Total Certificates of Obligation		6,663,507
Total Bonds and Certificates of Obligation		11,753,622
Capital Leases		
Vacuum truck	5.02%	56,360
Gradall	5.24%	49,319
Total Capital Leases		105,679
Total Governmental Activities Long-Term Debt		\$ 11,859,301

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2011

Description	Interest Rates	Balance
<u>Business-type Activities</u>		
General Obligation Bonds		
Series 2002A	3.6-4.0%	\$ 87,822
Series 2005 tax note	3.75%	11,000
Series 2011 refunding	3.0-4.0%	4,788,060
Total General Obligation Bonds		4,886,882
 Certificates of Obligation		
Series 2006B	4.0-4.1%	3,720,000
Series 2011	2.5-4.0%	366,493
Total Certificates of Obligation		4,086,493
 Revenue Bonds		
Series 2001	3.25-4.20%	5,180,000
Series 2005 refunding	4.0-4.30%	4,965,000
Total Revenue Bonds		10,145,000
Total Business-Type Activities Long-Term Debt		\$ 19,118,375

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

Year Ending	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	Principal	Interest	Principal	Interest
2012	\$ 714,154	\$ 480,678	\$ 1,824,846	\$ 730,053
2013	979,221	451,738	1,519,779	640,639
2014	1,019,694	329,417	1,454,306	586,267
2015	949,735	307,179	1,390,265	538,353
2016	1,036,420	277,319	1,543,580	490,292
2017-2021	3,067,346	1,014,704	5,197,654	1,869,062
2022-2026	2,213,880	519,939	4,371,120	814,683
2027-2031	1,773,172	175,150	1,816,825	89,897
Total	\$ 11,753,622	\$ 3,556,124	\$ 19,118,375	\$ 5,759,246

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2011

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>
2012	\$ 105,679	\$ 5,421
Total	\$ 105,679	\$ 5,421

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Asset:	
Machinery and equipment	\$ 309,947
Less: Accumulated depreciation	(147,852)
Total	\$ 162,095

Federal Arbitrage

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

E. Interfund Transactions

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

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>
Nonmajor governmental fund	Nonmajor governmental fund	\$ 62,258

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2011

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amounts</u>
Vehicle replacement	General	\$ 136,674
Vehicle replacement	Emergency medical services	107,709
		<u>\$ 244,383</u>

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

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

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amounts</u>
General fund	Bond capital projects fund	\$ 48,016
General fund	Nonmajor governmental fund	22,301
Bond capital projects fund	Water & sewer fund	26,431
Sales tax capital projects fund	General fund	270,598
Sales tax capital projects fund	Nonmajor governmental fund	27,518
Nonmajor governmental fund	General fund	44,210
Nonmajor governmental fund	General fund	19,144
Nonmajor governmental fund	Bond capital projects fund	21,872
Nonmajor governmental fund	Nonmajor enterprise fund	221,461
Central shop fund	Vehicle replacement fund	4,693
Water & sewer fund	General fund	359,103
Water & sewer fund	Emergency medical services fund	139,563
Sanitation Fund	General fund	140,399
Sanitation Fund	Water & sewer fund	71,304
Emergency medical services fund	General fund	46,324
		<u>\$ 1,462,937</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

Negative Net Assets

The conference center fund has negative net assets of \$25,799 as of September 30, 2011. The fund was established during the prior year to account for the issuance of a tax note and the construction and operation of a conference center. As of year end, the City had paid off the series 2009 tax note. The project has been put on hold indefinitely due to a change in plans by City Council.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2011

As of September 30, 2011, \$526,739 of the City's total fund balance is restricted by enabling legislation.

IV. OTHER INFORMATION

A. Risk Management

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

B. Contingent Liabilities

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

The City is a defendant in a number of lawsuits rising principally from claims against the City by various claimants. Total damages claimed are not substantial. The City Attorney estimates the potential claims against the City will be substantially covered by insurance and 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 837 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 800-924-8677. In addition, the report is available on TMRS' website at www.TMRS.com.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2011

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:

	2011	2010
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/yrs of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

Benefits

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

Contributions

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2011

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, 2010 valuation is effective for rates beginning January 2012). The annual pension cost and the net pension obligation (asset) are as follows:

Annual required contribution (ARC)	\$	1,527,127
Interest on net pension obligation (NPO)		45,601
Adjustment to the ARC		<u>(40,424)</u>
Annual pension cost (APC)		1,532,304
Contributions made		<u>(1,222,063)</u>
Increase in net pension obligation		310,241
Net pension obligation-beginning of year		<u>651,435</u>
Net pension obligation-end of year	\$	<u><u>961,676</u></u>

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

<u>Fiscal year</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contribution Made</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2009	\$ 1,024,560	\$ 1,024,560	100.00%	\$ -
2010	\$ 1,776,063	\$ 1,124,628	63.32%	\$ 651,435
2011	\$ 1,532,304	\$ 1,222,063	79.75%	\$ 961,676

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2011

The required contribution rates for fiscal year 2011 were determined as part of the December 31, 2008 and 2009 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2010, also follows:

	<u>2011</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
	12/31/2010 - Restructured	12/31/2010 - Prior to Restructuring	12/31/2009	12/31/2008
Actuarial Valuation Date	Projected Unit	Projected Unit	Projected Unit	Projected Unit
Actuarial Cost Method	Credit	Credit	Credit	Credit
Amortization Method	Level percent of payroll	Level percent of payroll	Level percent of payroll	Level percent of payroll
GASB 25 Equivalent Single Amortization Period	27.1 Years - closed period	27.1 Years - closed period	28 Years - closed period	29 Years - closed period
Amortization Period for New Gains/Losses	30 years	30 years	30 years	30 years
Asset Valuation Method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market	Amortized cost
Investment Rate of Return	7.00%	7.50%	7.50%	7.50%
Projected Salary Increases	Varies by age and service	Varies by age and service	Varies by age and service	Varies by age and service
Includes Inflation at	3.00%	3.00%	3.00%	3.00%
Cost of Living Adjustments	2.10%	2.10%	2.10%	2.10%

Funded Status and Funding Progress

In June, 2011, SB 350 was enacted by the Texas Legislature, resulting in a restructure of the TMRS funds. This legislation provided for the actuarial valuation to be completed, as if restructuring had occurred on December 31, 2010. In addition, the actuarial assumptions were updated for the new fund structure, based on an actuarial experience study that was adopted by the TMRS Board at their May, 2011 meeting (the review compared actual to expected experience for the four-year period of January 1, 2006 through December 31, 2009). For a complete description of the combined impact of the legislation and new actuarial assumptions, including the effects on TMRS city rates and funding ratios, please see the December 31, 2010 TMRS Comprehensive Annual Financial Report (CAFR).

The funded status as of December 31, 2010, the most recent valuation date, is as follows:

	<u>New Fund Structure</u>	<u>Original Fund Structure</u>
Actuarial Valuation Date	12/31/2010	12/31/2010
Actuarial Value of Assets	\$ 30,339,066	\$ 21,060,432
Actuarial Accrued Liability	\$ 39,219,267	\$ 31,656,401
Percentage Funded	77.4%	66.5%
Unfunded Actuarial Accrued Liability (UAAL)	\$ 8,880,201	\$ 10,595,969
Annual Covered Payroll	\$ 8,625,703	\$ 8,625,703
Covered Payroll	103.0%	122.8%

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2011

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

2. Texas Emergency Services Retirement System

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2011

member's years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 6.2 percent compounded annually.

On and off-duty death benefits and on-duty disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump-sum amount and continuing monthly payments to a member's surviving spouse and dependent children.

Funding Policy

Contribution provisions were established by S.B. 411, 65th Legislature, Regular Session (1977) and were amended by Board rule in 2006. No contributions are required by individual members of participating departments. The governing bodies of participating departments are required to contribute at least the minimum prescribed amount per month for each active member and may contribute more. Additional contributions may be made by a governing body to pay for granting 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 2011, 2010, and 2009 respectively, \$97,245 (3.38 percent), \$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.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2011

The following is a summary of the actuarial assumptions:

Actuarial Cost Method	Entry Age
Amortization Method	Level Dollar, Open
Amortization Period	30 Years
Asset Valuation Method	Market value smoothed by a 5-year deferred recognition method with a 80%/120% corridor on market value
Investment Rate of Return	7.75%
Cost of Living Adjustments	None

Three Year Contribution Information for the City

Fiscal year	Annual Pension Percentage of ARC		Net Pension Obligation
	Cost (ARC)	Contributions	
2009	\$ 86,410	100%	\$ -
2010	\$ 97,245	100%	\$ -
2011	\$ 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 than intended under the plan (eventual payment to employees deferring the compensation) in accordance with federal tax laws. Amounts of compensation deferred by employees under plan provisions are disbursed monthly by the City to a third party administrator. The third party administrator handles all funds in the plan and makes investment decisions and disburses funds to employees in accordance with plan provisions.

REQUIRED SUPPLEMENTARY INFORMATION

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

For the Year Ended September 30, 2011

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 5,996,753	\$ 5,996,753	\$ 6,044,618	\$ 47,865
Sales taxes	1,634,534	1,634,534	1,820,594	186,060
Franchise fees and taxes	1,344,400	1,344,400	1,349,191	4,791
Other taxes	226,694	226,694	196,510	(30,184)
Licenses and permits	671,600	671,600	650,219	(21,381)
Fines and forfeitures	486,500	486,500	430,605	(55,895)
Charges for services	157,500	157,500	145,279	(12,221)
Intergovernmental	15,000	15,000	2,879	(12,121)
Investment revenue	50,000	50,000	8,167	(41,833)
Total Revenues	10,582,981	10,582,981	10,648,062	65,081
Expenditures				
General government:				
Administrative	1,759,778	1,738,020	1,697,736	40,284
City attorney	321,880	349,675	346,461	3,214
City manager	243,052	255,687	248,886	6,801
Finance	861,724	880,971	819,789	61,182
Economic development	160,311	156,516	153,707	2,809
Total General Government Expenditures	<u>3,346,745</u>	<u>3,380,869</u>	<u>3,266,579</u>	<u>114,290</u>
Public safety:				
Police	5,436,813	5,478,556	5,483,933	(5,377) *
Fire	686,764	694,392	661,329	33,063
Total Public Safety Expenditures	<u>6,123,577</u>	<u>6,172,948</u>	<u>6,145,262</u>	<u>27,686</u>
Public services	605,628	612,559	589,836	22,723
Community services	259,503	261,946	257,784	4,162
Culture, parks, and recreation	1,075,234	1,084,112	975,123	108,989
Capital outlay	-	31,235	31,235	-
Debt service	23,720	23,720	9,199	14,521
Total Expenditures	11,434,407	11,567,389	11,275,018	292,371
Revenues Over (Under)				
Expenditures	<u>(851,426)</u>	<u>(984,408)</u>	<u>(626,956)</u>	<u>357,452</u>
Other Financing Sources (Uses)				
Transfers in	454,002	454,002	879,778	425,776
Transfers (out)	(22,301)	(70,317)	(70,317)	-
Total Other Financing Sources (Uses)	<u>431,701</u>	<u>383,685</u>	<u>809,461</u>	<u>425,776</u>
Net Change in Fund Balance	<u>\$ (419,725)</u>	<u>\$ (600,723)</u>	<u>182,505</u>	<u>\$ 783,228</u>
Beginning Fund Balance			<u>5,509,485</u>	
Ending Fund Balance			<u>\$ 5,691,990</u>	

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, 2011

Fiscal Year	2011 (2)	2011 (1)	2010	2009
Actuarial Valuation Date	12/31/2010	12/31/2010	12/31/2009	12/31/2008
Actuarial Value of Assets	\$ 30,339,066	\$ 21,060,432	\$ 18,794,261	\$ 17,191,731
Actuarial Accrued Liability	\$ 39,219,267	\$ 31,656,401	\$ 28,959,184	\$ 27,252,226
Percentage Funded	77.4%	66.5%	64.9%	63.1%
Unfunded Actuarial				
Accrued Liability	\$ 8,880,201	\$ 10,595,969	\$ 10,164,923	\$ 10,060,495
Annual Covered Payroll	\$ 8,625,703	\$ 8,625,703	\$ 8,493,570	\$ 8,574,668
Unfunded Actuarial Accrued Liability				
(UAAL) % of Covered Payroll	103.0%	122.8%	119.7%	117.3%
Net Pension Obligation (NPO)				
at the Beginning of Period	\$ 651,435	\$ 651,435	\$ -	\$ -
Annual Pension Cost (APC)	\$ 1,532,304	\$ 1,532,304	\$ 1,776,063	\$ 1,024,560
Contributions Made	\$ 1,222,063	\$ 1,222,063	\$ 1,124,628	\$ 1,024,560
NPO at the End of Period	\$ 961,676	\$ 961,676	\$ 651,435	\$ -

(1) Actuarial valuation performed under the original fund structure

(2) Actuarial valuation performed under the new fund structure

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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, 2011

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 1,247,944	\$ 1,247,944	\$ 1,206,868	\$ (41,076)
Investment revenue	500	500	764	264
Total Revenues	1,248,444	1,248,444	1,207,632	(40,812)
Expenditures				
Debt service:				
Principal	853,274	951,035	874,679	76,356
Interest and fiscal agent fees	376,071	385,653	344,536	41,117
Bond issuance cost	-	-	85,176	(85,176) *
Total Expenditures	1,229,345	1,336,688	1,304,391	32,297
Revenues Over (Under)				
Expenditures	19,099	(88,244)	(96,759)	(8,515)
Other Financing Sources (Uses)				
Refunding bonds issued	-	-	4,194,491	4,194,491
Premium on refunding bond	-	-	177,489	177,489
Payment to refunded bond escrow agent	-	-	(4,286,804)	(4,286,804) *
Total Other Financing Sources (Uses)	-	-	85,176	85,176
Net Change in Fund Balance	\$ 19,099	\$ (88,244)	(11,583)	\$ 76,661
Beginning fund balance			420,806	
Ending Fund Balance			\$ 409,223	

Notes to 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
NONMAJOR GOVERNMENTAL FUNDS

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 Redevelopment Authority.

TIRZ No. 3 Fund

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

Kendall Lakes TIRZ Redevelopment Authority

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

PERMANENT FUNDS

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

Cemetery Fund

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

CITY OF ALVIN, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS (Page 1 of 2)
September 30, 2011

	Special Revenue Funds			
	Hike and Bike Trail	Hotel/ Motel	Library	Special Investigation
<u>Assets</u>				
Cash and equity in pooled cash and investments	\$ 101,173	\$ 375,359	\$ -	\$ 46,837
Receivables, net	-	32,524	-	-
Due from other funds	-	-	-	-
Total Assets	\$ 101,173	\$ 407,883	\$ -	\$ 46,837
<u>Liabilities and Fund Balance</u>				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 4,619	\$ -	\$ -
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
Total Liabilities	-	4,619	-	-
Fund balances:				
Restricted for:				
Perpetual care	-	-	-	-
Enabling legislation	-	403,264	-	-
Tax increment reinvestment zone	-	-	-	-
Assigned to:				
Special projects	101,173	-	-	46,837
Permanent fund	-	-	-	-
Total Fund Balances	101,173	403,264	-	46,837
Total Liabilities and Fund Balances	\$ 101,173	\$ 407,883	\$ -	\$ 46,837

Special Revenue Funds

Court Building Security	Municipal Court Technology	Donation	Juvenile Case Manager	Senior	Park Dedication
\$ 105,416	\$ 15,413	\$ 45,573	\$ 44,101	\$ 6,551	\$ 57,000
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 105,416</u>	<u>\$ 15,413</u>	<u>\$ 45,573</u>	<u>\$ 44,101</u>	<u>\$ 6,551</u>	<u>\$ 57,000</u>
\$ -	\$ -	\$ -	\$ -	\$ 48	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	48	-
-	-	-	-	-	-
105,416	15,413	-	-	-	-
-	-	-	-	-	-
-	-	45,573	44,101	6,503	57,000
-	-	-	-	-	-
<u>105,416</u>	<u>15,413</u>	<u>45,573</u>	<u>44,101</u>	<u>6,503</u>	<u>57,000</u>
<u>\$ 105,416</u>	<u>\$ 15,413</u>	<u>\$ 45,573</u>	<u>\$ 44,101</u>	<u>\$ 6,551</u>	<u>\$ 57,000</u>

CITY OF ALVIN, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 2)
September 30, 2011

	Special Revenue Funds			
	Hospital	TIRZ No. 1 Fund	TIRZ No. 2 Fund	TIRZ No. 3 Fund
<u>Assets</u>				
Cash and equity in pooled cash and investments	\$ -	\$ 29	\$ 62,258	\$ 1,233
Receivables, net	-	-	7,820	-
Due from other funds	-	-	-	-
Total Assets	\$ -	\$ 29	\$ 70,078	\$ 1,233
<u>Liabilities and Fund Balance</u>				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	62,258	-
Deferred revenue	-	-	7,820	-
Total Liabilities	-	-	70,078	-
Fund balances:				
Restricted for:				
Perpetual care	-	-	-	-
Enabling legislation	-	-	-	-
Tax increment reinvestment zone	-	29	-	1,233
Assigned to:				
Special projects	-	-	-	-
Permanent fund	-	-	-	-
Total Fund Balances	-	29	-	1,233
Total Liabilities and Fund Balances	\$ -	\$ 29	\$ 70,078	\$ 1,233

Special Revenue Funds	Permanent Fund	
Kendall Lakes TIRZ Redevelop- ment Authority	Cemetery	Total Nonmajor Governmental Funds
\$ -	\$ 468,630	\$ 1,329,573
-	-	40,344
62,258	-	62,258
<u>\$ 62,258</u>	<u>\$ 468,630</u>	<u>\$ 1,432,175</u>
\$ -	\$ 12	\$ 4,679
-	-	62,258
-	-	7,820
<u>-</u>	<u>12</u>	<u>74,757</u>
-	50,000	50,000
-	-	524,093
62,258	-	63,520
-	-	301,187
<u>-</u>	<u>418,618</u>	<u>418,618</u>
<u>62,258</u>	<u>468,618</u>	<u>1,357,418</u>
<u>\$ 62,258</u>	<u>\$ 468,630</u>	<u>\$ 1,432,175</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, 2011

	Special Revenue Funds			
	Hike and Bike	Hotel/ Motel	Library	Special
	Trail			Investigation
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Franchise and local taxes	-	200,825	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Intergovernmental	-	-	-	6,233
Investment revenue	122	5,738	-	133
Other revenue	-	-	15	13,029
Total Revenues	<u>122</u>	<u>206,563</u>	<u>15</u>	<u>19,395</u>
Expenditures				
Current:				
General government	-	3,015	-	-
Public safety	-	-	-	22,504
Community services	-	161,493	-	-
Culture, parks and recreation	-	-	-	-
Capital outlay	-	-	-	9,827
Debt service:				
Principal	-	28,644	-	-
Interest and fiscal charges	-	5,006	-	-
Bond issuance costs	-	2,588	-	-
Total Expenditures	<u>-</u>	<u>200,746</u>	<u>-</u>	<u>32,331</u>
Revenues Over (Under)				
Expenditures	<u>122</u>	<u>5,817</u>	<u>15</u>	<u>(12,936)</u>
Other Financing Sources (Uses)				
Refunding bonds issued	-	127,447	-	-
Premium on bonds	-	5,393	-	-
Payment to bonds escrow agent	-	(130,252)	-	-
Transfer in	-	-	-	-
Transfers (out)	-	(124,489)	(41,016)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(121,901)</u>	<u>(41,016)</u>	<u>-</u>
Net Change in Fund Balances	122	(116,084)	(41,001)	(12,936)
Beginning fund balances	<u>101,051</u>	<u>519,348</u>	<u>41,001</u>	<u>59,773</u>
Ending Fund Balances	<u>\$ 101,173</u>	<u>\$ 403,264</u>	<u>\$ -</u>	<u>\$ 46,837</u>

Special Revenue Funds

Court Building Security	Municipal Court Technology	Donation	Juvenile Case Manager	Senior	Park Dedication
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
7,433	9,911	-	-	-	-
-	-	-	-	-	-
-	-	19,082	-	8,507	-
165	31	73	91	13	-
-	-	-	12,269	-	-
<u>7,598</u>	<u>9,942</u>	<u>19,155</u>	<u>12,360</u>	<u>8,520</u>	<u>-</u>
-	-	6,547	-	-	-
1,270	21,026	-	-	-	-
-	-	-	-	9,905	-
-	-	8,900	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,270</u>	<u>21,026</u>	<u>15,447</u>	<u>-</u>	<u>9,905</u>	<u>-</u>
<u>6,328</u>	<u>(11,084)</u>	<u>3,708</u>	<u>12,360</u>	<u>(1,385)</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>6,328</u>	<u>(11,084)</u>	<u>3,708</u>	<u>12,360</u>	<u>(1,385)</u>	<u>-</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>\$ 105,416</u>	<u>\$ 15,413</u>	<u>\$ 45,573</u>	<u>\$ 44,101</u>	<u>\$ 6,503</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, 2011

	Special Revenue Funds			
	Hospital	TIRZ No. 1 Fund	TIRZ No. 2 Fund	TIRZ No. 3 Fund
Revenues				
Property taxes	\$ -	\$ 8	\$ 41,843	\$ 494
Franchise and local taxes	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Intergovernmental	-	-	-	-
Investment revenue	96	-	142	2
Other revenue	-	-	11,075	-
Total Revenues	96	8	53,060	496
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community services	-	-	-	-
Culture, parks and recreation	-	-	-	-
Capital outlay	1,850	-	-	-
Debt service:				
Principal	304,641	-	-	-
Interest and fiscal charges	7,780	-	-	-
Bond issuance costs	-	-	-	-
Total Expenditures	314,271	-	-	-
Revenues Over (Under)				
Expenditures	(314,175)	8	53,060	496
Other Financing Sources (Uses)				
Refunding bonds issued	-	-	-	-
Premium on bonds	-	-	-	-
Payment to bonds escrow agent	-	-	-	-
Transfer in	27,518	-	-	-
Transfers (out)	-	-	(96,972)	-
Total Other Financing Sources (Uses)	27,518	-	(96,972)	-
Net Change in Fund Balances	(286,657)	8	(43,912)	496
Beginning fund balances	286,657	21	43,912	737
Ending Fund Balances	\$ -	\$ 29	\$ -	\$ 1,233

Special Revenue Funds	Permanent Fund	Total Nonmajor Governmental Funds
Kendall Lakes TIRZ Redevelop- ment Authority	Cemetery	
\$ -	\$ -	\$ 42,345
-	-	200,825
-	-	17,344
-	39,550	39,550
-	-	33,822
-	568	7,174
-	-	36,388
-	40,118	377,448
34,714	-	44,276
-	-	44,800
-	18,193	189,591
-	-	8,900
-	-	11,677
-	-	333,285
-	-	12,786
-	-	2,588
34,714	18,193	647,903
(34,714)	21,925	(270,455)
-	-	127,447
-	-	5,393
-	-	(130,252)
96,972	22,301	146,791
-	(44,210)	(306,687)
96,972	(21,909)	(157,308)
62,258	16	(427,763)
-	468,602	1,785,181
\$ 62,258	\$ 468,618	\$ 1,357,418

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, 2011

Hike and Bike Fund				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Investment revenue	\$ -	\$ 500	\$ 122	\$ (378)
Total Revenues	-	500	122	(378)
Other Financing Sources (Uses)				
Transfer in	500	-	-	-
Net Change in Fund Balance	\$ 500	\$ 500	122	\$ (378)
Beginning fund balance			101,051	
Ending Fund Balance			\$ 101,173	
Hotel/Motel Fund				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Franchise and local taxes	\$ -	\$ 206,995	\$ 200,825	\$ (6,170)
Investment revenue	209,495	2,500	5,738	3,238
Total Revenues	209,495	209,495	206,563	(2,932)
Expenditures				
Current:				
General government	11,300	3,345	3,015	330
Community services	144,220	201,319	161,493	39,826
Debt Service:				
Principal	-	28,644	28,644	-
Interest and fiscal charges	707,109	5,006	5,006	-
Bond issuance cost	-	-	2,588	(2,588) *
Total Expenditures	862,629	238,314	200,746	37,568
Other Financing Sources (Uses)				
Refunding bonds issued	673,459	-	127,447	127,447
Premium on bonds	-	-	5,393	5,393
Payment to bonds escrow agent	-	-	(130,252)	(130,252) *
Transfer in	-	673,459	-	(673,459)
Transfers (out)	-	(124,489)	(124,489)	-
Total Other Financing Sources (Uses)	673,459	548,970	(121,901)	(670,871)
Net Change in Fund Balance	\$ 20,325	\$ 520,151	(116,084)	\$ (636,235)
Beginning fund balance			519,348	
Ending Fund Balance			\$ 403,264	

* 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, 2011

		Library Fund			
		Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues					
Other revenue		\$ -	\$ -	\$ 15	\$ 15
	Total Revenues	-	-	15	15
Expenditures					
Current:					
Building maintenance		2,500	2,500	-	2,500
	Total Expenditures	2,500	2,500	-	2,500
Revenues Over (Under) Expenditures		(2,500)	(2,500)	15	2,485
Other Financing Sources (Uses)					
Transfers (out)		-	(41,016)	(41,016)	-
Net Change in Fund Balance		\$ (2,500)	\$ (43,516)	(41,001)	\$ 2,515
Beginning fund balance				41,001	
Ending Fund Balance				\$ -	

		Special Investigation Fund			
		Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues					
Intergovernmental		\$ -	\$ -	\$ 6,233	\$ 6,233
Investment revenue		-	500	133	(367)
Other revenue		1,500	1,000	13,029	12,029
	Total Revenues	1,500	1,500	19,395	17,895
Expenditures					
Current:					
Public safety		-	-	22,504	(22,504) *
Capital outlay		-	-	9,827	(9,827) *
	Total Expenditures	-	-	32,331	(32,331)
Net Change in Fund Balance		\$ 1,500	\$ 1,500	(12,936)	\$ (14,436)
Beginning fund balance				59,773	
Ending Fund Balance				\$ 46,837	

* 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, 2011

Building Security Fund				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Fines and forfeitures	\$ -	\$ 8,500	\$ 7,433	\$ (1,067)
Investment revenue	8,500	500	165	(335)
Total Revenues	8,500	9,000	7,598	(1,402)
Expenditures				
Current:				
Public safety	2,300	1,800	1,270	530
Total Expenditures	2,300	1,800	1,270	530
Net Change in Fund Balance	\$ 6,200	\$ 7,200	6,328	\$ (872)
Beginning fund balance			99,088	
Ending Fund Balance			\$ 105,416	

Municipal Court Technology Fund				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Fines and forfeitures	\$ -	\$ 11,000	\$ 9,911	\$ (1,089)
Investment revenue	11,200	200	31	(169)
Total Revenues	11,200	11,200	9,942	(1,258)
Expenditures				
Current:				
Public safety	-	26,777	21,026	5,751
Total Expenditures	-	26,777	21,026	5,751
Net Change in Fund Balance	\$ 11,200	\$ (15,577)	(11,084)	\$ 4,493
Beginning fund balance			26,497	
Ending Fund Balance			\$ 15,413	

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, 2011

Donation Fund				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 15,000	\$ 15,000	\$ 19,082	\$ 4,082
Investment revenue	-	-	73	73
Total Revenues	15,000	15,000	19,155	4,155
Expenditures				
Current:				
General administration	2,000	5,156	6,547	(1,391) *
Culture, parks and recreation	13,000	24,000	8,900	15,100
Total Expenditures	15,000	29,156	15,447	13,709
Net Change in Fund Balance	\$ -	\$ (14,156)	3,708	\$ 17,864
Beginning fund balance			41,865	
Ending Fund Balance			\$ 45,573	

Juvenile Case Manager Fund				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Investment revenue	\$ 12,500	\$ -	\$ 91	\$ 91
Other revenue	-	12,500	12,269	(231)
Total Revenues	12,500	12,500	12,360	(140)
Net Change in Fund Balance	\$ 12,500	\$ 12,500	12,360	\$ (140)
Beginning fund balance			31,741	
Ending Fund Balance			\$ 44,101	

* 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, 2011

Senior Fund				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 8,500	\$ 8,500	\$ 8,507	\$ 7
Investment revenue	100	100	13	(87)
Total Revenues	<u>8,600</u>	<u>8,600</u>	<u>8,520</u>	<u>(80)</u>
Expenditures				
Current:				
Community services	8,000	8,000	9,905	(1,905) *
Total Expenditures	<u>8,000</u>	<u>8,000</u>	<u>9,905</u>	<u>(1,905)</u>
Net Change in Fund Balance	<u>\$ 600</u>	<u>\$ 600</u>	(1,385)	<u>\$ (1,985)</u>
Beginning fund balance			<u>7,888</u>	
Ending Fund Balance			<u>\$ 6,503</u>	

Hospital Fund				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Investment revenue	\$ -	\$ -	\$ 96	\$ 96
Total Revenues	<u>-</u>	<u>-</u>	<u>96</u>	<u>96</u>
Expenditures				
Capital outlay	155,414	1,850	1,850	-
Debt Service:				
Principal	-	304,641	304,641	-
Interest and fiscal charges	-	7,780	7,780	-
Total Expenditures	<u>155,414</u>	<u>314,271</u>	<u>314,271</u>	<u>-</u>
Revenues Over (Under) Expenditures	<u>(155,414)</u>	<u>(314,271)</u>	<u>(314,175)</u>	<u>96</u>
Other Financing Sources				
Transfers (in)	-	27,518	27,518	-
Net Change in Fund Balance	<u>\$ (155,414)</u>	<u>\$ (286,753)</u>	(286,657)	<u>\$ 96</u>
Beginning fund balance			<u>286,657</u>	
Ending Fund Balance			<u>\$ -</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, 2011

	Cemetery Fund			Variance with Final Budget Positive (Negative)
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	
Revenues				
Charges for services	\$ 45,500	\$ 45,500	\$ 39,550	\$ (5,950)
Investment revenue	2,500	2,500	568	(1,932)
Total Revenues	48,000	48,000	40,118	(7,882)
Expenditures				
Current:				
Community services	20,000	20,000	18,193	1,807
Total Expenditures	20,000	20,000	18,193	1,807
Revenues Over (Under) Expenditures	28,000	28,000	21,925	9,689
Other Financing Sources (Uses)				
Transfers in	22,301	22,301	22,301	-
Transfers (out)	(38,947)	(38,947)	(44,210)	(5,263) *
Total Other Financing Sources (Uses)	(16,646)	(16,646)	(21,909)	(5,263)
Net Change in Fund Balance	\$ 11,354	\$ 11,354	16	\$ (11,338)
Beginning fund balance			468,602	
Ending Fund Balance			\$ 468,618	

* Expenditures exceeded appropriations at the legal level of control.

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CITY OF ALVIN, TEXAS

INTERNAL SERVICE FUNDS

September 30, 2011

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.

Computer Replacement Fund

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

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CITY OF ALVIN, TEXAS
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
September 30, 2011

	<u>Central Shop</u>	<u>Vehicle Replacement</u>	<u>Computer Replacement</u>	<u>Total</u>
<u>Assets</u>				
Current assets:				
Cash and equity in pooled cash and investments	\$ 169,906	\$ 581,069	\$ 50,000	\$ 800,975
Accounts receivable	13,419	-	-	13,419
Advances to other funds	-	244,383	-	244,383
Inventory	56,627	-	-	56,627
Prepaid items	5,777	-	-	5,777
Total Current Assets	<u>245,729</u>	<u>825,452</u>	<u>50,000</u>	<u>1,121,181</u>
Noncurrent assets:				
Capital assets:				
Buildings	7,754	-	-	7,754
Equipment	32,696	3,497,510	-	3,530,206
Less: accumulated depreciation	(10,412)	(2,408,339)	-	(2,418,751)
Total Capital Assets (Net of Accumulated Depreciation)	<u>30,038</u>	<u>1,089,171</u>	<u>-</u>	<u>1,119,209</u>
Total Noncurrent Assets	<u>30,038</u>	<u>1,089,171</u>	<u>-</u>	<u>1,119,209</u>
Total Assets	<u>275,767</u>	<u>1,914,623</u>	<u>50,000</u>	<u>2,240,390</u>
<u>Liabilities and Net Assets</u>				
Accounts payable	7,549	-	-	7,549
Long term debt due within one year	21,423	-	-	21,423
Long term debt due in more than one year	2,380	-	-	2,380
Total Current Liabilities	<u>31,352</u>	<u>-</u>	<u>-</u>	<u>31,352</u>
Total Liabilities	<u>31,352</u>	<u>-</u>	<u>-</u>	<u>31,352</u>
<u>Net Assets</u>				
Invested in capital assets	30,038	1,089,171	-	1,119,209
Unrestricted	214,377	825,452	50,000	1,089,829
Total Net Assets	<u>\$ 244,415</u>	<u>\$ 1,914,623</u>	<u>\$ 50,000</u>	<u>\$ 2,209,038</u>

CITY OF ALVIN, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2011

	Central Shop	Vehicle Replacement	Computer Replacement	Total
<u>Operating Revenues</u>				
Charges for sales and services	\$ 555,861	\$ 351,758	\$ -	\$ 907,619
Miscellaneous revenue	-	7,844	50,000	57,844
Total Operating Revenues	555,861	359,602	50,000	965,463
<u>Operating Expenses</u>				
Personnel services	228,116	-	-	228,116
Supplies	280,160	662	-	280,822
Depreciation	2,067	365,883	-	367,950
Total Operating Expenses	510,343	366,545	-	876,888
Operating Income (Loss)	45,518	(6,943)	50,000	88,575
<u>Nonoperating Revenues (Expenses)</u>				
Investment revenue	376	10,267	-	10,643
Total Nonoperating Revenues	376	10,267	-	10,643
Transfers in	-	4,693	-	4,693
Transfers (out)	(4,693)	-	-	(4,693)
Total Transfers	(4,693)	4,693	-	-
Change in Net Assets	41,201	8,017	50,000	99,218
Beginning net assets	203,214	1,906,606	-	2,109,820
Ending Net Assets	\$ 244,415	\$ 1,914,623	\$ 50,000	\$ 2,209,038

CITY OF ALVIN, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2011

	Central Shop	Vehicle Replacement	Computer Replacement	Total
<u>Cash Flows from Operating Activities</u>				
Receipts from customers and users	\$ 565,985	\$ 359,602	\$ 50,000	\$ 975,587
Payments to suppliers	(334,481)	(662)	-	(335,143)
Payments to employees	(230,143)	-	-	(230,143)
Net Cash Provided by Operating Activities	<u>1,361</u>	<u>358,940</u>	<u>50,000</u>	<u>410,301</u>
<u>Cash Flows from Noncapital Financing Activities</u>				
Transfers to other funds	(4,693)	-	-	(4,693)
Transfers from other funds	-	4,693	-	4,693
Interfund loan payments received	-	140,426	-	140,426
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(4,693)</u>	<u>145,119</u>	<u>-</u>	<u>140,426</u>
<u>Cash Flows from Capital and Related Financing Activities</u>				
Acquisition and construction of capital assets	-	(582,330)	-	(582,330)
Net Cash (Used) by Capital and Related Financing Activities	<u>-</u>	<u>(582,330)</u>	<u>-</u>	<u>(582,330)</u>
<u>Cash Flows from Investing Activities</u>				
Interest on investments	376	10,267	-	10,643
Net Cash Provided by Investing Activities	<u>376</u>	<u>10,267</u>	<u>-</u>	<u>10,643</u>
Net Increase (Decrease) in Cash and Equity in Pooled Cash and Investments	(2,956)	(68,004)	50,000	(20,960)
Beginning Cash and Equity in Pooled Cash and Investments	<u>172,862</u>	<u>649,073</u>	<u>-</u>	<u>821,935</u>
Ending Cash and Equity in Pooled Cash and Investments	<u>\$ 169,906</u>	<u>\$ 581,069</u>	<u>\$ 50,000</u>	<u>\$ 800,975</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities				
Operating income (loss)	\$ 45,518	\$ (6,943)	\$ 50,000	\$ 88,575
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	2,067	365,883	-	367,950
Changes in Operating Assets and Liabilities:				
(Increase) Decrease in Current Assets:				
Inventories	15,901	-	-	15,901
Prepays	(5,777)	-	-	(5,777)
(Decrease) in Current Liabilities:				
Accounts payable	(54,321)	-	-	(54,321)
Compensated absences	(2,027)	-	-	(2,027)
Net Cash Provided by Operating Activities	<u>\$ 1,361</u>	<u>\$ 358,940</u>	<u>\$ 50,000</u>	<u>\$ 410,301</u>

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STATISTICAL SECTION

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

Contents	Page
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Financial Trends	114
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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	126
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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	134
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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	144
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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	147
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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 Nine 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 nine years are available at this time.

Year				
2007	2008	2009	2010	2011
\$ 26,711,260	\$ 24,683,114	\$ 23,625,720	\$ 23,231,068	\$ 23,710,635
4,185,439	5,412,521	8,162,397	9,006,259	9,614,913
5,088,173	6,373,807	4,881,248	5,151,195	3,727,208
<u>\$ 35,984,872</u>	<u>\$ 36,469,442</u>	<u>\$ 36,669,365</u>	<u>\$ 37,388,522</u>	<u>\$ 37,052,756</u>
\$ 9,185,334	\$ 10,094,821	\$ 7,281,665	\$ 9,898,132	\$ 12,506,488
845,723	861,202	805,076	698,662	706,487
4,625,332	5,873,472	9,272,256	7,639,207	6,364,658
<u>\$ 14,656,389</u>	<u>\$ 16,829,495</u>	<u>\$ 17,358,997</u>	<u>\$ 18,236,001</u>	<u>\$ 19,577,633</u>
\$ 35,896,594	\$ 34,777,935	\$ 30,907,385	\$ 33,129,200	\$ 36,217,123
5,031,162	6,273,723	8,967,473	9,704,921	10,321,400
9,713,505	12,247,279	14,153,504	12,790,402	10,091,866
<u>\$ 50,641,261</u>	<u>\$ 53,298,937</u>	<u>\$ 54,028,362</u>	<u>\$ 55,624,523</u>	<u>\$ 56,630,389</u>

CITY OF ALVIN, TEXAS

CHANGES IN NET ASSETS

Last Nine Years (1)

(Accrual Basis of Accounting)

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

		Year							
		2007	2008	2009	2010	2011			
\$	3,155,673	\$	3,397,176	\$	4,618,306	\$	3,398,391	\$	3,493,056
	5,765,961		5,885,390		6,828,196		6,612,487		6,818,758
	554,616		751,470		-		-		-
	3,907,160		3,697,371		1,195,696		1,762,534		1,354,999
	347,169		297,019		2,110,567		2,739,494		2,789,836
	1,222,914		1,827,931		1,637,049		1,550,634		1,300,499
	470,225		320,272		255,366		246,444		953,431
	<u>15,423,718</u>		<u>16,176,629</u>		<u>16,645,180</u>		<u>16,309,984</u>		<u>16,710,579</u>
	5,179,628		5,048,607		5,324,261		5,684,004		5,275,355
	1,679,203		3,032,494		3,811,391		1,841,385		1,951,774
	1,060,634		1,015,022		1,333,579		1,310,354		1,705,571
	-		-		-		53,520		99,129
	<u>7,919,465</u>		<u>9,096,123</u>		<u>10,469,231</u>		<u>8,889,263</u>		<u>9,031,829</u>
\$	<u>23,343,183</u>	\$	<u>25,272,752</u>	\$	<u>27,114,411</u>	\$	<u>25,199,247</u>	\$	<u>25,742,408</u>
\$	37,029	\$	22,764	\$	98,718	\$	236,236	\$	184,829
	735,677		745,922		1,092,685		1,157,482		1,098,168
	401,661		328,881		-		-		-
	-		-		-		-		-
	-		-		79,648		-		-
	187,229		167,642		-		-		-
	157,790		434,842		770,851		305,758		89,468
	<u>1,519,386</u>		<u>1,700,051</u>		<u>2,041,902</u>		<u>1,699,476</u>		<u>1,372,465</u>
	5,771,303		6,211,760		6,325,404		6,299,393		6,767,843
	1,995,110		1,943,739		2,174,386		2,290,014		2,162,461
	1,126,101		1,204,907		1,278,655		1,292,152		1,630,354
	1,364		1,343,767		1,643,163		409,277		195,895
	-		-		-		-		-
	<u>8,893,878</u>		<u>10,704,173</u>		<u>11,421,608</u>		<u>10,290,836</u>		<u>10,756,553</u>
\$	<u>10,413,264</u>	\$	<u>12,404,224</u>	\$	<u>13,463,510</u>	\$	<u>11,990,312</u>	\$	<u>12,129,018</u>
\$	(13,904,332)	\$	(14,476,578)	\$	(14,603,278)	\$	(14,610,508)	\$	(15,338,114)
	974,413		1,608,050		952,377		1,401,573		1,724,724
\$	<u>(12,929,919)</u>	\$	<u>(12,868,528)</u>	\$	<u>(13,650,901)</u>	\$	<u>(13,208,935)</u>	\$	<u>(13,613,390)</u>

CITY OF ALVIN, TEXAS
CHANGES IN NET ASSETS (Continued)
 Last Nine 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 nine years are available at this time.

	Year				
	2007	2008	2009	2010	2011
\$	6,441,666	\$ 7,135,500	\$ 7,088,549	\$ 7,529,156	\$ 7,311,667
	5,540,205	5,754,038	5,395,694	5,164,667	5,460,695
	1,321,208	1,332,828	1,535,710	1,601,341	1,550,016
	-	-	28,484	221,885	196,510
	674,853	483,412	131,886	36,080	45,388
	44,355	121,128	96,555	233,080	43,166
	1,581,281	(10,449)	526,323	543,456	394,906
	<u>15,603,568</u>	<u>14,816,457</u>	<u>14,803,201</u>	<u>15,329,665</u>	<u>15,002,348</u>
	440,689	265,878	88,820	13,571	11,311
	5,875	168,707	14,628	5,316	503
	(1,581,281)	10,449	(526,323)	(543,456)	(394,906)
	<u>(1,134,717)</u>	<u>445,034</u>	<u>(422,875)</u>	<u>(524,569)</u>	<u>(383,092)</u>
\$	<u>14,468,851</u>	<u>15,261,491</u>	<u>14,380,326</u>	<u>14,805,096</u>	<u>14,619,256</u>
\$	1,699,236	\$ 339,879	\$ 199,923	\$ 719,157	\$ (335,766)
	(160,304)	2,053,084	529,502	877,004	1,341,632
\$	<u>1,538,932</u>	<u>2,392,963</u>	<u>729,425</u>	<u>1,596,161</u>	<u>1,005,866</u>

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

Function	2003	2004	2005	2006
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 nine years are available at this time.

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>Change 2010-2011</u>
\$ 6,441,666	\$ 7,135,500	\$ 7,088,549	\$ 7,529,156	\$ 7,311,667	-2.9%
5,540,205	5,754,038	5,395,694	5,164,667	5,460,695	5.7%
1,321,208	1,332,828	1,535,710	1,601,341	1,550,016	-3.2%
-	-	28,484	221,885	196,510	-11.4%
<u>\$ 13,303,079</u>	<u>\$ 14,222,366</u>	<u>\$ 14,048,437</u>	<u>\$ 14,517,049</u>	<u>\$ 14,518,888</u>	0.0%

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

	Year			
	2002	2003	2004	2005
General Fund				
Nonspendable	\$ 56,948	\$ 48,020	\$ 27,985	\$ 26,761
Restricted	-	-	-	-
Assigned	175,194	994,941	69,609	68,398
Unassigned	2,051,325	1,530,996	2,725,533	3,027,096
Total General Fund	\$ 2,283,467	\$ 2,573,957	\$ 2,823,127	\$ 3,122,255
All Other Governmental Funds				
Nonspendable	\$ 32,048	\$ -	\$ -	\$ -
Restricted	7,297,795	4,912,775	4,330,014	3,686,545
Assigned, reported in:				
Permanent fund	-	358,307	365,409	370,982
Total All Other Governmental Funds	\$ 7,329,843	\$ 5,271,082	\$ 4,695,423	\$ 4,057,527

Year

2006	2007	2008	2009	2010	2011
\$ 26,761	\$ 33,236	\$ 55,371	\$ 15,611	\$ 10,809	\$ 15,245
-	-	-	-	-	2,646
48,225	1,151,177	1,030,815	615,281	2,393,358	1,318,358
3,211,526	2,961,457	4,444,453	4,560,653	3,105,318	4,355,741
<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>	<u>\$ 5,691,990</u>
\$ -	\$ -	\$ -	\$ 5,927	\$ 200	\$ 5,777
5,938,783	8,116,764	6,856,654	7,332,625	7,936,885	10,202,526
377,940	397,964	397,040	408,417	418,602	719,805
<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>	<u>\$ 10,928,108</u>

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

	Year			
	2002	2003	2004	2005
Revenues				
Taxes	\$ 9,699,770	\$ 9,880,565	\$ 10,569,602	\$ 10,820,920
Permits, licenses, and fees	183,498	197,905	266,378	301,393
Fines and forfeitures	344,824	450,894	376,232	381,554
Intergovernmental	22,427	5,200	4,550	215,244
Contributions	60,997	39,241	23,830	3,825
Investment earnings	202,054	85,752	76,320	171,876
Other revenues	453,583	423,465	395,510	471,511
Total Revenues	<u>10,967,153</u>	<u>11,083,022</u>	<u>11,712,422</u>	<u>12,366,323</u>
Expenditures				
General government	3,176,053	3,193,675	2,698,996	2,704,408
Public safety	3,477,699	4,354,626	4,316,165	4,788,853
Engineering and planning	218,967	153,119	859,878	768,252
Public services	450,643	1,267,511	1,730,750	1,406,740
Community services	94,448	84,041	24,661	21,015
Culture, parks, and recreation	736,995	1,275,978	1,062,355	1,077,971
Library	-	-	65,749	71,666
Capital outlay	4,670,860	2,983,215	934,908	3,883,770
Debt service:				
Principal	480,901	460,246	842,396	788,572
Interest	451,530	459,542	389,871	337,391
Total Expenditures	<u>13,758,096</u>	<u>14,231,953</u>	<u>12,925,729</u>	<u>15,848,638</u>
Revenues Over (Under) Expenditures	(2,790,943)	(3,148,931)	(1,213,307)	(3,482,315)
Other Financing Sources (Uses)				
Transfers in	2,690,085	2,171,279	3,629,342	5,385,425
Transfers out	(7,071,681)	(1,594,850)	(2,941,779)	(2,720,814)
Refunding bonds issued	-	-	1,349,595	-
Bonds issued	3,083,556	80,013	319,176	478,925
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>(1,298,040)</u>	<u>957,111</u>	<u>1,034,252</u>	<u>3,143,536</u>
Net Change in Fund Balances	<u>\$ (4,088,983)</u>	<u>\$ (2,191,820)</u>	<u>\$ (179,055)</u>	<u>\$ (338,779)</u>
Debt service as a percentage of noncapital expenditures	11.4%	8.9%	11.5%	10.4%

		Year									
		2006	2007	2008	2009	2010	2011				
\$	11,351,914	\$	13,228,598	\$	14,294,405	\$	14,301,958	\$	14,343,382	\$	14,501,052
	663,057		325,191		316,854		611,082		937,525		650,219
	388,202		437,085		455,554		481,603		456,193		447,949
	4,313		3,731		530,316		748,833		305,758		89,468
	22,027		32,563		-		-		-		-
	345,650		620,207		439,770		106,888		20,367		34,745
	598,811		756,958		654,819		242,018		233,080		227,995
	<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>		<u>15,951,428</u>
	2,676,013		3,019,200		3,269,353		3,284,579		3,239,705		3,310,855
	4,809,776		4,932,289		5,723,203		6,129,989		6,145,941		6,190,062
	552,276		489,331		712,129		-		-		-
	1,518,905		2,870,696		1,977,554		777,418		715,606		589,836
	143,300		158,160		186,487		1,361,535		2,591,826		2,595,532
	906,749		950,845		1,028,437		1,369,506		1,079,481		984,023
	79,117		94,886		113,061		12,160		49,515		-
	2,266,772		1,503,979		2,520,505		2,572,745		1,005,809		2,677,414
	810,861		801,753		1,163,091		1,038,791		978,025		1,308,502
	455,020		430,776		436,194		412,775		411,836		558,483
	<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>		<u>18,214,707</u>
	(844,815)		152,418		(438,296)		(467,116)		78,561		(2,263,279)
	3,362,287		4,744,518		3,423,766		2,520,975		1,174,886		999,485
	(2,910,566)		(3,962,600)		(3,799,196)		(1,994,652)		(631,430)		(604,579)
	-		-		-		-		-		4,321,938
	2,780,000		835,000		675,000		-		304,641		4,468,507
	1,591		-		-		-		-		249,910
	-		-		-		-		-		-
	-		-		-		-		-		(4,417,056)
	-		231,652		262,467		94,974		-		-
	28,351		22,916		-		-		-		-
	<u>3,261,663</u>		<u>1,871,486</u>		<u>562,037</u>		<u>621,297</u>		<u>848,097</u>		<u>5,018,205</u>
\$	<u>2,416,848</u>	\$	<u>2,023,904</u>	\$	<u>123,741</u>	\$	<u>154,181</u>	\$	<u>926,658</u>	\$	<u>2,754,926</u>
	11.8%		9.8%		12.3%		10.09%		9.12%		12.02%

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Residential Property	\$ A	\$ A	\$ A	\$ 419,639,580
Commercial Property	A	A	A	280,972,630
Less: Tax Exempt Property	A	A	A	(45,598,292)
Total Taxable Assessed Value (1)	<u>\$ 537,843,592</u>	<u>\$ 596,476,416</u>	<u>\$ 633,444,214</u>	<u>\$ 655,013,918</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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 463,788,970	\$ 494,709,890	\$ 545,828,781	\$ 561,797,458	\$ 569,692,952	\$ 555,669,430
310,043,900	328,960,620	372,642,100	376,840,429	398,544,224	409,764,239
<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>(62,660,621)</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>	<u>\$ 902,773,048</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>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
City By Fund:				
Operating	\$ 0.6628	\$ 0.6702	\$ 0.6486	\$ 0.6784
Debt service	0.1408	0.1334	0.1550	0.1252
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	1.5860	1.6261	1.7058
Brazoria County	0.3395	0.3595	0.3620	0.3480
C&R District No. 3	0.1100	0.1166	0.1316	0.1306
Alvin Community College	<u>0.2411</u>	<u>0.2553</u>	<u>0.2406</u>	<u>0.2376</u>
Total Direct and Overlapping Rates (1)	<u>\$ 3.0602</u>	<u>\$ 3.1210</u>	<u>\$ 3.1639</u>	<u>\$ 3.2256</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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 0.6565	\$ 0.6440	\$ 0.6544	\$ 0.6709	\$ 0.6697	\$ 0.6697
0.1471	0.1596	0.1492	0.1327	0.1339	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>
1.5459	1.3282	1.3282	1.3041	1.3041	1.3041
0.3817	0.3114	0.3900	0.4263	0.4631	0.4631
0.1300	0.1281	0.1500	0.1500	0.1500	0.1500
0.2195	0.2103	0.1998	0.1998	0.1998	0.1998
<u>\$ 3.0807</u>	<u>\$ 2.7816</u>	<u>\$ 2.8716</u>	<u>\$ 2.8838</u>	<u>\$ 2.9206</u>	<u>\$ 2.9206</u>

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

Property Taxpayer	2011			2002		
	Taxable Assessed Value	Rank	% of Taxable Assessed Value	Taxable Assessed Value	Rank	% of Taxable Assessed Value
Wal-Mart	\$ 17,181,030	1	1.90%	\$ 7,723,240	6	1.44%
Weatherford USA, LP	13,161,290	2	1.46%	8,950,090	2	1.66%
Home Depot	10,683,086	3	1.18%	-		
Highland Square, LTD	8,387,280	4	0.93%	-		
Comcast of Houston, LLC	7,794,310	5	0.86%	-		
Texas New Mexico Power	7,060,800	6	0.78%	6,713,700	7	1.25%
Alvin Autoland, Inc.	6,829,190	7	0.76%	8,864,910	3	1.65%
Team Industrial Services, Inc.	6,599,760	8	0.73%	2,718,380	10	0.51%
Gas Turbine Engines, Inc.	6,414,110	9	0.71%			
Festival Properties, Inc.	6,010,764	10	0.67%			
IPOP Management				20,859,860	1	3.88%
Southwestern Bell				8,841,430	4	1.64%
Ron Carter				8,801,190	5	1.64%
Texas Cable Partners, LP				4,196,110	8	0.78%
Frank's Casing Crew				3,036,250	9	0.56%
Subtotal	<u>\$ 90,121,620</u>		<u>9.98%</u>	<u>\$ 80,705,160</u>		<u>15.01%</u>
Other Taxpayers	<u>812,651,428</u>		<u>90.02%</u>	<u>457,138,432</u>		<u>84.99%</u>
Total	<u><u>\$ 902,773,048</u></u>		<u><u>100.00%</u></u>	<u><u>\$ 537,843,592</u></u>		<u><u>100.00%</u></u>

Source: Brazoria County - Tax Office Collections

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Tax levy	\$ 4,312,622	\$ 4,652,307	\$ 5,090,358	\$ 5,267,342
Current tax collected	\$ 4,147,538	\$ 4,594,434	\$ 4,896,746	\$ 5,104,625
Percent of current tax collections	96.17%	98.76%	96.20%	96.91%
Delinquent tax collections	<u>152,219</u>	<u>151,854</u>	<u>162,549</u>	<u>177,270</u>
Total tax collections	<u>\$ 4,299,757</u>	<u>\$ 4,746,288</u>	<u>\$ 5,059,295</u>	<u>\$ 5,281,895</u>
Total collections as a percentage of current levy	99.702%	102.020%	99.390%	100.276%
Outstanding delinquent taxes	\$ 12,865	\$ (93,981)	\$ 31,063	\$ (14,553)
Outstanding delinquent taxes as percentage of current levy	0.298%	-2.020%	0.610%	-0.276%

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 5,684,983	\$ 6,291,790	\$ 7,064,411	\$ 7,260,355	\$ 7,260,544	\$ 7,161,718
\$ 5,519,795	\$ 6,117,953	\$ 6,907,075	\$ 7,099,395	\$ 7,118,215	\$ 6,997,769
97.09%	97.24%	97.77%	97.78%	98.04%	97.71%
<u>157,488</u>	<u>159,222</u>	<u>149,237</u>	<u>133,796</u>	<u>142,509</u>	<u>173,866</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>	<u>\$ 7,171,635</u>
99.865%	99.768%	99.885%	99.626%	100.002%	100.138%
\$ 7,700	\$ 14,615	\$ 8,099	\$ 27,164	\$ (180)	\$ (9,917)
0.135%	0.232%	0.115%	0.374%	-0.002%	-0.138%

CITY OF ALVIN, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Years

	Year			
	2002	2003	2004	2005
Primary Government				
Governmental Activities:				
General obligation bonds	\$ 8,409,337	\$ 8,202,495	\$ 7,938,205	\$ 7,853,407
Certificates of obligation	725,000	595,000	474,176	293,260
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	7,817,505	9,421,794	8,761,591
Certificates of obligation	-	2,910,000	1,275,824	1,006,740
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	 \$ 360,445,000	 \$ 341,131,000	 \$ 379,460,000	 \$ 403,635,000
 Debt as a Percentage of Personal Income	 8.65%	 8.92%	 7.84%	 7.06%
 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					
2006	2007	2008	2009	2010	2011
\$ 7,266,269	\$ 7,378,016	\$ 6,516,969	\$ 5,736,412	\$ 5,372,311	\$ 5,090,115
3,047,344	3,020,064	3,527,784	3,360,504	3,146,860	6,663,507
84,675	265,107	392,810	301,856	206,217	105,679
<u>\$ 10,398,288</u>	<u>\$ 10,663,187</u>	<u>\$ 10,437,563</u>	<u>\$ 9,398,772</u>	<u>\$ 8,725,388</u>	<u>\$ 11,859,301</u>
\$ 12,160,000	\$ 12,025,000	\$ 11,815,000	\$ 11,345,000	\$ 10,745,000	10,145,000
7,618,729	6,381,984	5,093,032	3,763,588	4,538,690	4,886,883
4,897,657	4,824,936	6,742,216	6,669,496	6,298,140	4,086,493
34,666	13,697	-	-	-	-
<u>\$ 35,109,340</u>	<u>\$ 33,908,804</u>	<u>\$ 34,087,811</u>	<u>\$ 31,176,856</u>	<u>\$ 30,307,218</u>	<u>\$ 30,977,677</u>
\$ 457,017,000	\$ 480,593,000	\$ 518,087,000	\$ 519,651,000	\$ 586,289,000	\$ 588,159,000
7.68%	7.06%	6.58%	6.00%	5.17%	5.27%
21,413	21,413	21,413	21,413	21,413	24,236
\$ 1,640	\$ 1,584	\$ 1,592	\$ 1,456	\$ 1,415	\$ 1,278

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			
	2002	2003	2004	2005
Net Taxable Assessed Value				
All property	\$ 537,843,592	\$ 596,476,416	\$ 633,444,214	\$ 655,013,918
Net Bonded Debt				
Gross bonded debt	\$ 20,825,001	\$ 19,525,000	\$ 19,109,999	\$ 17,914,998
Less debt service funds	921,909	990,668	455,181	479,185
Net Bonded Debt	<u>\$ 19,903,092</u>	<u>\$ 18,534,332</u>	<u>\$ 18,654,818</u>	<u>\$ 17,435,813</u>
Ratio of Net Bonded Debt to Assessed Value	3.70%	3.11%	2.94%	2.66%
Population	21,413	21,413	21,413	21,413
Net Bonded Debt Per Capita	\$ 929	\$ 866	\$ 871	\$ 814

Year					
2006	2007	2008	2009	2010	2011
\$ 721,060,674	\$ 796,398,523	\$ 900,951,208	\$ 909,102,653	\$ 921,511,600	902,773,048
\$ 22,829,999	\$ 21,605,000	\$ 21,880,001	\$ 19,530,000	\$ 19,356,001	20,726,998
<u>325,660</u>	<u>346,983</u>	<u>319,154</u>	<u>374,250</u>	<u>420,806</u>	<u>409,223</u>
<u>\$ 22,504,339</u>	<u>\$ 21,258,017</u>	<u>\$ 21,560,847</u>	<u>\$ 19,155,750</u>	<u>\$ 18,935,195</u>	<u>\$ 20,317,775</u>
3.12%	2.67%	2.39%	2.11%	2.05%	2.25%
21,413	21,413	21,413	21,413	21,413	24,236
\$ 1,051	\$ 993	\$ 1,007	\$ 895	\$ 884	\$ 838

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CITY OF ALVIN, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
September 30, 2011

Governmental Unit	<u>Net Bonded Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes			
Brazoria County	\$ 60,815,000	4.77%	\$ 2,900,876
Alvin ISD	501,163,737	19.27%	96,574,252
Alvin Community College	16,960,000	15.71%	<u>2,664,416</u>
Subtotal, overlapping debt			102,139,544
City Direct Debt	20,832,677	100.00%	<u>20,832,677</u>
Total Direct and Overlapping Debt			<u><u>\$ 122,972,221</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			
	2002	2003	2004	2005
Debt limit	\$ 49,554,141	\$ 53,784,359	\$ 59,647,642	\$ 83,161,407
Total net debt applicable to limit	5,850,617	7,877,428	7,806,827	7,374,221
Legal debt margin	\$ 43,703,524	\$ 45,906,931	\$ 51,840,815	\$ 75,787,186
Total net debt applicable to the limit as a percentage of debt limit	11.81%	14.65%	13.09%	8.87%

Legal Debt Margin Calculation for Fiscal Year 2011

Assessed value	\$ 902,773,048
Debt limit (10% of assessed value)	90,277,305
Debt applicable to limit:	
General obligation bonds	11,753,622
Less: amount set aside for repayment of general obligation debt	(409,223)
Total net debt applicable to limit	11,344,399
Legal debt margin	\$ 78,932,906

Year					
2006	2007	2008	2009	2010	2011
\$ 90,653,218	\$ 96,616,510	\$ 108,094,183	\$ 90,910,265	\$ 92,151,160	\$ 90,277,305
<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>11,344,399</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>	<u>\$ 78,932,906</u>
7.66%	7.28%	5.73%	10.42%	9.70%	12.57%

CITY OF ALVIN, TEXAS

PLEDGED-REVENUE COVERAGE

Last Ten Years

	Year			
	2002	2003	2004	2005
Gross Revenues (1)	\$ 5,261,825	\$ 5,202,315	\$ 5,278,796	\$ 5,183,862
Operating Expenses (2)	2,257,614	2,518,769	2,717,189	2,943,051
Net Revenues Available for Debt Service	\$ 3,004,211	\$ 2,683,546	\$ 2,561,607	\$ 2,240,811
Debt Service Requirements (3)				
Principal	\$ 1,125,344	\$ 1,156,616	\$ 1,233,053	\$ 1,146,810
Interest	760,163	938,232	898,598	782,824
Total	\$ 1,885,507	\$ 2,094,848	\$ 2,131,651	\$ 1,929,634
Coverage	1.59	1.28	1.20	1.16

- (1) Total revenues including interest
- (2) Total operating expenses less depreciation
- (3) Includes revenue bonds only

Year					
2006	2007	2008	2009	2010	2011
\$ 6,036,003	\$ 6,190,290	\$ 6,750,856	\$ 6,605,025	\$ 9,895,131	\$ 10,571,969
2,378,938	4,027,507	4,166,715	4,361,497	6,577,209	6,762,063
\$ 3,657,065	\$ 2,162,783	\$ 2,584,141	\$ 2,243,528	\$ 3,317,922	\$ 3,809,906
\$ 1,436,945	\$ 1,429,846	\$ 1,556,533	\$ 1,478,461	\$ 600,000	\$ 620,000
826,533	1,036,558	881,892	875,517	425,106	407,106
\$ 2,263,478	\$ 2,466,404	\$ 2,438,425	\$ 2,353,978	\$ 1,025,106	\$ 1,027,106
1.62	0.88	1.06	0.95	3.24	3.71

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

<u>Fiscal Year Ended</u>	<u>Population (1)</u>	<u>Personal Income (1)</u>	<u>Per Capita Personal Income (4)</u>	<u>Median Age (1)</u>	<u>Education Level in Years of Schooling (1)</u>
2002	21,413	\$ 360,445,000	\$ 16,833	33.00	13.75
2003	21,413	\$ 341,131,000	\$ 15,931	33.00	13.75
2004	21,413	\$ 379,460,000	\$ 17,721	33.00	13.75
2005	21,413	\$ 403,635,000	\$ 18,850	34.00	13.75
2006	21,413	\$ 457,017,000	\$ 21,343	31.40	13.75
2007	21,413	\$ 480,593,000	\$ 22,444	32.00	13.75
2008	21,413	\$ 518,087,000	\$ 24,195	32.50	13.75
2009	21,413	\$ 519,651,000	\$ 24,268	33.00	13.80
2010	21,413	\$ 586,289,000	\$ 27,380	32.60	13.80
2011	24,236	\$ 588,159,000	\$ 24,268	32.90	13.80

Data sources:

- (1) Alvin Manvel Area Chamber of Commerce; 2006 Estimated Census.
- (2) Alvin Independent School District.
- (3) Brazoria County Labor Market Information Website
- (4) Community Economic Development HotRepot

<u>School Enrollment (2)</u>	<u>Unemployment Rate (3)</u>
11,760	8.30%
12,046	8.20%
12,100	8.20%
12,600	7.30%
14,000	7.30%
15,300	8.20%
16,000	8.20%
16,000	8.30%
17,261	6.90%
18,206	8.40%

CITY OF ALVIN, TEXAS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2011			2002		
	Employees	Rank	Total City Employment (%)	Employees	Rank	Total City Employment (%)
Alvin Independent School District	2,520	1	39.49%	1,708	1	34.84%
DISH Network	972	2	15.23%	N/A		0.00%
Alvin Community College	545	3	8.54%	505	3	10.30%
Wal-Mart	520	4	8.15%	450	5	9.18%
Ascend Performance Materials	470	5	7.36%	N/A		0.00%
INEOS Olfens & Polymers USA	440	6	6.89%	N/A		0.00%
Ron Carter Automotive	320	7	5.01%	360	6	7.34%
Lyondell/Bassell	N/A		0.00%	265	7	5.41%
Team, Inc.	257	8	4.03%	100	10	2.04%
City of Alvin	247	9	3.87%	163	8	3.33%
Amoco Petrochemical	N/A		0.00%	711	2	14.50%
RiceTec	N/A		0.00%	120	9	2.45%
Diversified Ceramics	91	10	1.43%	N/A		0.00%
Solutia, Inc.	N/A		0.00%	520	4	10.61%
Total	<u>6,382</u>		<u>100.00%</u>	<u>4,902</u>		<u>100.00%</u>

Source: Economic development department

CITY OF ALVIN, TEXAS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Years

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<u>General Fund:</u>										
Administration	4	4	4	5.5	5.5	7	6	2	2	2
Legal	2	2	3	2	3	3	3	3	3	3
Municipal	2	2	2	2	2	2	2	2	2	2
City Secretary	3	3	3	3	3	3	3	3	3	3
Finance	7	7	7	6	7	7	7	9	9	8
City Hall	1	1	1	-	-	-	-	-	-	-
Public Safety										
Police	61	67	68	69	70	74	76	72	72	75
Fire	2	2	2.5	2.5	3	3	3	4	4	4
Fire Marshal	-	-	1	1	1	1	1	1	1	1
Humane	2	2	2	2	2	2	2	2	2	2
Culture and Recreation										
Parks	9.5	9.5	11	9.5	9.5	10.5	10	10	9	9
Facility Maintenance	-	-	2	1	1	1	1	1	1	1
Economic Development	-	-	-	-	2	2	2	2	2	2
CYB	-	-	-	-	-	-	-	-	1	1
Public Works										
Administration & Facility	-	-	-	-	-	-	-	-	-	-
Street	13	13	13	16	16	17	19	20	20	20
Engineering										
Engineering	8	8	11	9	9	9	9	4	-	-
Planning	1	1	-	-	-	-	-	4	-	-
CIP	-	-	-	-	-	-	-	4	4	-
Community Development										
Inspections	9	6	3	3	4	4	4	5	4	5
Code Enforcement	-	-	-	-	-	-	-	4	4	4
General Fund Total	124.5	127.5	133.5	131.5	138	145.5	148	156	146	146
<u>Enterprise Fund:</u>										
Administration	7	7	7	6	7.5	7.5	7	8	7	7
Water, Sewer, WWTP	23	22	23	24	24	24	24	24	24	24
Enterprise Fund Total	30	29	30	30	31.5	31.5	31	32	31	31
<u>Internal Service Fund:</u>										
Administration	5	5	5	5	4	4	4	4	4	4
Internal Service Fund Total	5	5	5	5	4	4	4	4	4	4
<u>Emergency Medical Services:</u>										
Administration	2	2	2	2	2	2	2	2	2	2
Emergency Medical Service Total	2	2	2	2	2	2	2	2	2	2
TOTAL CITY POSITIONS	161.5	163.5	170.5	168.5	175.5	183	185	194	183	183

Source: Economic development department

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

Function/Program	Fiscal Year			
	2002	2003	2004	2005
Police				
Physical arrests	2,136	2,388	2,351	2,506
Traffic violations	3,476	4,118	2,840	2,378
Fire				
Emergency responses	612	579	626	710
Inspections	n/a	694	673	634
Sanitation				
Monthly residential pickups	4,766	4,846	4,819	4,903
Commercial containers	788	765	792	797
Culture and recreation				
Athletic fields	21	21	21	21
Water				
New accounts	87	26	170	96
Total number of water connections	5,763	5,789	5,959	6,055
Average daily consumption (thousands of gallons)	2.469	2.496	2.311	2.350
Sewer				
Average daily sewage treatment (thousands of gallons)	3.150	3.150	3.250	3.500

Source: Various City departments

Note: Indicators are not available for the general government function

Fiscal Year

2006	2007	2008	2009	2010	2011
2,627	1,557	2,201	1,973	1,920	2,253
1,936	2,620	3,074	3,405	3,429	3,857
724	712	889	894	599	511
747	876	884	461	424	511
5,042	5,147	5,317	5,339	5,376	5,452
602	781	845	835	835	848
21	21	21	21	22	22
237	154	128	93	55	94
6,975	7,129	7,257	7,350	7,405	7,499
2.287	2.226	2.379	2.774	2.414	2.414
2.395	3.000	2.965	2.552	3.416	3.416

CITY OF ALVIN, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Years

Function/Program	Fiscal Year			
	2002	2003	2004	2005
Police				
Stations	1	1	1	1
Patrol units	31	31	35	32
Fire				
Fire station	2	2	2	2
Volunteers	62	63	61	63
Highways and Streets				
Streets (miles)	113	113	169	192
Parks and recreation				
Parks acreage	83.7	83.7	88.0	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	5
Water mains (miles)	162.0	170.0	175.0	137.0
Fire hydrants	603	603	785	891
Storage capacity (thousands of gallons)	2,496	2,496	2,311	2,496
Sewer				
Sanitary sewers (miles)	100.0	106.0	110.0	135.0
Storm sewers (miles)	29.0	29.0	29.0	35.0
Treatment capacity (thousands of gallons)	15,000	15,000	15,000	15,000

Source: Various City departments

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

Fiscal Year

2006	2007	2008	2009	2010	2011
1	1	1	1	1	1
32	35	34	36	41	41
2	2	2	3	3	3
57	61	64	65	65	65
178	178	178	180	180	180
91.0	108.0	108.0	101.0	101.0	103.0
15	15	15	16	16	16
1	1	1	1	1	1
2	2	2	2	2	2
5	5	5	5	5	5
142.0	145.0	145.0	145.0	147.0	147.0
876	901	905	905	920	920
2,496	2,496	2,496	7,920	8,310	8,310
138.0	140.0	104.0	104.0	141.0	141.0
38.0	50.0	50.5	50.5	52.0	52.0
15,000	15,000	15,000	15,000	15,000	15,000

