

*COMPREHENSIVE ANNUAL
FINANCIAL REPORT*



City of Alvin, Texas
Fiscal Year ended September 30, 2008

CITY OF ALVIN, TEXAS

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

YEAR ENDED SEPTEMBER 30, 2008



2000 Loop 197 N., Suite 200
Texas City, Texas 77590
(409) 948-4406

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Introductory Section



CITY OF ALVIN

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

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

In accordance with our City Charter, we are pleased to submit the Comprehensive Annual Financial Report of the City of Alvin, Texas for the fiscal year ended September 30, 2008. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

The City of Alvin's financial statements have been audited by Null-Lairson, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Alvin for the fiscal year ended September 30, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Alvin's financial statements for the fiscal year ended September 30, 2008, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the Government

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

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

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

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

Local Economy

The City of Alvin is situated in northern Brazoria County twenty-five miles southeast of downtown Houston. The City is located within the tri-tech region referred to as the new "*Golden Triangle*", since it is right in the center of the three most important industries in the Gulf Coast area of the state, namely, the Houston Medical complex to the north, the Johnson Space Center (NASA) to the east and the petrochemical industry to the south, all within a 35-minute trip. The City is also within the scope of a 30-minute radius from Houston Hobby Airport to the north, and the sandy beaches of Galveston Island to the south. The area is located in one of the fastest growing parts of the state.

Northern Brazoria County is growing at a steady rate. Due to the heavy growth to the north and to the west of Houston, and blocked by the Houston Ship Channel to the east, it is anticipated that a large growth will come south to this area. While a high percentage of the City's population work in the nearby petrochemical, medical and space industries, the area agriculture activity produces rice, soybeans, corn, cattle, poultry and hogs. Alvin Community College is quickly becoming the area's premier source for higher education with an enrollment figure of over 4,000 students. ACC is a public two-year, comprehensive community college providing educational opportunities in workforce training, academics, technical fields, adult basic education and personal development. Economic development is a priority in the area, as the City Officials, Chamber of Commerce, Alvin Community College, the county, real estate firms and other groups continue to work together to support existing companies and make it an attractive option for businesses seeking a new location. The widening of State Highway Six from State Highway 288 towards the City of Alvin will also attract new businesses to the Alvin area. Based on current projections this trend toward lower unemployment and a promotion of new businesses will continue in the area.

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

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

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

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

Long-term Financial Planning

The City of Alvin's growth has been relatively flat over the past number of years due to the decline of oil and gas production and agriculture activities in the area. However, the City is now seeing a boom in residential construction as development from Houston moves our way. During 2007-08, the City permitted 70 new homes and anticipating approximately 75 new homes to be built in 2008-09. Financing for the necessary City infrastructure supporting approximately one-half of this growth will be done via building utility impact fees and inter-city Municipal Utility District bonds. The infrastructure for the balance is currently available and in place.

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

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

The City is also making repairs to its older sewer lines. Many of the City's older lines are deteriorating and allowing rainwater to infiltrate into the system overloading lift stations and the wastewater treatment plant. The City has acquired \$6,650,000 in low interest Water Development Bonds to make system repairs and to extend new sewer lines over a number of years. The repairs are being done by outside contractors and by an in-house crew dedicated solely to this project. The City is completing the storage tank in 2008 and will complete the upgrade on the treatment plant in 2009. Council has appropriated

funds for our ongoing replacement of aging iron water lines and sewer collection lines. These projects will also be completed in 2009.

Relevant Financial Policies

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

Major Initiatives

The City of Alvin is continuing to work on the Extension of State Highway 528. This project will allow residents living in the central and west part of town to have quick access to major roads such as Highway 6, Highway 35 and FM 528 to travel out of town. It will also provide a much needed bridge over the railroad tracks by eliminating traffic congestion caused by the trains. In addition, this project will improve the safety of our children traveling by school bus and facilitate movement of our EMS and Fire department when emergencies occur.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Alvin for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2007. This was the twenty fourth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

In addition, the government also received the GFOA Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning October 1, 2007. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient as a policy document, a financial plan, an operations guide and as a communications device.

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

Respectfully submitted,



Paul A. Horn
City Manager



Suzy Kou
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Alvin
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2007

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

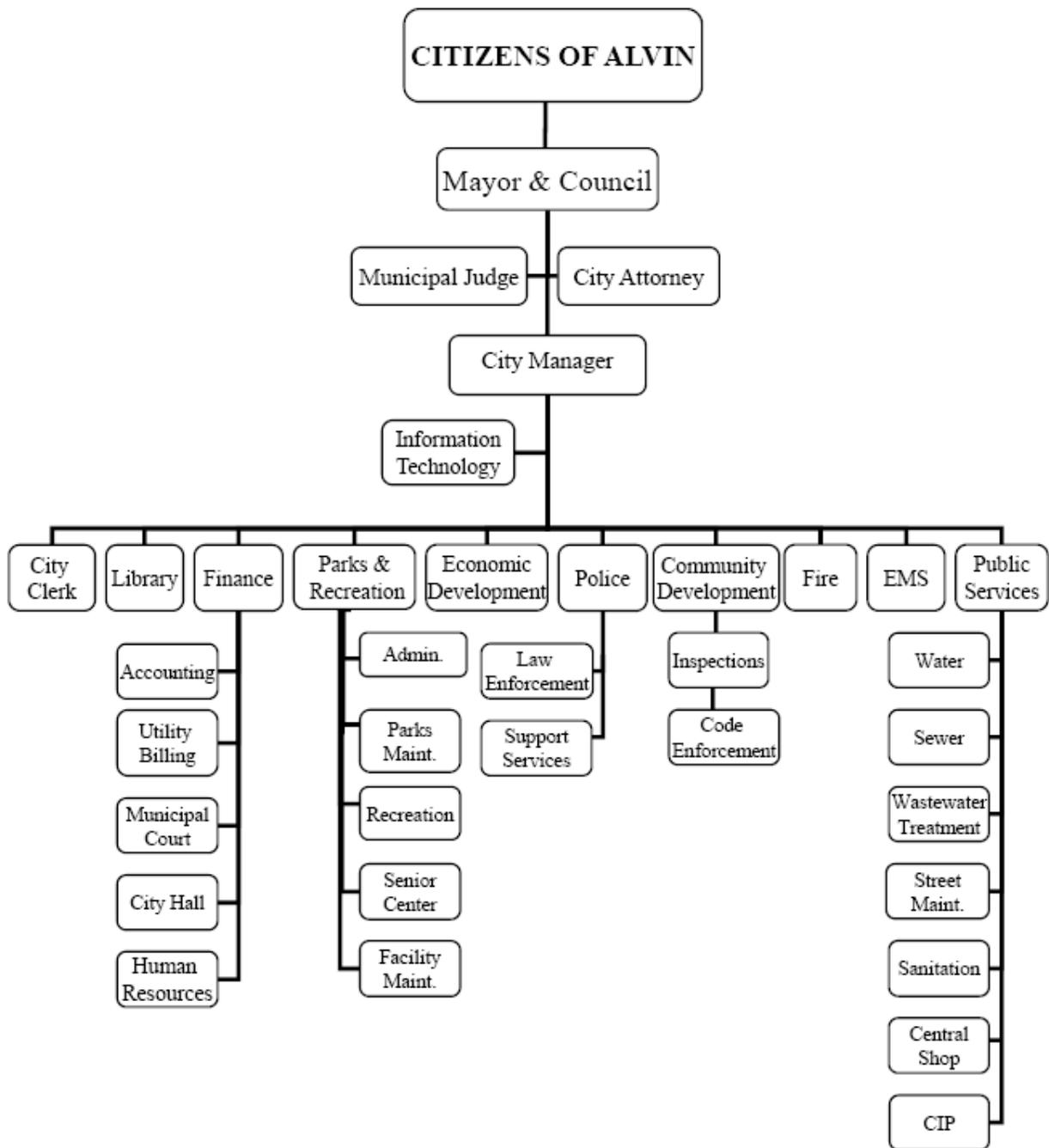


A handwritten signature in black ink, appearing to read "M. L. Post".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director



CITY OF ALVIN, TEXAS

LIST OF ELECTED AND APPOINTED OFFICIALS

September 30, 2008

<i>City Officials</i>	<i>Address</i>	<i>Elective Position</i>	<i>Term Expires</i>
Gary Appelt	1050 Sommerset	Mayor	2011
Kerry Collins- Leggett	500 East House #1, Alvin	Councilmember- District A	2010
Kathleen Holton	1215 Victory Lane, Alvin	Councilmember- District B	2009
Jim Landriault	3825 Clover, Alvin	Councilmember- District C	2009
Roger E. Stuksa	2185 Troon, Alvin	Councilmember- District D	2010
Greg Bullard	1308 S. Booth Lane, Alvin	Councilmember- District E	2011
Charles Batty, III	775 Steele Road, #38, Alvin	Councilmember- At Large 1	2009
Eddie Murray	1731 Glennview, Alvin	Councilmember- At Large 2	2010

Department Heads	Address	Appointive Position
Paul A. Horn	3233 Sky Ranch Drive, Alvin	City Manager
Thomas W. Peebles	216 S. Beauregard, Alvin	City Clerk
Suzy Kou	2205 Fennigan Court, League City	Finance Director
Donna Starkey	2005 Troon Drive, Alvin	Municipal Court Judge
Bobbi Kacz	1410 Greenbriar Avenue, Friendswood	City Attorney
Rex Klesel	3537 CR 326, Alvin	Fire Chief
David Kocurek	12403 CR 280, Alvin	Director of Public Works
Michelle Holley-Lira	1504 Hickory Bend Ct, Pearland	Director of Community Development
Michael Merkel	460 Sherandoe Lane, Alvin	Police Chief
Ed Hersch	1603 Dixie Hill Ct., Pearland	Director of Parks & Recreation
Ron Schmitz	1600 Bayou Drive, Alvin	EMS Director
Abel R. Longoria	6 Cadena Drive, Galveston	EMS Medical Director
Larry Buehler	244 Lasso, Angleton	Director of Economic Development

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Financial Section

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Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Alvin, Texas as of and for the year ended September 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Alvin's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Alvin, Texas, as of September 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2009, on our consideration of City of Alvin's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

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

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

A handwritten signature in black ink that reads "Nell Larson, AC". The signature is written in a cursive, flowing style.

Texas City, Texas
April 29, 2009

Management's Discussion and Analysis

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CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Alvin, we offer readers of the City of Alvin's financial statements this narrative overview and analysis of the financial activities of the City of Alvin for the fiscal year ended September 30, 2008. Please read the information presented here in conjunction with the basic financial statements which follow this section.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$53,298,937 (net assets). Of this amount, \$12,247,279 (unrestricted net assets) may be used to meet the Government's ongoing obligations to citizens and creditors.
- The Government's total net assets increased by \$2,657,673.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$12,784,333, an increase of \$123,741 in comparison with the prior year. \$3,695,283 is available for spending at the Government's discretion (unreserved, undesignated fund balance).
- At the end of the current fiscal year, unreserved, undesignated fund balance for the general fund was \$3,195,024, or 24% of the total general fund expenditures.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

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

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Fund Financial Statements

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

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. In a separate schedule following the governmental fund balance sheet, a reconciliation schedule to facilitate this comparison between governmental funds and the Government wide Statement of Net Assets is shown.

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

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

Proprietary Funds

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

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

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Fiduciary Funds

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

Notes to the Financial Statements

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

Other Required Supplemental information

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

Other Supplemental Information

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Alvin, assets exceed liabilities by \$53.3 million at the close of the most recent fiscal year.

Table - 1 - City of Alvin's Net Assets

	Governmental Activities		Business Type Activities	
	2008	2007	2008	2007
Assets				
Current and other assets	\$ 15,645,140	\$ 15,498,523	\$ 14,513,059	\$ 12,059,593
Capital Assets	33,948,801	33,060,958	28,662,322	27,152,659
Total Assets	49,593,941	48,559,481	43,175,381	39,212,252
Liabilities				
Long-term liabilities outstanding	9,851,075	9,820,793	21,645,468	21,311,815
Other Liabilities	3,273,424	2,753,816	4,700,418	3,244,048
Total Liabilities	13,124,499	12,574,609	26,345,886	24,555,863
Net Assets				
Invested in Capital assets, net of related debt	24,683,114	26,711,260	10,094,821	9,185,334
Restricted	5,412,521	4,185,439	861,202	845,723
Unrestricted	6,373,807	5,088,173	5,873,472	4,625,332
Total Net Assets	\$ 36,469,442	\$ 35,984,872	\$ 16,829,495	\$ 14,656,389

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

By far the largest portion of the City of Alvin's net assets, \$34.8 million (65.3%), reflects its investment in capital assets (e.g., land, building, machinery, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City of Alvin uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Alvin's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Alvin's net assets, \$6.3 million (11.8%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$12.2 million) is available to meet the government's ongoing obligations to citizens and creditors.

There was an increase of \$2.2 million in the net assets reported in connection with the City of Alvin's business-type activities. Most of this increase represents the degree to which charges for services covered expected operating expenses for the current fiscal year.

The governmental activities net assets increased by \$484,570 during the current fiscal year. Most of this increase represents the amount of revenues exceeded ongoing expenses.

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

	Governmental Activities		Business Type Activities	
	2008	2007	2008	2007
Revenues				
Program Revenues:				
Charges for Services	\$ 1,265,209	\$ 1,361,596	\$ 9,360,406	\$ 8,892,514
Operating Grants and Contributions	434,842	157,790	1,343,767	1,364
Capital Grants and Contributions				
General Revenues:				
Property Taxes	7,135,500	6,441,666		
Sales Taxes	5,754,038	5,540,205		
Other Taxes	1,332,828	1,321,208		
Other Revenues	604,540	719,208	434,585	446,564
Total Revenues	<u>16,526,957</u>	<u>15,541,673</u>	<u>11,138,758</u>	<u>9,340,442</u>
Expenses				
General Government	3,397,176	3,155,673		
Public Safety - Police and Fire	5,885,390	5,765,961		
Engineering and Planning	751,470	554,616		
Public Services- Streets	3,697,371	3,907,160		
Community Services	297,019	347,169		
Culture Parks and Recreation	1,827,931	1,222,914		
Interest on Long-term Debt	320,272	470,225		
Utilities- Water and Sewer			5,048,607	5,179,628
Sanitation			3,032,494	1,679,203
EMS			1,015,022	1,060,634
Total Expenses	<u>16,176,629</u>	<u>15,423,718</u>	<u>9,096,123</u>	<u>7,919,465</u>
Increase in Net Assets before Transfers	350,328	117,955	2,042,635	1,420,977
Transfers	(10,449)	1,581,281	10,449	(1,581,281)
Increase in Net Assets	339,879	1,699,236	2,053,084	(160,304)
Beginning Net Assets	35,984,872	33,558,899	14,656,392	14,633,500
Prior Period Adjustments		726,737		183,193
Ending Net Assets	<u>\$ 36,324,751</u>	<u>\$ 35,984,872</u>	<u>\$ 16,709,476</u>	<u>\$ 14,656,389</u>

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Governmental Activities

Governmental activities increased the City of Alvin's net assets by \$484,570. Key elements of this increase are as follows:

- While the City's property tax rate was held constant at \$.8036 per \$100 assessed value, property tax revenue increased by \$693,834 as a result of the city's rising property values, new properties, and continued effort in the collection of delinquent taxes.
- Sales tax revenue increased by \$213,833 as a result of new business investments within the city.
- Charges for services decreased by \$96,387 as a result of fewer business developments within the city.
- Overall expenses and revenues were consistent with prior years.

Business-type Activities

Business-type activities increased the City of Alvin's net assets by \$2,173,103. Key elements of this increase are as follows:

- The Utility-Water & Sewer operations had a net income of \$2,077,739.
- Sanitation had net income of \$5,882.
- EMS had an operating income of \$89,482.

Financial Analysis of the Government's Funds

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

Governmental Funds

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

As of the end of the current fiscal year, the City of Alvin's governmental funds reported combined ending fund balances of \$12.7 million, an increase of \$ 123,741 in comparison with the prior year. Approximately 27 percent of this total amount (\$3.7 million) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed (1) for outstanding encumbrances(\$1,013,503), (2) for street improvements (\$4,046,537), (3) for construction (\$1,095,833) or (4) a variety of other restricted purposes (\$2,836,790).

The general fund is the chief operating fund of the City of Alvin. At the end of the current fiscal year, unreserved and undesignated fund balance of the general fund was \$3.19 million, while the total fund balance was \$5.53 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 25.2 percent of total general fund expenditures.

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

The fund balance of the City of Alvin's general fund increased by \$1,384,772 during the current fiscal year. Key factors are as follows:

- \$3.6 million in transfers and other sources.

The Capital Projects fund and the Sales Tax fund are used to report the construction activities of the City. Ending fund balances in these funds decreased \$1,272,862 to a total of \$5,613,396.

The debt service fund which is included in other governmental funds has a total fund balance of \$319,154, all of which is reserved for the payment of debt service. The net decreased in fund balance during the current fiscal year in the debt service fund was \$27,829. Principal payments made during the year were \$1,034,502 and interest expenditures \$393,634.

Proprietary Funds

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

At the end of the year, unrestricted net assets amounted to \$4.28 million. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Alvin's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were relatively minor (\$48,000 increase in revenues and a \$833,077 increase in appropriations). The difference can be briefly summarized as follows:

- \$334,123 increase in Police budget for fuel costs, public safety software (OSSI), nine Police radar units, new auto fingerprint ID system, digital video cameras for Police vehicles, hardware for OSSI, fiber optic link and infrastructure for OSSI installation, fire alarm system for Police facility, and Police roof repair.
- \$498,954 increase in Fire for Fire truck, hardware and software for OSSI, generator, fuel costs.

Actual revenue in the General Fund exceeded budgeted amounts by \$240,598 due to FEMA Grants. Actual expenditures were less than budgeted amounts primarily due to City Manager, Engineering and the Police Departments less than anticipated.

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Capital Asset and Debt Administration

Capital Assets

The City of Alvin's investment in capital assets for its governmental and business type activities as of September 30, 2008, amounts to \$62.6 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery, equipment, storm drainage, streets and bridges.

Table - 3 - City of Alvin's Capital Assets

	Governmental Activities		Business Type Activities	
	2008	2007	2008	2007
Land	\$ 3,122,123	\$ 3,122,123	\$ 1,441,367	\$ 1,441,367
Buildings	10,749,862	9,379,464	6,162,457	6,162,457
Improvements other than buildings	3,256,847	3,159,592	2,647,487	2,647,487
Infrastructure	29,596,721	29,596,721	37,482,157	37,231,802
Machinery and equipment	10,597,085	8,934,631	1,077,866	1,004,368
Construction in Progress	1,253,426	1,666,996	3,828,963	1,382,609
Total Capital Assets	58,576,064	55,859,527	52,640,297	49,870,090
Less Accumulated Depreciation	(24,627,263)	(22,798,569)	(23,977,975)	(22,717,431)
Total Capital Assets net of Depreciation	\$ 33,948,801	\$ 33,060,958	\$ 28,662,322	\$ 27,152,659

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

Long-term Debt

At the end of the current fiscal year, the City of Alvin had total long-term debt outstanding of \$34.6 million. Of this amount, \$21.1 million comprises bonds and certificates of obligation backed by the full faith and credit of the government and \$2.1 million is future liability for compensated absences. The \$12.0 million of the City of Alvin's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds and long-term contracts).

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

	Governmental Activities		Business Type Activities	
	2008	2007	2008	2007
Bonded Debt	\$ 7,289,657	\$ 7,289,657	\$ 5,997,318	\$ 5,997,318
Certificate of Obligations	3,020,064	3,020,064	4,824,936	4,824,936
Revenue Bonds			12,025,000	12,025,000
Capital Leases	265,107	265,107	13,697	13,697
Compensated Absences	1,069,178	1,069,178	108,702	108,702
Total Long-term Debt	\$ 11,644,006	\$ 11,644,006	\$ 22,969,653	\$ 22,969,653

During the current fiscal year, the city issued \$2,665,000 in certificates of obligation and \$262,467 in capital leases.

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

Standard and Poor's "A"
 Moody's "A2"

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

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Economic Factors and Next Year's Budgets and Rates

The 2008 certified taxable value is \$909.1 million, up 1 percent from the previous year.

The unemployment rate for the City of Alvin area is currently 6.7 percent.

Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City of Alvin's budget for the 2008-2009 fiscal years.

During the current fiscal year, unreserved fund balance in the general fund increased to \$3.2 million. It is intended that this use of available fund balance will avoid the need to raise taxes or charges during the 2009 fiscal year.

Requests for Information

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

Basic Financial Statements

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CITY OF ALVIN, TEXAS
STATEMENT OF NET ASSETS
September 30, 2008

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 9,134,505	\$ 8,666,876	\$ 17,801,381
Investments	3,647,628	550,613	4,198,241
Receivables net of allowance for uncollectibles	1,863,395	1,651,591	3,514,986
Other receivables	58,372	6,686	65,058
Internal balances	21,198	(21,198)	
Due from other governmental agencies	524,729	1,325,670	1,850,399
Inventories	71,847	57,804	129,651
Other assets	54,784		54,784
Deferred charges	218,682	590,566	809,248
Restricted assets:			
Temporarily restricted- cash and cash equivalents		1,684,451	1,684,451
Permanently restricted- cash and cash equivalents	50,000		50,000
Capital Assets:			
Land and improvements not being depreciated	3,122,123	1,441,367	4,563,490
Infrastructure	29,596,721	37,482,157	67,078,878
Buildings	10,749,862	6,162,457	16,912,319
Equipment and furniture	10,597,085	1,077,866	11,674,951
Other capital assets	3,256,847	2,647,487	5,904,334
Construction in progress	1,253,426	3,828,963	5,082,389
Total Capital Assets	<u>58,576,064</u>	<u>52,640,297</u>	<u>111,216,361</u>
Accumulated Depreciation	(24,627,263)	(23,977,975)	(48,605,238)
Total Capital Assets, net of depreciation	<u>33,948,801</u>	<u>28,662,322</u>	<u>62,611,123</u>
Total Assets	<u>49,593,941</u>	<u>43,175,381</u>	<u>92,769,322</u>
Liabilities			
Accounts payable and accrued expenses	944,385	1,549,906	2,494,291
Accrued liabilities	504,914	1,024,426	1,529,340
Unearned Revenues	2,905		2,905
Long-term liabilities:			
Due within one year:			
Bonds	947,837	1,722,163	2,670,000
Capital leases	90,954		90,954
Accrued interest	137,476	331,455	468,931
Compensated absences	644,953	72,468	717,421
Due in more than one year:			
Bonds	9,020,873	21,586,658	30,607,531
Capital leases	301,856		301,856
Compensated absences	528,346	58,810	587,156
Total Liabilities	<u>13,124,499</u>	<u>26,345,886</u>	<u>39,470,385</u>
Net Assets			
Invested in capital assets, net of related debt	24,683,114	10,094,821	34,777,935
Restricted for:			
Perpetual care:			
Expendable	397,040		397,040
Nonexpendable	50,000		50,000
Public safety	198,793		198,793
Debt service	292,180	861,202	1,153,382
Streets, drainage and other projects	4,474,508		4,474,508
Unrestricted	6,373,807	5,873,472	12,247,279
Total Net Assets	<u>\$ 36,469,442</u>	<u>\$ 16,829,495</u>	<u>\$ 53,298,937</u>

See Notes to Financial Statements.

CITY OF ALVIN, TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2008

Functions/Programs	Expenses	Program Revenue	
		Charges for Services	Operating Grants and Contributions
Primary Government			
Governmental Activities:			
General Government	\$ 3,397,176	\$ 22,764	\$ 33,434
Public Safety	5,885,390	745,922	401,408
Engineering and Planning	751,470	328,881	
Public Services	3,697,371		
Community Services	297,019		
Culture, Parks and Recreation	1,827,931	167,642	
Interest on Long-term Debt	320,272		
Total Governmental Activities	16,176,629	1,265,209	434,842
Business-type Activities:			
Utility Fund- Water and Sewer	5,048,607	6,211,760	6,606
Sanitation	3,032,494	1,943,739	1,289,743
EMS	1,015,022	1,204,907	47,418
Total Business-type Activities	9,096,123	9,360,406	1,343,767
Total Primary Government	\$ 25,272,752	\$ 10,625,615	\$ 1,778,609

General Revenues:

Taxes:

Property taxes, levied for general purposes

Property taxes, levied for debt service

Sales taxes

Franchise taxes, hotel taxes, beverage and other taxes

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Miscellaneous

Transfers

Total General Revenues

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

See Notest to Financial Statements.

Net (Expense) Revenue and Changes in Net Assets

Primary Government

Governmental Activities	Business-type Activities	Total
\$ (3,340,978)	\$	\$ (3,340,978)
(4,738,060)		(4,738,060)
(422,589)		(422,589)
(3,697,371)		(3,697,371)
(297,019)		(297,019)
(1,660,289)		(1,660,289)
(320,272)		(320,272)
<u>(14,476,578)</u>		<u>(14,476,578)</u>
	1,169,759	1,169,759
	200,988	200,988
	237,303	237,303
	<u>1,608,050</u>	<u>1,608,050</u>
<u>(14,476,578)</u>	<u>1,608,050</u>	<u>(12,868,528)</u>
5,724,277		5,724,277
1,411,223		1,411,223
5,754,038		5,754,038
1,332,828		1,332,828
144,691	120,019	264,710
483,412	265,878	749,290
121,128	168,707	289,835
(10,449)	10,449	
<u>14,961,148</u>	<u>565,053</u>	<u>15,526,201</u>
484,570	2,173,103	2,657,673
35,984,872	14,656,392	50,641,264
<u>\$ 36,469,442</u>	<u>\$ 16,829,495</u>	<u>\$ 53,298,937</u>

CITY OF ALVIN, TEXAS
BALANCE SHEET-GOVERNMENTAL FUNDS
September 30, 2008

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General	Debt Service	Bond Capital Projects	Sales Tax		
Assets						
Cash and cash equivalents	\$ 3,011,685	\$ 299,462	\$ 2,585,619	\$ 1,383,209	\$ 1,237,163	\$ 8,517,138
Investments	2,671,834	20,038	694,457	696,765		4,083,094
Receivables:						
Delinquent property taxes	561,964	145,115				707,079
Allowance for uncollectible taxes	(120,107)	(34,613)				(154,720)
Sales taxes	293,022			585,868		878,890
Accrued interest				7,793		7,793
Other	434,601	3	10,814		37,165	482,583
Prepaid items	54,784					54,784
Due from other governments	380,038			144,691		524,729
Due from other funds	12,240		24,238			36,478
Inventories - at cost	587					587
Restricted cash					50,000	50,000
Total Assets	\$ 7,300,648	\$ 430,005	\$ 3,315,128	\$ 2,818,326	\$ 1,324,328	\$ 15,188,435
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ 362,960	\$ 350	\$ 514,359	\$ 5,699	\$ 1,608	\$ 884,976
Accrued payroll	437,480					437,480
Deferred revenue	444,762	110,501				555,263
Due to others	55,983				1,576	57,559
Due to other funds	468,824					468,824
Total Liabilities	1,770,009	110,851	514,359	5,699	3,184	2,404,102
Fund Balances:						
Reserved for:						
Encumbrances	538,441		451,782	19,244	4,036	1,013,503
Inventories	587					587
Prepaid expenditures	54,784					54,784
Debt service	415,428	319,154				734,582
Public Safety	76,946				189,160	266,106
Street improvements			1,253,154	2,793,383		4,046,537
Construction			1,095,833			1,095,833
Other Public Service Projects					577,687	577,687
Perpetual care					50,000	50,000
Unreserved:						
Designated for:						
Compensated Absences	1,153,044					1,153,044
Network Improvements	96,385					96,385
Unreserved and Undesignated:						
General fund	3,195,024					3,195,024
Special revenue funds					103,221	103,221
Permanent fund					397,040	397,040
Total Fund Balances	5,530,639	319,154	2,800,769	2,812,627	1,321,144	12,784,333
Total Liabilities and Fund Balances	\$ 7,300,648	\$ 430,005	\$ 3,315,128	\$ 2,818,326	\$ 1,324,328	\$ 15,188,435

See Notes to Financial Statements.

CITY OF ALVIN, TEXAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS

September 30, 2008

Total Fund Balance, Governmental Funds \$ 12,784,333

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

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

Capital Assets total	\$ 55,402,628	
Accumulated Depreciation	<u>(22,667,835)</u>	
Net assets adjustment to increase governmental fund balance to reconcile to government-wide net assets	<u>\$ 32,734,793</u>	32,734,793

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

1,831,215

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

General obligation bonds payable	\$ 9,968,710	
Capital leases	392,810	
Compensated absences	<u>1,153,044</u>	

Net adjustment to reduce fund balance-total government funds to arrive at net assets-governmental activities	<u>\$ 11,514,564</u>	(11,514,564)
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Accrued interest on debt is not included in Fund Financial Statements		(137,376)
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Deferred revenues not recognized in the Statement of Net Assets		552,359
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Unamortized bond issuance costs, premiums and losses on refunding bonds, in Statement of Net Assets not in Fund Financials		<u>218,682</u>
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Net Assets of Governmental Activities in the Statement of Net Assets		<u><u>\$ 36,469,442</u></u>
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See Notes to Financial Statements.

CITY OF ALVIN, TEXAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-

GOVERNMENTAL FUNDS

For the Year Ended September 30, 2008

	Major Funds					Total Governmental Funds
	General	Debt Service	Bond Capital Projects	Sales Tax Capital Projects	Other Governmental Funds	
Revenues						
Property taxes and penalties	\$ 5,782,713	\$1,424,826	\$	\$	\$	\$ 7,207,539
Grant Proceeds						
Sales taxes	1,846,592			3,691,889		5,538,481
Franchise fees and taxes	1,307,515					1,307,515
Hotel/motel tax					215,557	215,557
Other taxes	25,313					25,313
Licenses and permits	316,854					316,854
Fines and forfeitures	455,554					455,554
Intergovernmental revenues	381,789			144,691	3,836	530,316
Interest	227,215	1,097	136,058	36,164	39,236	439,770
Other revenues	549,035				105,784	654,819
Total Revenues	<u>10,892,580</u>	<u>1,425,923</u>	<u>136,058</u>	<u>3,872,744</u>	<u>364,413</u>	<u>16,691,718</u>
Expenditures						
Current:						
General government	3,261,079				8,274	3,269,353
Public safety	5,692,736				30,467	5,723,203
Engineering and planning	712,129					712,129
Public services	1,704,475			273,079		1,977,554
Community services					186,487	186,487
Culture, parks and recreation	1,005,387				23,050	1,028,437
Library	96,200				16,861	113,061
Capital Outlay	503,202		2,007,303	10,000		2,520,505
Debt Service:						
Principal retirement	101,309	1,034,502			27,280	1,163,091
Interest and fiscal charges	9,793	393,634			7,151	410,578
Other		25,616				25,616
Total Expenditures	<u>13,086,310</u>	<u>1,453,752</u>	<u>2,007,303</u>	<u>283,079</u>	<u>299,570</u>	<u>17,130,014</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,193,730)</u>	<u>(27,829)</u>	<u>(1,871,245)</u>	<u>3,589,665</u>	<u>64,843</u>	<u>(438,296)</u>
Other Financing Sources (Uses):						
Issuance of debt	937,467					937,467
Transfers in	3,250,099		173,667			3,423,766
Transfers out	(609,064)		(771,746)	(2,393,203)	(25,183)	(3,799,196)
Total Other Financing Sources (Uses)	<u>3,578,502</u>		<u>(598,079)</u>	<u>(2,393,203)</u>	<u>(25,183)</u>	<u>562,037</u>
Net change in Fund Balances	<u>1,384,772</u>	<u>(27,829)</u>	<u>(2,469,324)</u>	<u>1,196,462</u>	<u>39,660</u>	<u>123,741</u>
Fund Balances - Beginning	<u>4,145,867</u>	<u>346,983</u>	<u>5,270,093</u>	<u>1,616,165</u>	<u>1,281,484</u>	<u>12,660,592</u>
Fund Balances - Ending	<u>\$ 5,530,639</u>	<u>\$ 319,154</u>	<u>\$ 2,800,769</u>	<u>\$ 2,812,627</u>	<u>\$ 1,321,144</u>	<u>\$ 12,784,333</u>

See Notes to Financial Statements.

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, 2008

Net Change in Fund Balances - Total Governmental Funds: \$ 123,741

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

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

Capital expenditures moved to Capital Outlays	\$ 2,300,616	
Depreciation expense recorded for the year	<u>(1,605,118)</u>	
Net adjustment to increase net changes in governmental fund balance to arrive at changes in net assets of governmental activities	<u>\$ 695,498</u>	695,498

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

Property taxes net adjustment to the accrual basis		(63,712)
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Internal service funds are used by management to charge the cost of certain activities to individual funds. The net revenue (expense) is reported with governmental activities. (396,561)

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

Principal payments on long-term debt	\$ 1,028,327	
Lease principal payments	<u>134,764</u>	
Net adjustment added back to governmental fund balance to arrive at changes in net assets of governmental activities	<u>\$ 1,163,091</u>	1,163,091

Proceeds from bonds issued increase long term liabilities in the Statement of Net Assets but are considered other sources in the Fund Financial Statements (937,467)

Issuance costs, refunding losses and change due to refunding bonds are recorded in the Statement of Net Assets but for Fund Financials the amounts are recorded as other sources and uses 36,587

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

Book value of disposed assets		
Change in accrued interest not reflected on Governmental funds		6,644
Compensated absences		(104,839)
Amortization of issuance cost, premiums and refunding losses not recorded in Fund Financial Statements but recorded in the Statement of Activities		<u>(38,412)</u>

Change in Net Assets of Governmental Activities \$ 484,570

See Notes to Financial Statements.

CITY OF ALVIN, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
September 30, 2008

Business-type Activities - Enterprise Funds

	Water and Sewer	Sanitation	Emergency Medical Services	Totals
Assets				
Current Assets:				
Cash and cash equivalents	\$ 8,415,686	\$ 371,446	\$ 129,744	\$ 8,916,876
Investments	520	300,093		300,613
Accounts receivable	770,251	261,668	1,974,378	3,006,297
Allowance for uncollectible accounts	(29,552)	(15,544)	(1,379,135)	(1,424,231)
Other receivables			69,525	69,525
Due from other governments	6,606	1,287,646	31,418	1,325,670
Accrued interest receivable	3,107	3,579		6,686
Due from other funds	3,000			3,000
Inventory	57,804			57,804
Total Current Assets	9,227,422	2,208,888	825,930	12,262,240
Non-current Assets:				
Restricted Assets:				
Construction	722,764			722,764
Current portion of revenue bonds	861,202			861,202
Customer deposits	100,485			100,485
Total Restricted Assets	1,684,451			1,684,451
Prepaid expenses				
Deferred charges	587,074	3,492		590,566
Capital Assets:				
Land	937,829	503,538		1,441,367
Buildings	5,523,533	80,501	558,423	6,162,457
Improvements		2,610,608	36,879	2,647,487
Infrastructure	37,466,815	15,342		37,482,157
Equipment	886,069		191,797	1,077,866
Construction in progress	3,828,963			3,828,963
	48,643,209	3,209,989	787,099	52,640,297
Less allowance for depreciation	(22,067,497)	(1,475,264)	(435,214)	(23,977,975)
	26,575,712	1,734,725	351,885	28,662,322
Total Non-current Assets	28,847,237	1,738,217	351,885	30,937,339
Total Assets	\$ 38,074,659	\$ 3,947,105	\$ 1,177,815	\$ 43,199,579

See Notes to Financial Statements.

CITY OF ALVIN, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
September 30, 2008

Business-type Activities - Enterprise Funds

	Water and Sewer	Sanitation	Emergency Medical Services	Totals
Liabilities and Net Assets				
Current Liabilities:				
Accounts payable	\$ 181,246	\$ 1,350,621	\$ 20,487	\$ 1,552,354
Compensated absences	53,465		19,003	72,468
Accrued salaries payable	53,485	351	26,492	80,328
Accrued expenses payable	8,558	8,959	3,843	21,360
Accrued interest payable	331,421	2,299		333,720
Bonds and notes - current	1,386,245	15,918		1,402,163
Revenue bonds payable-current	320,000			320,000
Due to other funds	24,198			24,198
Total Current Liabilities	<u>2,358,618</u>	<u>1,378,148</u>	<u>69,825</u>	<u>3,806,591</u>
NonCurrent Liabilities:				
Compensated absences	49,487		9,323	58,810
Customer deposits	918,025			918,025
Bonds payable	9,882,139	209,519		10,091,658
Revenue bonds payable	11,495,000			11,495,000
Total Long-term Liabilities	<u>22,344,651</u>	<u>209,519</u>	<u>9,323</u>	<u>22,563,493</u>
Total Liabilities	<u>24,703,269</u>	<u>1,587,667</u>	<u>79,148</u>	<u>26,370,084</u>
Net Assets:				
Invested in capital assets, net of related debt	8,233,648	1,509,288	351,885	10,094,821
Restricted for debt service	861,202			861,202
Unrestricted net assets	4,276,540	850,150	746,782	5,873,472
Total Net Assets	<u>13,371,390</u>	<u>2,359,438</u>	<u>1,098,667</u>	<u>16,829,495</u>
Total Liabilities and Net Assets	<u>\$ 38,074,659</u>	<u>\$ 3,947,105</u>	<u>\$ 1,177,815</u>	<u>\$ 43,199,579</u>

See Notes to Financial Statements.

Governmental Activities -	
Internal Service Funds	
\$	60,952
	20,255
	8,433
	<u>11,444</u>
	<u>101,084</u>
	<u>101,084</u>
	1,021,567
	<u>809,648</u>
	<u>1,831,215</u>
\$	<u>1,932,299</u>

CITY OF ALVIN, TEXAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS

For the Year Ended September 30, 2008

	Business-type Activities - Enterprise Funds			
	Water and Sewer	Sanitation	Emergency Medical Services	Totals
Operating Revenues				
Water and sewer service	\$ 6,507,092	\$	\$	\$ 6,507,092
Sanitation service		1,945,836		1,945,836
Emergency medical service			1,220,907	1,220,907
Charges for services				
Total Operating Revenues	<u>6,507,092</u>	<u>1,945,836</u>	<u>1,220,907</u>	<u>9,673,835</u>
Operating Expenses				
Personnel services	1,200,068	17,575	677,192	1,894,835
Supplies	446,060	298	124,385	570,743
Contractual services	1,127,032	2,936,266	179,892	4,243,190
Insurance	234,775			234,775
Depreciation	1,158,780	68,212	33,553	1,260,545
Total Operating Expenses	<u>4,166,715</u>	<u>3,022,351</u>	<u>1,015,022</u>	<u>8,204,088</u>
Operating Income	<u>2,340,377</u>	<u>(1,076,515)</u>	<u>205,885</u>	<u>1,469,747</u>
Non-Operating Revenues (Expenses)				
Interest revenues	243,764	14,114	8,000	265,878
Interest expense - debt service	(881,892)	(10,143)		(892,035)
Grant proceeds		1,287,646	31,418	1,319,064
Insurance proceeds				
Total Non-operating Revenues (Expenses)	<u>(638,128)</u>	<u>1,291,617</u>	<u>39,418</u>	<u>692,907</u>
Net Income (Loss) Before Transfers	<u>1,702,249</u>	<u>215,102</u>	<u>245,303</u>	<u>2,162,654</u>
Contributions of Capital Assets and Transfers In (Out)				
Transfers in	871,746			871,746
Transfers out	(496,256)	(209,220)	(155,821)	(861,297)
Total Transfers	<u>375,490</u>	<u>(209,220)</u>	<u>(155,821)</u>	<u>10,449</u>
Net Income (Loss)	<u>2,077,739</u>	<u>5,882</u>	<u>89,482</u>	<u>2,173,103</u>
Net Assets - Beginning	<u>11,293,651</u>	<u>2,353,556</u>	<u>1,009,185</u>	<u>14,656,392</u>
Net Assets - Ending	<u>\$ 13,371,390</u>	<u>\$ 2,359,438</u>	<u>\$ 1,098,667</u>	<u>\$ 16,829,495</u>

See Notes to Financial Statements.

**Governmental
Activities -
Internal
Service
Funds**

\$

251
251

196,890
141,452
160,552
314,716
813,610
(813,359)

43,642
8,175
51,817
(761,542)

897,300
(532,319)
364,981
(396,561)
2,227,776

\$ 1,831,215

CITY OF ALVIN, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2008

	Business-type Activities - Enterprise Funds			
	Water and Sewer	Sanitation	Emergency Medical Services	Totals
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 6,438,945	\$ 1,986,232	\$ 1,035,732	\$ 9,460,909
Receipts from interfund services provided				
Payments to suppliers	(1,729,675)	(1,721,713)	(291,567)	(3,742,955)
Payments to employees	(1,158,786)	(17,224)	(671,378)	(1,847,388)
Net Cash Provided (Used) by Operating Activities	3,550,484	247,295	72,787	3,870,566
Cash Flows from Non-capital Financing Activities				
Transfers from other funds	871,746			871,746
Advances from/to other funds				
Transfers to other funds	(496,256)	(209,220)	(155,821)	(861,297)
Net Cash Provided (Used) by Non-capital Financing Activities	375,490	(209,220)	(155,821)	10,449
Cash Flows from Capital and Related Financing Activities				
Acquisition and construction of capital assets	(2,746,984)		(23,220)	(2,770,204)
Principal payments on long-term debt	462,683	(13,870)	(943)	447,870
Interest payments on long-term debt	(940,233)	(9,561)		(949,794)
Insurance proceeds				
Net Cash (Used) by Capital and Related Financing Activities	(3,224,534)	(23,431)	(24,163)	(3,272,128)
Cash Flows from Investing Activities				
Proceeds from sale of investments				
Purchase of investments	249,798	(50,101)		199,697
Interest on investments	246,080	10,633	8,000	264,713
Net Cash Provided (Used) by Investing Activities	495,878	(39,468)	8,000	464,410
Net Increase in Cash and Cash Equivalents	1,197,318	(24,824)	(99,197)	1,073,297
Cash and cash equivalents, beginning of year	8,902,819	396,270	228,941	9,528,030
Cash and Cash Equivalents, End of Year	\$ 10,100,137	\$ 371,446	\$ 129,744	\$ 10,601,327
Cash and Cash Equivalents, End of Year:				
Unrestricted cash	\$ 8,415,686	\$ 371,446	\$ 129,744	\$ 8,916,876
Restricted cash	1,684,451			1,684,451
	\$ 10,100,137	\$ 371,446	\$ 129,744	\$ 10,601,327

See Notes to Financial Statements.

**Governmental
Activities -
Internal
Service
Funds**

\$
109
(265,385)
(197,608)

(462,884)

439,437
(528,000)

(88,563)

(507,157)

8,175

(498,982)

300,045

51,209
351,254

(699,175)

881,076
\$ 181,901

\$ 181,901

\$ 181,901

CITY OF ALVIN, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2008

	Business-type Activities - Enterprise Funds			
	Water and Sewer	Sanitation	Emergency Medical Services	Totals
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Cash Flows from Operating Activities				
Operating income	\$ 2,340,377	\$ (1,076,515)	\$ 205,885	\$ 1,469,747
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation and amortization	1,158,780	68,212	33,553	1,260,545
Changes in Assets and Liabilities:				
(Increase) Decrease in accounts receivable	(108,575)	42,271	(173,713)	(240,017)
(Increase) Decrease in other receivables	404		(11,462)	(11,058)
(Increase) Decrease in due from other governments	(6,606)			(6,606)
(Increase) Decrease in due from other funds				
(Increase) Decrease in inventories	(16,342)			(16,342)
(Increase) Decrease in prepaids	5,477			5,477
Increase (Decrease) in accounts payable	83,377	1,215,730	11,385	1,310,492
Increase (Decrease) in compensated absences	22,754		(178)	22,576
Increase (Decrease) in accrued salaries	18,528	351	5,992	24,871
Increase (Decrease) in accrued liabilities	5,680	(879)	1,325	6,126
Increase (Decrease) in customer deposits	46,630	(1,875)		44,755
Net Cash Provided (Used) by Operating Activities	\$ 3,550,484	\$ 247,295	\$ 72,787	\$ 3,870,566

See Notes to Financial Statements.

**Governmental
Activities -
Internal
Service
Funds**

\$ (813,359)

314,716

(142)

(17,400)

53,272
(718)

747

\$ (462,884)

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CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

The City of Alvin (the "City") was incorporated on July 25, 1893, and adopted the "Home Rule Charter" on February 23, 1963, pursuant to the laws of the State of Texas. The City operates under a "Council-Manager" form of government and provides services authorized by its charter. Presently, these services include police and fire protection, drainage, building and code inspection, planning, engineering, street repair and maintenance, park maintenance, recreational activities for citizens and general administrative services.

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

A. Reporting Entity

The City is an independent political subdivision of the State of Texas, governed by a Mayor and an elected seven member council, and is considered a primary government. As required by generally accepted accounting principles, the basic financial statements have been prepared, based on considerations regarding the potential for inclusion of other entities, organizations or functions, as part of the City's financial reporting entity. No other entities, organizations or functions have been included in the City's financial reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

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

CITY OF ALVIN, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

B. Government-wide and Fund Financial Statements

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues, for water and sewer fund, sanitation and EMS are charges to customers for sales and services. The Internal Service Fund charges the various departments of the City for services. Operating expenses for the enterprise funds and the internal service funds include costs of sales and services, administrative expenses and depreciation on capital assets in providing the sales and services to the customers. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting

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

Fund financial statements of the City are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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

D. Fund Financial Statement Presentation

The government reports the following major governmental funds:

General Fund

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

Bond Capital Projects Fund

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

Sales Tax - Capital Projects Fund

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

CITY OF ALVIN, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

D. Fund Financial Statement Presentation (Continued)

Debt Service Fund

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

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

Special Revenue Funds

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

Permanent Fund

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

The government reports the following major proprietary funds:

Utility Fund – Water and Sewer Fund

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

Sanitation Fund

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

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

Emergency Medical Services

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

Additionally, the City also reports the following fund types:

Internal Service Funds

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

CITY OF ALVIN, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

E. Budgets

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

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

E. Budgets (Continued)

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

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

9. Appropriations lapse at year end.

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

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

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

For the year ended September 30, 2008, expenditures exceeded appropriations in the following departments of the general fund.

Seniors Center	\$2,901
----------------	---------

Encumbrance accounting is utilized in all governmental fund types. Any encumbered appropriation lapse at year end must be re-appropriated in the following year. Encumbrances for materials, other goods and purchased services are documented by purchase orders or contracts. Encumbrances outstanding at year-end do not constitute expenditures or liabilities under GAAP. The City honors these commitments and records GAAP expenditures in the subsequent year as the transactions are completed. At year-end, the City reserved a portion of fund balance for outstanding encumbrances of \$538,441 in the General Fund, \$451,782 in the Capital Projects Fund, \$1,500 in the Library Fund, \$2,536 in the Special Investigation Fund, and \$19,244 in the Sales Tax Fund.

CITY OF ALVIN, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

F. Cash and Temporary Investments

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

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

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

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

G. Cash and Cash Equivalents

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

H. Receivables

In the propriety funds, the City records certain revenues billed to other governmental agencies, residents and others on a monthly basis. Adjustments to revenue are made for uncollectible accounts as determined by management. At September 30, 2008, an allowance of \$1,424,231 was provided for possible adjustments for uncollectible accounts.

I. Interfund Receivables and Payables

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

CITY OF ALVIN, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

J. Inventories and Prepaid Items

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

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.

K. Fund Equity

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

L. Compensated Absences

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

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

M. Use of Estimates

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

N. Comparative Data

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

O. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure items, are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Infrastructure is not held to the \$5,000 limit; all infrastructure is capitalized regardless of cost. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Interest cost on governmental activities construction projects are not capitalized.

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	40
Vehicles	5
Infrastructure	50
Equipment	10
Water and sewer system	40
Sanitation system - Disposal Plant	20

P. Long-term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Q. Indirect Expense Allocations

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

R. Restricted Resources

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

S. Tax Administration

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

T. Interfund Transactions

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

Note 2 - Cash and Temporary Investments

Cash and Cash Equivalents

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

At September 30, 2008, the City cash balances were primarily held by one local financial institution and by the Texas Treasury Safekeeping Trust Company (TexPool) administered by the Texas State Treasurer.

CITY OF ALVIN, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

Note 2 - Cash and Temporary Investments (Continued)

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's deposit policy requires collateral pledged for all bank deposits at 100% of deposits not covered by federal depository insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and school districts. Collateral pledged to cover the City's deposits is required to be held in the City's name by the trust department of a bank other than the pledging bank (the "City's agent").

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

The City's deposits at year-end were entirely covered by federal depository insurance or by acceptable pledged collateral held by the City's agent in the City's name in accordance to state law. As of September 30, 2008, none of the City's deposits were exposed to custodial credit risk.

Investments

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

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

Credit Risk

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)

Note 2 - Cash and Temporary Investments (Continued)

Deposits and Investment Accounts

At year-end the City recorded cash on hand, demand deposits, certificates of deposit, balances in privately managed public funds investment pools, money market mutual funds and investments stated at fair value of \$23.7 million.

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

	<u>Cash and Cash Equivalents</u>					Investment Securities	Total Cash and Investments
	Cash Bank Deposits	Public Funds Investment Pools	Money Market	Total			
General	\$ (2,450,838)	\$ 5,859,577	\$ 18,374	\$ 3,427,113	\$ 2,256,406	\$ 5,683,519	
Debt Service	299,462	20,038		319,500		319,500	
Capital Projects	1,013,782	1,571,837		2,585,619	694,457	3,280,076	
Sales Tax Capital Projects	564,100	819,109		1,383,209	696,765	2,079,974	
Special Revenue Funds	67,564	772,559		840,123		840,123	
Permanent Funds	(26,024)	473,064		447,040		447,040	
Total Governmental Funds	<u>(531,954)</u>	<u>9,516,184</u>	<u>18,374</u>	<u>9,002,604</u>	<u>3,647,628</u>	<u>12,650,232</u>	
Internal Service Funds	(588,132)	770,033		181,901		181,901	
Total Governmental Activities	<u>(1,120,086)</u>	<u>10,286,217</u>	<u>18,374</u>	<u>9,184,505</u>	<u>3,647,628</u>	<u>12,832,133</u>	
Enterprise	3,128,280	7,223,047		10,351,327	550,613	10,901,940	
Total	<u>\$ 2,008,194</u>	<u>\$ 17,509,264</u>	<u>\$ 18,374</u>	<u>\$ 19,535,832</u>	<u>\$ 4,198,241</u>	<u>\$ 23,734,073</u>	

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

Interest Income	\$ 755,455
Net Increase (Decrease) in Fair Value of Investments	<u>(6,165)</u>
Total Investment Income	<u>\$ 749,290</u>

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

Investment Type	Rating	Fair Value	Investment Maturity (in years)		Percentage
			less than 1	1-5	
Public funds investment pools	AAAm	\$ 17,509,264	\$ 17,509,264	\$	81%
Federal Farm Credit Bank	AAA	1,094,877		1,094,877	5%
Federal Home Loan Bank Bonds	AAA	198,906		198,906	1%
Federal Home Loan Mortgage Corp	AAA	550,613		550,613	3%
ICT	AAAm	2,256,406		2,256,406	10%
Certificate of Deposit	Not Rated	97,439	97,439		1%
		<u>\$ 21,707,505</u>	<u>\$ 17,606,703</u>	<u>\$ 4,100,802</u>	<u>100%</u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)

Note 2 - Cash and Temporary Investments (Continued)

Interest Rate Risk

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

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

Note 3 - Property Taxes

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

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

The City is permitted, by Article XI, Section 5, of the State of Texas Constitution and the City Charter, to levy property taxes up to \$2.50 per \$100 of assessed valuation for general governmental services. Within the \$2.50 maximum levy, there is no legal limit upon the amount of property taxes which can be levied for debt service. The property tax rates, to finance general governmental services and debt service for the 2006-07 fiscal year, were \$.6440 and \$.1596, respectively, per \$100 of assessed valuation. The 2007 assessed value and total tax levy, as adjusted through September 30, 2008, were \$894.5 million and \$7.2 million, respectively.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)

Note 3 - Property Taxes (Continued)

Property taxes and allowance for un-collectibles as of September 30, 2008, are as follows:

	General Fund	Debt Service Fund	Total
Property Taxes	\$ 350,700	\$ 87,616	\$ 438,316
Penalties and interest on delinquent taxes	211,264	57,499	268,763
Total Property Taxes Receivable	<u>561,964</u>	<u>145,115</u>	<u>707,079</u>
Allowance for Doubtful Accounts:			
Property Taxes	(51,826)	(14,723)	(66,549)
Penalties and interest on delinquent taxes	(68,281)	(19,890)	(88,171)
	<u>(120,107)</u>	<u>(34,613)</u>	<u>(154,720)</u>
 Net Taxes Receivable	 <u>\$ 441,857</u>	 <u>\$ 110,502</u>	 <u>\$ 552,359</u>

Note 4 - Receivables

The following is a break-down of the September 30, 2008, receivables reported in the government-wide statements:

	Governmental Activities	Business-type Activities			Total
		Water and Sewer	Sanitation	EMS	
Receivables					
Property taxes - General revenue	\$ 350,700	\$	\$	\$	\$
Property taxes - Debt Service	87,616				
Penalty and interest on taxes - General revenue	211,264				
Penalty and interest on taxes - Debt Service	57,499				
Customers	79,216	770,251	261,668	1,974,378	3,006,297
Subscriptions				69,525	69,525
Sales taxes	878,890				
Franchise fees	352,785				
Hotel occupancy taxes	37,165				
Miscellaneous	21,352	3,107	3,579		6,686
Gross Receivables	<u>2,076,487</u>	<u>773,358</u>	<u>265,247</u>	<u>2,043,903</u>	<u>3,082,508</u>
Less allowance for doubtful accounts	(154,720)	(29,552)	(15,544)	(1,379,135)	(1,424,231)
 Net Total Receivables	 <u>\$ 1,921,767</u>	 <u>\$ 743,806</u>	 <u>\$ 249,703</u>	 <u>\$ 664,768</u>	 <u>\$ 1,658,277</u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)

Note 5 - Deferred Revenues

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

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

General Fund	
Net property taxes receivable	\$ 298,874
Net penalty and interest on delinquent taxes	142,984
Unearned revenue	<u>2,904</u>
Total General Fund	<u>444,762</u>
Debt Service Fund	
Net property taxes receivable	\$ 72,892
Net penalty and interest on delinquent taxes	<u>37,609</u>
Total Debt Service Fund	<u>110,501</u>
Total Deferred Revenue	<u>\$ 555,263</u>

Note 6 - Capital Assets

Capital Assets activity for the year ended September 30, 2008 was as follows:

	<u>Balance September 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance September 30, 2008</u>
Governmental activities					
Capital assets, not being depreciated:					
Land	\$ 3,122,123	\$	\$	\$	\$ 3,122,123
Construction in progress	1,666,996	956,828		(1,370,398)	1,253,426
Total capital assets, not being depreciated	<u>4,789,119</u>	<u>956,828</u>		<u>(1,370,398)</u>	<u>4,375,549</u>
Capital assets being depreciated:					
Buildings *	9,379,464			1,370,398	10,749,862
Improvements other than buildings	3,159,592	71,279			3,256,847
Infrastructure	29,596,721				29,596,721
Machinery and equipment *	8,934,631	1,753,592	(91,138)		10,597,085
Total capital assets being depreciated	<u>51,070,408</u>	<u>1,824,871</u>	<u>(91,138)</u>	<u>1,370,398</u>	<u>54,200,515</u>
Less accumulated depreciation for:					
Buildings *	(4,807,067)	(404,991)			(5,212,058)
Improvements other than buildings	(1,265,717)	(170,395)			(1,436,112)
Infrastructure	(10,516,019)	(685,991)			(11,202,010)
Machinery and equipment *	(6,209,766)	(658,455)	91,138		(6,777,083)
Total accumulated depreciation	<u>(22,798,569)</u>	<u>(1,919,832)</u>	<u>91,138</u>		<u>(24,627,263)</u>
Total capital assets being depreciated, net	<u>28,271,839</u>	<u>(94,961)</u>		<u>1,370,398</u>	<u>29,573,252</u>
Governmental activities capital assets, net	<u>\$ 33,060,958</u>	<u>\$ 861,867</u>	<u>\$</u>	<u>\$</u>	<u>\$ 33,948,801</u>

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)

Note 6 - Capital Assets (Continued)

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

	Balance September 30, 2008
Building	\$ 7,754
Equipment	3,165,682
Accumulated Depreciation	(1,959,428)
	<u>\$ 1,214,008</u>

	Balance September 30, 2007	Additions	Deletions	Transfers	Balance September 30, 2008
Business-type activities:					
Capital assets, not being depreciated					
Land	\$ 1,441,367	\$	\$	\$	\$ 1,441,367
Construction in progress	1,382,609	2,696,709		(250,355)	3,828,963
Total capital assets, not being depreciated	<u>2,823,976</u>	<u>2,696,709</u>		<u>(250,355)</u>	<u>5,270,330</u>
Capital assets being depreciated:					
Buildings	6,162,457				6,162,457
Improvements other than buildings	2,647,487				2,647,487
Infrastructure	37,231,802			250,355	37,482,157
Machinery and equipment	1,004,368	73,498			1,077,866
Total capital assets being depreciated	<u>47,046,114</u>	<u>73,498</u>		<u>250,355</u>	<u>47,369,967</u>
Less accumulated depreciation for:					
Buildings	(3,125,606)	(155,167)			(3,280,773)
Improvements other than buildings	(1,374,464)	(67,534)			(1,441,998)
Infrastructure	(17,628,240)	(949,517)			(18,577,756)
Machinery and equipment	(589,121)	(88,327)			(677,448)
Total accumulated depreciation	<u>(22,717,431)</u>	<u>(1,260,545)</u>			<u>(23,977,975)</u>
Total capital assets being depreciated, net	<u>24,328,683</u>	<u>(1,187,047)</u>		<u>250,355</u>	<u>23,391,992</u>
Business activities capital assets, net	<u>\$ 27,152,659</u>	<u>\$ 1,509,662</u>	<u>\$</u>	<u>\$</u>	<u>\$ 28,662,322</u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)

Note 6 - Capital Assets (Continued)

Depreciation expense charged to functions/programs as follows:

Governmental Activities Depreciation Expense by Function	
General Government	\$ 80,107
Public Safety	398,439
Engineering and Planning	6,445
Public Services	785,581
Community Services	283,837
Culture, Parks and Recreation	50,707
Central Shop	2,019
Vehicle Replacement	312,697
	<u>\$ 1,919,832</u>
Business-type Activities Depreciation Expense	
Water and Sewer	\$ 1,158,779
Sanitation	68,212
EMS	33,553
	<u>\$ 1,260,544</u>

The City has active construction projects as of September 30, 2008. The projects include street construction, parks projects, additional water and waste water treatment facilities. At year end the City's construction in progress and commitments were as follows:

Governmental Activities	Authorized Contract	Contract Expenditures	Remaining Commitment
Depot Restoration	\$ 161,400	\$ 25,542	\$ 135,858
FM 528 Extension	2,084,874	730,511	1,354,363
Hike and Bike Trail	529,492	27,943	501,549
South Bend Project	90,000	21,396	68,604
Bob Briscoe Park Improvements	967,000	448,034	518,966
	<u>\$ 3,832,766</u>	<u>\$ 1,253,426</u>	<u>\$ 2,579,340</u>

Business-type Activities	Authorized Contract	Contract Expenditures	Remaining Commitment
Small Diameter Lines	\$ 253,383	\$ 253,383	\$
I & I Reduction Program Construction (TWDB)	2,465,971	1,511,734	954,237
I & I Reduction Program Construction (2006 CO)	400,000	2,943	397,057
WWTP Upgrade 215	865,889	306,835	559,054
Wastewater Treatment Plant Upgrade	1,700,000		1,700,000
Sewer Lines	75,000	67,431	7,569
Northside Elevated Storage Tank	1,987,650	1,686,637	301,013
Sidnor Street Waterline	175,000		175,000
	<u>\$ 7,922,893</u>	<u>\$ 3,828,963</u>	<u>\$ 4,093,930</u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)

Note 7 - Long-Term Debt

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

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

During the current fiscal year, certificates of obligation totaling \$2,665,000 were issued to finance the construction of facilities and the acquisition of equipment.

General obligation bonds currently outstanding are as follows:

Issue	Interest Rates	Original Issue	Maturity Date	Balance September 30, 2008
General Long-Term Debt:				
General obligation bonds:				
Series 1998	4.15 to 4.50%	\$ 529,119	2013	\$ 190,976
Series 2000	4.7 to 5.1%	725,000	2011	255,000
Series 2002	4.1 to 6.1%	3,150,000	2022	2,895,000
Series 2002A Refunding	3.0 to 4.0%	2,806,265	2014	990,319
Series 2003 Refunding	4.15 to 5.60%	1,349,595	2015	1,307,475
Certificate of Obligation:				
Series 2003	1.05 to 3.75%	319,176	2014	212,783
Series 2006 A	4.00 to 4.10%	1,475,000	2021	1,400,000
Series 2006 C	4.00 to 4.10%	1,305,000	2021	1,240,000
Series 2008 A	3.89%	675,000	2024	675,000
Tax Notes				
Series 2005	3.00 to 3.75%	338,550	2012	148,200
Series 2007	3.99%	835,000	2014	730,000
Governmental activities Bonded Debt				\$ 10,044,753

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)

Note 7 - Long-Term Debt (Continued)

Issue	Interest Rates	Original Issue	Maturity Date	Balance September 30, 2008
Business Activity				
General Obligation Bonds:				
Series 1998	4.15 to 4.50%	3,335,881	2013	\$ 1,204,025
Series 2002A Refunding	3.0 to 4.0%	3,668,735	2014	1,294,681
Series 2002B Refunding	4.0%	720,000	2009	135,000
Series 2003 Refunding	4.15 to 5.60%	2,495,405	2015	2,417,525
 Certificates of obligation:				
Series 2003	4.15 to 5.60%	850,824	2015	567,217
Series 2006	4.00 to 4.10%	4,185,000	2015	4,185,000
Series 2008 B	4.00%	1,990,000	2028	1,990,000
Tax Notes, Series 2005	3.00 to 3.75%	271,450	2012	41,800
Total Business-type Bonded Debt				\$ 11,835,248

Annual Requirements

The annual requirements to amortize all long-term debt outstanding as of September 30, 2008, are as follows:

Fiscal Year Ending	Governmental Activities Long-Term Bonded Debt			Business-Type Activities Long-Term Bonded Debt		
	Principal	Interest	Totals	Principal	Interest	Totals
2009	\$ 947,837	\$ 387,959	\$ 1,335,796	\$ 1,402,163	\$ 422,221	\$ 1,824,384
2010	882,388	353,217	1,235,605	891,614	383,841	1,275,455
2011	903,323	317,477	1,220,800	905,677	351,471	1,257,148
2012	791,511	284,655	1,076,166	992,488	316,614	1,309,102
2013	792,614	254,632	1,047,246	1,006,386	279,405	1,285,791
2014	810,420	223,733	1,034,153	948,580	242,763	1,191,343
2015	755,065	192,893	947,958	914,935	207,688	1,122,623
2016	1,076,595	155,282	1,231,877	923,405	172,532	1,095,937
2017	445,000	123,392	568,392	390,000	146,950	536,950
2018	450,000	104,441	554,441	405,000	131,050	536,050
2019	490,000	84,305	574,305	420,000	114,550	534,550
2020	500,000	62,930	562,930	440,000	97,350	537,350
2021	535,000	40,386	575,386	460,000	79,350	539,350
2022	550,000	16,565	566,565	475,000	60,468	535,468
2023	55,000	3,404	58,404	495,000	40,693	535,693
2024	60,000	1,167	61,167	115,000	28,300	143,300
2025				120,000	23,600	143,600
2026				125,000	18,700	143,700
2027				130,000	13,600	143,600
2028				135,000	8,300	143,300
2029				140,000	2,800	142,800
	\$ 10,044,753	\$ 2,606,438	\$ 12,651,191	\$ 11,835,248	\$ 3,142,246	\$ 14,977,494

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)

Note 7 - Long-Term Debt (Continued)

The amount of \$319,154 is available in the Debt Service Fund to service the general obligation bonds. There are a number of limitations and restrictions contained in the various bond indentures. For the year ended September 30, 2008 the City is in compliance with all significant limitations and restrictions.

Water and Sewer System Revenue Bonds

The City has issued \$15.32 million Water and Sewer System Revenue Bonds for the purpose of expansion and improvements to the water and sewer system. The bonds do not constitute a pledge of full faith and credit of the City but are payable solely from the revenues derived from the City's Water and Sewer operations. The revenue bond ordinance requires that the City establish and maintain certain reserves and accounts for the Bond Interest and Sinking Fund and reserve amounts. The City has 60 months to fully fund the required Debt Reserve amounts. The City must also maintain amounts to pay the upcoming interest and principal payments. The City has approximately \$861,202 established for the reserve and the interest and sinking fund amounts. The City was in compliance with the bond ordinance requirements.

The revenue bonds outstanding at year end are as follows:

Issue	Interest Rate	Original Issue	Maturity Date	Balance September 30, 2008
Enterprise- Utility Fund				
Water and Sewer System Revenue Bonds, Series 2000	4.5 to 5.5%	\$ 3,700,000	2023	\$ 290,000
Water and Sewer System Revenue Bonds, Series 2002	1.8 to 4.20%	6,650,000	2023	6,560,000
Water and Sewer System Revenue Bonds, Series 2005	4.00 to 4.30%	4,965,000	2027	4,965,000
Total Revenue Bonds				<u>\$ 11,815,000</u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)

Note 7 - Long-Term Debt (Continued)

Revenue bond debt service requirements to maturity are as follows:

Fiscal Year Ending	Business-type activities		Total
	Revenue Bond Debt		
	Principal	Interest	
2009	\$ 320,000	\$ 446,816	\$ 766,816
2010	750,000	428,631	1,178,631
2011	600,000	407,106	1,007,106
2012	620,000	388,256	1,008,256
2013	545,000	369,624	914,624
2014	550,000	351,268	901,268
2015	475,000	333,468	808,468
2016	475,000	316,031	791,031
2017	490,000	297,562	787,562
2018	510,000	278,200	788,200
2019	530,000	257,727	787,727
2020	550,000	236,213	786,213
2021	575,000	213,533	788,533
2022	600,000	189,576	789,576
2023	635,000	164,313	799,313
2024	660,000	137,600	797,600
2025	685,000	109,659	794,659
2026	715,000	80,430	795,430
2027	750,000	49,478	799,478
2028	780,000	16,770	796,770
	<u>\$ 11,815,000</u>	<u>\$ 5,072,261</u>	<u>\$ 16,887,261</u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)

Note 7 - Long-Term Debt (Continued)

Changes in Long-term Liabilities

Long-term liability activity for the year ended September 30, 2008 was as follows:

	<u>Balance September 30, 2007</u>	<u>Additions</u>	<u>Reductions, Refundings and Retirements</u>	<u>Balance September 30, 2008</u>	<u>Amount Due within One Year</u>
Governmental Activities					
Bonds Payable:					
General obligation bonds and contractual obligations	\$ 7,378,016	\$	\$ (861,047)	\$ 6,516,969	\$ 780,557
Certificates of obligation	3,020,064	675,000	(167,280)	3,527,784	167,280
Less deferred amounts:					
For issuance discounts/premiums	19,860		(3,344)	16,516	
On refunding	(108,219)		15,660	(92,559)	
Total Bonds Payable	<u>10,309,721</u>	<u>675,000</u>	<u>(1,016,011)</u>	<u>9,968,710</u>	<u>947,837</u>
Capital leases	265,107	262,467	(134,764)	392,810	90,954
Compensated absences	1,069,178	769,691	(665,570)	1,173,299	644,953
Total Governmental Activity					
Long-term Liabilities	<u>\$ 11,644,006</u>	<u>\$ 1,707,158</u>	<u>\$ (1,816,345)</u>	<u>\$ 11,534,819</u>	<u>\$ 1,683,744</u>
Business-type Activities					
Certificates of obligation	\$ 4,824,936	\$ 1,990,000	\$ (72,720)	\$ 6,742,216	\$ 72,720
General obligation bonds	6,381,984		(1,288,952)	5,093,032	1,288,953
Revenue bonds	12,025,000		(210,000)	11,815,000	360,490
Total Business Activity					
Bonds payable	<u>23,231,920</u>	<u>1,990,000</u>	<u>(1,571,672)</u>	<u>23,650,248</u>	<u>1,722,163</u>
Less deferred amounts:					
For issuance discounts/premiums	(17,033)		(822)	(17,855)	
On refunding	(367,633)		44,061	(323,572)	
	<u>22,847,254</u>	<u>1,990,000</u>	<u>(1,528,433)</u>	<u>23,308,821</u>	<u>1,722,163</u>
Capital Leases	13,697		(13,697)		
Compensated Absences	89,699		41,579	131,278	72,468
Total Business-type Activities					
Long-Term Liabilities	<u>\$ 22,950,650</u>	<u>\$ 1,990,000</u>	<u>\$ (1,500,551)</u>	<u>\$ 23,440,099</u>	<u>\$ 1,794,631</u>

Advance Refunding

The City issued \$4,965,000 of Water and Sewer Revenue and Refunding Bonds, in part, to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$2,795,000 of Water and Sewer Revenue Bonds. As a result the refunded bonds are considered to be defeased and the liability has been removed from the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$116,634. The amount is being netted against the new debt and amortized over the life of the refunded debt. This refunding resulted in an economic gain of \$15,051. As of September 30, 2008, \$2,40,167 of the refunded bonds were outstanding.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)

Note 7 - Long-Term Debt (Continued)

Capital Leases

On July 9, 2007, the City entered into a lease agreement as lessee for financing the acquisition of a Gradall. The terms of the lease agreement requires the unpaid balance to be paid in 5 annual payments of \$51,905. On December 3, 2007, the City entered into a lease agreement as lessee for financing the acquisition of a vacuum truck. The terms of the lease agreement requires the unpaid balance to be paid in 5 annual payments of \$59,197.

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

<u>Year</u> <u>Ending</u>	<u>Capital Lease Payments</u>		
	<u>Governmental</u> <u>Activities</u>	<u>Business</u> <u>Activities</u>	<u>Total</u>
2009	\$ 90,953	\$	\$ 90,953
2010	95,638		95,638
2011	100,538		100,538
2012	105,681		105,681
	<u>\$ 392,810</u>	<u>\$</u>	<u>\$ 392,810</u>
Total Minimum Lease payments	\$ 444,406	\$	\$ 444,406
Less: Amounts Representing interest	51,596		51,596
Present value of minimum lease payments	<u>\$ 392,810</u>	<u>\$</u>	<u>\$ 392,810</u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)

Note 8 - Interfund Receivables and Payables

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

At September 30, 2008, interfund receivable and payable balances consisted of the following:

<u>Fund</u>	<u>Due From (To)</u>	<u>Due From</u>	<u>Due To</u>
Governmental Activities:			
<i>General Fund</i>			
	Water and sewer	\$ 12,240	\$ 3,000
	Internal service funds		465,824
Total General Fund		<u>12,240</u>	<u>468,824</u>
<i>Capital Projects</i>			
	Water and sewer	24,238	
Total Capital Projects		<u>24,238</u>	
<i>Internal Service Funds</i>			
	Internal Service funds	11,444	11,444
	General Fund	453,544	
Total Internal Service Funds		<u>464,988</u>	<u>11,444</u>
Total Governmental Activities		<u>501,466</u>	<u>480,268</u>
Business-Type Activities:			
<i>Water and Sewer</i>			
	General Fund	3,000	
	General Fund	40	
	Capital Projects		24,238
Total Water and Sewer		<u>3,040</u>	<u>24,238</u>
Total Business-type Activities		<u>3,040</u>	<u>24,238</u>
Total Due To / Due From		<u>\$ 504,506</u>	<u>\$ 504,506</u>

Note 9 - Interfund Transfers

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)

Note 9 - Interfund Transfers (Continued)

Interfund transfers during the year ended September 30, 2008 were as follows:

<u>Fund</u>	<u>Transfer From (To)</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Activities:			
<i>General Fund</i>			
	Utility Fund	\$ 299,742	\$
	Cemetery	20,767	
	Sanitation Fund	109,220	
	Sales Tax	2,026,092	
	Vehicle Maintenance Fund	528,000	
	EMS	28,366	
	Replacement Fund	237,912	609,064
	Vehicle Maintenance Fund		
Total General Fund		<u>3,250,099</u>	<u>609,064</u>
<i>Capital Projects Fund</i>			
	Sales Tax	173,667	
	Utility Fund		771,746
Total Capital Projects		<u>173,667</u>	<u>771,746</u>
<i>Sales Tax Fund</i>			
	General Fund		2,219,536
	Capital Projects Fund		173,667
Total Sales Tax Fund			<u>2,393,203</u>
<i>Central Shop Fund</i>			
	General Fund	212,400	
	Street Department	150,300	
	Utility Fund	121,800	
	EMS Fund	28,200	
	Vehicle Replacement Fund		4,319
Total Central Shop Fund		<u>512,700</u>	<u>4,319</u>
<i>Vehicle Replacement Fund</i>			
	General Fund	169,185	528,000
	Utility Fund	34,662	
	EMS Fund	99,255	
	Central Shop	4,319	
	Street Department	77,179	
Total Vehicle Replacement Fund		<u>384,600</u>	<u>528,000</u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)

Note 9 - Interfund Transfers (Continued)

<u>Fund</u>	<u>Transfer From (To)</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Activities (Continued):			
<i>Permanent Fund-Cemetery</i>			
	General Fund	\$	\$ 25,183
Total Permanent Fund-Cemetery			<u>25,183</u>
Total governmental activities		<u>4,321,066</u>	<u>4,331,515</u>
Business-type Activities:			
<i>Water and Sewer</i>			
	General Fund		339,794
	Sanitation	100,000	
	Vehicle Replacement Fund		156,462
	Capital Projects Fund	771,746	
Total Water and Sewer		<u>871,746</u>	<u>496,256</u>
<i>Sanitation</i>			
	General Fund		109,220
	Utility Fund		100,000
Total Sanitation			<u>209,220</u>
<i>Emergency Medical Services</i>			
	Vehicle Replacement Fund		127,455
	General Fund		28,366
Total Emergency Medical Services			<u>155,821</u>
Total business-type activities		<u>871,746</u>	<u>861,297</u>
Total Interfund Transfers		<u>\$ 5,192,812</u>	<u>\$ 5,192,812</u>

Note 10 - Pension Plan

Plan Description

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

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)

Note 10 - Pension Plan (Continued)

Plan Description (Continued)

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

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

Contributions

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

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

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)

Note 10 - Pension Plan (Continued)

Contributions (Continued)

Trend information regarding ARC and NPO is shown below.

<u>Fiscal Year</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contribution</u>	<u>Net Pension Obligation</u>
2005	\$ 641,183	100%	\$
2006	696,773	100%	
2007	712,985	100%	

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

Information as to the latest actuarial valuation follows:

	<u>Valuation Date</u>	
	<u>12/31/2006</u>	<u>12/31/2007</u>
Actuarial Cost Method	Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll
Remaining Amortization Period	25 years; open period	30 Years - Closed Period
Asset Valuation Method	Amortized Cost	Amortized Cost
Actuarial Assumptions:		
Investment Rate of Return	7.0%	7.0%
Projected Salary Increases	None	Varies by Age and Service
Includes Inflation At	3.5%	3.0%
Cost-of-living-Adjustments	None	2.10%

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

Volunteer Fire Fighters

Plan Description and Contribution Information

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)

Note 10 - Pension Plan (Continued)

Plan Description and Contribution Information (Continued)

The table below summarizes the pension system membership:

	<u>2008</u>	<u>2007</u>
Retirees and beneficiaries currently receiving benefits	1,766	1,766
Terminated employees entitled to benefits but not yet receiving them	1,815	1,815
Current employees (vested and nonvested)	4,480	4,480
Total members	<u>8,061</u>	<u>8,061</u>

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

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

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

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

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

Contributions Required and Contributions Made

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

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)

Note 10 - Pension Plan (Continued)

Contributions Required and Contributions Made (Continued)

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

Note 11 - Deferred Compensation Plan

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

Note 12 - Summary Disclosure of Significant Contingencies

A. Litigation

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

B. Federally Assisted Programs - Compliance Audits

The City receives federal grants, all of which are subject to audit by the respective agencies. Subsequent audits may disallow expenditures financed by government grants. It is the opinion of management that disallowed expenditures, based on prior audit experience, will not be material in relation to the City's financial statements as of September 30, 2008.

C. Concentration of Credit Risk

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

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

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

CITY OF ALVIN, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

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

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

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

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

Note 14 - Risk Management

The City is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City's risk management program encompasses obtaining property and liability insurance through Texas Municipal League (TML), an Intergovernmental Risk Pool. The City has not had any significant reduction in insurance coverage and the amounts of insurance settlements have not exceeded insurance coverage for any of the last three years. The participation of the City in TML is limited to payment of premiums. During the year ended September 30, 2008, the City paid premiums of approximately \$173,806 for provisions of various liability, property and casualty insurance. The City has various deductible amounts ranging from \$1,000 to \$5,000 on various policies. At year-end, the City did not have any significant claims.

The City also provides workers compensation insurance on its employees through TML. The workers compensation premiums for the year ended September 30, 2008, was approximately \$148,788. Workers compensation is subject to change when audited by TML. At year end September 30, 2008, the City believed the amounts paid on workers compensation would not change significantly from the amounts recorded.

During the year ended September 30, 2008, employees of the City were covered by a health, dental and vision insurance plan (the "Plan") with TML. The City paid premiums of approximately \$537 per month per employee plus \$161 per month per employee for half of the dependents' coverage to the plan. All premiums were paid to TML. The City does not retain any risk of loss on health and dental insurance.

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Required Supplemental Information

CITY OF ALVIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended September 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
Revenues				
Taxes:				
Property taxes and penalties	\$ 5,853,087	\$ 5,853,087	\$ 5,782,713	\$ (70,374)
City retail sales tax	1,808,758	1,808,758	1,846,592	37,834
Franchise taxes	1,250,000	1,250,000	1,307,515	57,515
Other taxes	15,800	15,800	25,313	9,513
Licenses and Permits	470,800	508,800	316,854	(191,946)
Fines and Forfeitures	394,000	394,000	455,554	61,554
Intergovernmental Revenues			381,789	381,789
Interest Earned	239,907	239,907	227,215	(12,692)
Other Revenues	571,630	581,630	549,035	(32,595)
Total Revenues	10,603,982	10,651,982	10,892,580	240,598
Expenditures				
Current:				
4100 General government:				
4110 - City Council/City Clerk Dept.	275,136	280,792	259,270	21,522
4120 - City Attorney Dept.	325,756	370,756	351,452	19,304
4130 - City Manager Dept.	666,094	666,094	581,688	84,406
4150 - Finance Dept.	658,303	722,662	667,584	55,078
4190 - Other Requirements Dept.	1,357,169	1,367,856	1,255,219	112,637
4680 - Economic Development Dept.	157,643	163,330	145,866	17,464
Total General Government	3,440,101	3,571,490	3,261,079	310,411
4200 - Public Safety Function				
4201 - Police Dept.	4,914,977	5,169,101	5,088,712	80,389
4202 - Fire Dept.	613,344	625,240	604,024	21,216
Total Public Safety	5,528,321	5,794,341	5,692,736	101,605
4240 - Engineering Function/Dept.				
5001 - Engineering	247,735	537,461	463,857	73,604
5002 - Inspections	279,517	279,517	248,272	31,245
Total Engineering	527,252	816,978	712,129	104,849
4300 - Public Services Function				
4301 - Streets Dept.	1,857,924	1,729,915	1,704,475	25,440
Total Public Services	1,857,924	1,729,915	1,704,475	25,440

CITY OF ALVIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended September 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
4500 - Parks and Recreation Function/Dept.				
7501 - Parks Administration	\$ 250,822	\$ 252,839	\$ 245,148	\$ 7,691
7502 - Recreation	205,379	207,589	193,937	13,652
7503 - Parks Maintenance	335,561	348,392	296,897	51,495
7504 - Seniors Center	158,561	159,311	162,212	(2,901)
7505 - Hike and Bike	1,000	1,000	6	994
7506 - Museum	24,500	24,500	21,403	3,097
7507 - Facility Maintenance	66,495	66,495	76,831	(10,336)
7508 - Depot	6,000	9,500	8,953	547
Total Parks and Recreation	<u>1,048,318</u>	<u>1,069,626</u>	<u>1,005,387</u>	<u>64,239</u>
4550 - Library Function	<u>117,546</u>	<u>117,821</u>	<u>96,200</u>	<u>21,621</u>
Capital Outlay	<u>112,456</u>	<u>843,230</u>	<u>503,202</u>	<u>340,028</u>
Debt Service:				
Principal		155,326	101,309	54,017
Interest		16,327	9,793	6,534
		<u>171,653</u>	<u>111,102</u>	<u>60,551</u>
Total expenditures	<u>12,631,918</u>	<u>14,115,054</u>	<u>13,086,310</u>	<u>1,028,744</u>
Excess of revenues over (under) expenditures	<u>(2,027,936)</u>	<u>(3,463,072)</u>	<u>(2,193,730)</u>	<u>1,269,342</u>
Other Financing Sources (Uses):				
Sale of capital assets				
Issuance of debt - capital lease		924,747	937,467	12,720
Transfers in	2,639,373	3,124,840	3,250,099	125,259
Transfers (out)	(609,064)	(624,502)	(609,064)	15,438
Total Other Financing Sources (Uses)	<u>2,030,309</u>	<u>3,425,085</u>	<u>3,578,502</u>	<u>153,417</u>
Net change in Fund Balances	<u>2,373</u>	<u>(37,987)</u>	<u>1,384,772</u>	<u>1,422,759</u>
Fund Balances - Beginning	<u>4,145,867</u>	<u>4,145,867</u>	<u>4,145,867</u>	
Fund Balances - Beginning (As restated)	<u>4,145,867</u>	<u>4,145,867</u>	<u>4,145,867</u>	
Fund Balances - Ending	<u>\$ 4,148,240</u>	<u>\$ 4,107,880</u>	<u>\$ 5,530,639</u>	<u>\$ 1,422,759</u>

CITY OF ALVIN, TEXAS
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

Budgets and Budgetary Accounting

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

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

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

For the year ended September 30, 2008, expenditures exceeded appropriations in the departments of the general fund:

Seniors Center	\$2,901
Parks Faciltiy Maintenance	\$10,336

CITY OF ALVIN, TEXAS
SCHEDULE OF FUNDING PROGRESS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2008

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Percentage Funded	Unfunded AAL (UAAL)	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2003	\$ 13,178,656	\$ 15,855,983	83.1%	\$ 2,677,327	\$ 6,049,138	44.3%
12/31/2004	13,860,084	16,913,070	81.9%	3,052,986	6,698,942	45.6%
12/31/2005	14,848,855	18,268,644	81.3%	3,419,789	6,737,174	50.8%
12/31/2006	15,506,034	19,269,372	80.5%	3,763,338	7,315,856	51.4%
12/31/2007	16,458,510	25,364,013	64.9%	8,907,503	7,513,013	118.6%

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Other Supplementary Information

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Combining and Individual Fund Statements and Schedules

CITY OF ALVIN, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2008

	Special Revenue Funds				
	113	121	122	123	124
	Hike and Bike Trail	Hotel/ Motel	Library Fund	Special Investigation	Municipal Court Building Security
Assets					
Cash and cash equivalents	\$ 100,119	\$ 391,283	\$ 104,721	\$ 72,090	\$ 84,593
Accounts receivable		37,165			
Restricted items					
Total Assets	\$ 100,119	\$ 428,448	\$ 104,721	\$ 72,090	\$ 84,593
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$	\$ 477	\$	\$	\$
Due to other agencies				1,576	
Total Liabilities		477		1,576	
Fund Balances:					
Reserved for:					
Encumbrances			1,500	2,536	
Law enforcement				67,978	
Courts					84,593
Other	100,119	427,971			
Perpetual care					
Unreserved:					
Perpetual Fund					
Special Revenue Funds			103,221		
Total Fund Balances	100,119	427,971	104,721	70,514	84,593
Total Liabilities and Fund Balances	\$ 100,119	\$ 428,448	\$ 104,721	\$ 72,090	\$ 84,593

Special Revenue Funds					Permanent Fund	Total Nonmajor Governmental Funds
125 Municipal Court Technology Fund	127 Donation Fund	128 Juvenile Case Manager Fund	342 Senior Fund	Total	151 Cemetery	
\$ 36,589	\$ 38,585	\$ 7,097	\$ 5,046	\$ 840,123 37,165	\$ 397,040	\$ 1,237,163 37,165
					50,000	50,000
<u>\$ 36,589</u>	<u>\$ 38,585</u>	<u>\$ 7,097</u>	<u>\$ 5,046</u>	<u>\$ 877,288</u>	<u>\$ 447,040</u>	<u>\$ 1,324,328</u>
\$	\$ 1,000	\$	\$ 131	\$ 1,608 1,576	\$	\$ 1,608 1,576
	1,000		131	3,184		3,184
36,589	37,585	7,097	4,915	4,036 67,978 121,182 577,687	50,000	4,036 67,978 121,182 577,687 50,000
					397,040	397,040
				103,221		103,221
<u>36,589</u>	<u>37,585</u>	<u>7,097</u>	<u>4,915</u>	<u>874,104</u>	<u>447,040</u>	<u>1,321,144</u>
<u>\$ 36,589</u>	<u>\$ 38,585</u>	<u>\$ 7,097</u>	<u>\$ 5,046</u>	<u>\$ 877,288</u>	<u>\$ 447,040</u>	<u>\$ 1,324,328</u>

CITY OF ALVIN, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2008

	Special Revenue Funds				
	113	121	122	123	124
	Hike and	Hotel/	Library	Special	Municipal
	Bike Trail	Motel	Fund	Investigation	Court
					Building
					Security
Revenues					
Hotel/Motel Tax receipts	\$	\$ 215,557	\$	\$	\$
LEOSE Reimbursements				3,836	
Restitution				3,055	
Building and Security Fees					8,072
Court Technology Fees					
Donations					
Sale of Cemetery Lots					
Staking/Flagging Fee					
Interest	3,152	10,944	2,919	3,491	2,161
Miscellaneous Revenue		15,785	250		
Total Revenues	<u>3,152</u>	<u>242,286</u>	<u>3,169</u>	<u>10,382</u>	<u>10,233</u>
Expenditures					
Current:					
General government		4,274			
Public safety		1,791		27,011	1,006
Community services		152,959			
Culture, parks and recreation					
Library			11,513		
Debt service:					
Principal retirement		27,280			
Interest and fiscal charges		7,151			
Total Expenditures		<u>193,455</u>	<u>11,513</u>	<u>27,011</u>	<u>1,006</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,152</u>	<u>48,831</u>	<u>(8,344)</u>	<u>(16,629)</u>	<u>9,227</u>
Transfers To:					
General Fund					
Total Transfers To					
Total Other Financing Sources and Uses					
Net change in Fund Balances	3,152	48,831	(8,344)	(16,629)	9,227
Fund Balances - Beginning	96,967	379,140	113,065	87,143	75,366
Fund Balances - Ending	<u>\$ 100,119</u>	<u>\$ 427,971</u>	<u>\$ 104,721</u>	<u>\$ 70,514</u>	<u>\$ 84,593</u>

Special Revenue Funds					Permanent Fund	Total Nonmajor Governmental Funds
125 Municipal Court Technology Fund	127 Donation Fund	128 Juvenile Case Manager Fund	342 Senior Fund	Total	151 Cemetery	
\$	\$	\$	\$	\$ 215,557	\$	\$ 215,557
				3,836		3,836
				3,055		3,055
				8,072		8,072
10,762				10,762		10,762
	21,602			21,602		21,602
					26,204	26,204
					1,850	1,850
549	1,002	11	354	24,583	14,653	39,236
		7,086	11,118	34,239		34,239
11,311	22,604	7,097	11,472	321,706	42,707	364,413
	4,000			8,274		8,274
99	560			30,467		30,467
			15,080	168,039	18,448	186,487
	23,050			23,050		23,050
	5,348			16,861		16,861
				27,280		27,280
				7,151		7,151
99	32,958		15,080	281,122	18,448	299,570
11,212	(10,354)	7,097	(3,608)	40,584	24,259	64,843
					(25,183)	(25,183)
					(25,183)	(25,183)
					(25,183)	(25,183)
11,212	(10,354)	7,097	(3,608)	40,584	(924)	39,660
25,377	47,939		8,523	833,520	447,964	1,281,484
\$ 36,589	\$ 37,585	\$ 7,097	\$ 4,915	\$ 874,104	\$ 447,040	\$ 1,321,144

CITY OF ALVIN, TEXAS
DEBT SERVICE FUND - 141
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended September 30, 2008

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Property taxes and penalties	\$ 1,473,107	\$ 1,424,826	\$ (48,281)
Interest	7,000	1,097	(5,903)
Total Revenues	<u>1,480,107</u>	<u>1,425,923</u>	<u>(54,184)</u>
Expenditures			
Debt Service:			
Principal retirement	1,034,934	1,034,502	432
Interest and fiscal charges	393,635	393,634	1
Other	21,238	25,616	(4,378)
Total Expenditures	<u>1,449,807</u>	<u>1,453,752</u>	<u>(3,945)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	30,300	(27,829)	(58,129)
Other Financing Sources (Uses):			
Transfers in	15,438		(15,438)
Total Other Financing Sources (Uses)	<u>15,438</u>		<u>(15,438)</u>
Net change in Fund Balances	45,738	(27,829)	(73,567)
Fund Balances - Beginning	<u>346,983</u>	<u>346,983</u>	
Fund Balances - Ending	<u>\$ 392,721</u>	<u>\$ 319,154</u>	<u>\$ (73,567)</u>

CITY OF ALVIN, TEXAS
CAPITAL PROJECTS FUND - 131
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended September 30, 2008

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Interest	\$ 5,000	\$ 136,058	\$ 131,058
Total Revenues	<u>5,000</u>	<u>136,058</u>	<u>131,058</u>
Expenditures			
Current:			
Public services			
Capital Outlay	1,000,000	2,007,303	(1,007,303)
Total Expenditures	<u>1,000,000</u>	<u>2,007,303</u>	<u>(1,007,303)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(995,000)	(1,871,245)	(876,245)
Other Financing Sources (Uses):			
Transfers in	1,190,000	173,667	(1,016,333)
Transfers out		(771,746)	(771,746)
Total Other Financing Sources (Uses)	<u>1,190,000</u>	<u>(598,079)</u>	<u>(1,788,079)</u>
Net change in Fund Balances	195,000	(2,469,324)	(2,664,324)
Fund Balances - Beginning	<u>5,270,093</u>	<u>5,270,093</u>	
Fund Balances - Ending	<u>\$ 5,465,093</u>	<u>\$ 2,800,769</u>	<u>\$ (2,664,324)</u>

CITY OF ALVIN, TEXAS
SALES TAX CAPITAL PROJECTS FUND - 132
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended September 30, 2008

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Sales taxes	\$ 3,574,986	\$ 3,691,889	\$ 116,903
Intergovernmental revenues		144,691	144,691
Interest	24,000	36,164	12,164
Total Revenues	<u>3,598,986</u>	<u>3,872,744</u>	<u>273,758</u>
Expenditures			
Current:			
Public services	393,197	273,079	120,118
Capital Outlay		10,000	(10,000)
Total Expenditures	<u>393,197</u>	<u>283,079</u>	<u>110,118</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,205,789	3,589,665	383,876
Other Financing Sources (Uses):			
Transfers out	(3,138,745)	(2,393,203)	745,542
Total Other Financing Sources (Uses)	<u>(3,138,745)</u>	<u>(2,393,203)</u>	<u>745,542</u>
Net change in Fund Balances	67,044	1,196,462	1,129,418
Fund Balances - Beginning	<u>1,616,165</u>	<u>1,616,165</u>	
Fund Balances - Ending	<u>\$ 1,683,209</u>	<u>\$ 2,812,627</u>	<u>\$ 1,129,418</u>

CITY OF ALVIN, TEXAS
HIKE AND BIKE TRAIL SPECIAL REVENUE FUND - 113
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended September 30, 2008

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Interest	\$ 500	\$ 3,152	\$ 2,652
Total Revenues	<u>500</u>	<u>3,152</u>	<u>2,652</u>
Net change in Fund Balances	500	3,152	2,652
Fund Balances - Beginning	<u>96,967</u>	<u>96,967</u>	
Fund Balances - Ending	<u>\$ 97,467</u>	<u>\$ 100,119</u>	<u>\$ 2,652</u>

CITY OF ALVIN, TEXAS
HOTEL / MOTEL TAX SPECIAL REVENUE FUND - 121
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended September 30, 2008

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Hotel/Motel Tax receipts	\$ 175,000	\$ 215,557	\$ 40,557
Interest	8,000	10,944	2,944
Miscellaneous Revenue		15,785	15,785
Total Revenues	183,000	242,286	59,286
Expenditures			
Current:			
General government	3,500	4,274	(774)
Public safety	6,000	1,791	4,209
Community services	156,978	152,959	4,019
Capital outlay	838		838
Debt service:			
Principal retirement	27,280	27,280	
Interest and fiscal charges	7,151	7,151	
Total Expenditures	201,747	193,455	8,292
Excess (deficiency) of revenues over (under) expenditures	(18,747)	48,831	67,578
Fund Balances - Beginning	379,140	379,140	
Fund Balances - Ending	\$ 360,393	\$ 427,971	\$ 67,578

CITY OF ALVIN, TEXAS
LIBRARY SPECIAL REVENUE FUND - 122
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended September 30, 2008

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Interest	\$ 2,000	\$ 2,919	\$ 919
Miscellaneous Revenue		250	250
Total Revenues	<u>2,000</u>	<u>3,169</u>	<u>1,169</u>
Expenditures			
Current:			
Library	42,396	11,513	30,883
Total Expenditures	<u>42,396</u>	<u>11,513</u>	<u>30,883</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(40,396)</u>	<u>(8,344)</u>	<u>32,052</u>
Net change in Fund Balances	(40,396)	(8,344)	32,052
Fund Balances - Beginning	<u>113,065</u>	<u>113,065</u>	
Fund Balances - Ending	<u><u>\$ 72,669</u></u>	<u><u>\$ 104,721</u></u>	<u><u>\$ 32,052</u></u>

CITY OF ALVIN, TEXAS
SPECIAL INVESTIGATIONS SPECIAL REVENUE FUND - 123
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended September 30, 2008

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
LEOSE Reimbursements	\$	\$ 3,836	\$ 3,836
Restitution		3,055	3,055
Federal Forfeitures	500		(500)
Interest	1,000	3,491	2,491
Total Revenues	<u>1,500</u>	<u>10,382</u>	<u>8,882</u>
Expenditures			
Current:			
Public safety	11,347	27,011	(15,664)
Total Expenditures	<u>11,347</u>	<u>27,011</u>	<u>(15,664)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,847)</u>	<u>(16,629)</u>	<u>(6,782)</u>
Net change in Fund Balances	(9,847)	(16,629)	(6,782)
Fund Balances - Beginning	<u>87,143</u>	<u>87,143</u>	
Fund Balances - Ending	<u>\$ 77,296</u>	<u>\$ 70,514</u>	<u>\$ (6,782)</u>

CITY OF ALVIN, TEXAS
BUILDINGS SECURITY SPECIAL REVENUE FUND - 124
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended September 30, 2008

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Building and Security Fees	\$ 7,200	\$ 8,072	\$ 872
Interest	2,000	2,161	161
Total Revenues	<u>9,200</u>	<u>10,233</u>	<u>1,033</u>
Expenditures			
Current:			
Public safety		1,006	(1,006)
Total Expenditures		<u>1,006</u>	<u>(1,006)</u>
Net change in Fund Balances	9,200	9,227	27
Fund Balances - Beginning	<u>75,366</u>	<u>75,366</u>	
Fund Balances - Ending	<u>\$ 84,566</u>	<u>\$ 84,593</u>	<u>\$ 27</u>

CITY OF ALVIN, TEXAS

MUNICIPAL COURT TECHNOLOGY SPECIAL REVENUE FUND - 125

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended September 30, 2008

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Court Technology Fees	\$ 9,500	\$ 10,762	\$ 1,262
Interest	500	549	49
Total Revenues	<u>10,000</u>	<u>11,311</u>	<u>1,311</u>
Expenditures			
Current:			
Public safety		99	(99)
Total Expenditures		<u>99</u>	<u>(99)</u>
Net change in Fund Balances	10,000	11,212	1,212
Fund Balances - Beginning	<u>25,377</u>	<u>25,377</u>	
Fund Balances - Ending	<u>\$ 35,377</u>	<u>\$ 36,589</u>	<u>\$ 1,212</u>

CITY OF ALVIN, TEXAS
DONATION SPECIAL REVENUE FUND - 127
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended September 30, 2008

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Donations	\$ 15,000	\$ 21,602	\$ 6,602
Interest		1,002	1,002
Total Revenues	<u>15,000</u>	<u>22,604</u>	<u>7,604</u>
Expenditures			
Current:			
General government	2,000	4,000	(2,000)
Public safety		560	(560)
Culture, parks and recreation	13,450	23,050	(9,600)
Library	1,000	5,348	(4,348)
Total Expenditures	<u>16,450</u>	<u>32,958</u>	<u>(16,508)</u>
Net change in Fund Balances	(1,450)	(10,354)	(8,904)
Fund Balances - Beginning	<u>47,939</u>	<u>47,939</u>	
Fund Balances - Ending	<u>\$ 46,489</u>	<u>\$ 37,585</u>	<u>\$ (8,904)</u>

CITY OF ALVIN, TEXAS
JUVENILE CASE MANAGER SPECIAL REVENUE FUND - 128
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended September 30, 2008

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Interest	\$	\$ 11	\$ 11
Miscellaneous Revenue	6,218	7,086	868
Total Revenues	6,218	7,097	879
Expenditures			
Current:			
Public safety			
Total Expenditures			
Net change in Fund Balances	6,218	7,097	879
Fund Balances - Beginning			
Fund Balances - Ending	\$ 6,218	\$ 7,097	\$ 879

CITY OF ALVIN, TEXAS
CEMETARY PERMANENT FUND - 151
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended September 30, 2008

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Sale of Cemetery Lots	\$ 40,000	\$ 26,204	\$ (13,796)
Staking/Flagging Fee	2,500	1,850	(650)
Interest	6,000	14,653	8,653
Total Revenues	<u>48,500</u>	<u>42,707</u>	<u>(5,793)</u>
Expenditures			
Current:			
Community services	<u>24,500</u>	<u>18,448</u>	<u>6,052</u>
Total Expenditures	<u>24,500</u>	<u>18,448</u>	<u>6,052</u>
Excess (deficiency) of revenues over (under) expenditures	<u>24,000</u>	<u>24,259</u>	<u>259</u>
Other Financing Sources (Uses):			
Transfers out	<u>(20,767)</u>	<u>(25,183)</u>	<u>(4,416)</u>
Total Other Financing Sources and Uses	<u>(20,767)</u>	<u>(25,183)</u>	<u>(4,416)</u>
Net change in Fund Balances	3,233	(924)	(4,157)
Fund Balances - Beginning	<u>447,964</u>	<u>447,964</u>	
Fund Balances - Ending	<u>\$ 451,197</u>	<u>\$ 447,040</u>	<u>\$ (4,157)</u>

CITY OF ALVIN, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
September 30, 2008

	221 Central Shop	222 Vehicle Replacement	Total
Assets			
Current Assets:			
Cash and cash equivalents	\$ 127,826	\$ 54,075	\$ 181,901
Accounts receivable	142		142
Due from other funds	11,444	453,544	464,988
Inventory	71,260		71,260
Total Current Assets	210,672	507,619	718,291
Capital Assets:			
Buildings	7,754		7,754
Equipment	32,696	3,132,986	3,165,682
	40,450	3,132,986	3,173,436
Less allowance for depreciation	(4,211)	(1,955,217)	(1,959,428)
	36,239	1,177,769	1,214,008
Total Assets	\$ 246,911	\$ 1,685,388	\$ 1,932,299
Liabilities and Net Assets			
Current Liabilities:			
Accounts payable	\$ 60,952	\$	\$ 60,952
Accrued liabilities:			
Accrued compensated absences	20,255		20,255
Accrued expenses	8,433		8,433
Due to other funds		11,444	11,444
Total Current Liabilities	89,640	11,444	101,084
Total Liabilities	89,640	11,444	101,084
Net Assets:			
Invested in Capital Assets, net of related debt	25,539	996,028	1,021,567
Unrestricted Net Assets	131,732	677,916	809,648
Total Net Assets	157,271	1,673,944	1,831,215
Total Liabilities and Net Assets	\$ 246,911	\$ 1,685,388	\$ 1,932,299

CITY OF ALVIN, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
For the Year Ended September 30, 2008

	221 Central Shop	222 Vehicle Replacement	Totals
Operating Revenues			
Miscellaneous	\$ 251	\$	\$ 251
Total Operating Revenues	<u>251</u>		<u>251</u>
Operating Expenses			
Personnel services	196,890		196,890
Supplies	141,452		141,452
Contractual services	160,552		160,552
Depreciation	2,019	312,697	314,716
Total Operating Expenses	<u>500,913</u>	<u>312,697</u>	<u>813,610</u>
Operating Income	<u>(500,662)</u>	<u>(312,697)</u>	<u>(813,359)</u>
Non-Operating Revenues (Expenses)			
Interest revenues	3,732	39,910	43,642
Insurance proceeds		8,175	8,175
Total Non-operating Revenues (Expenses)	<u>3,732</u>	<u>48,085</u>	<u>51,817</u>
Transfers In (Out)			
Transfers in	512,700	384,600	897,300
Transfers out	(4,319)	(528,000)	(532,319)
Total Transfers	<u>508,381</u>	<u>(143,400)</u>	<u>364,981</u>
Net Income (Loss)	<u>11,451</u>	<u>(408,012)</u>	<u>(396,561)</u>
Net Assets - Beginning	<u>145,820</u>	<u>2,081,956</u>	<u>2,227,776</u>
Net Assets - Ending	<u>\$ 157,271</u>	<u>\$ 1,673,944</u>	<u>\$ 1,831,215</u>

CITY OF ALVIN, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2008

	221	222	
	Central	Vehicle	
	Shop	Replacement	Total
Cash Flows from Operating Activities			
Receipts from interfund services provided	\$ 109	\$	\$ 109
Payments to suppliers	(264,956)	(429)	(265,385)
Payments to employees	(197,608)		(197,608)
Net Cash Provided (Used)			
by Operating Activities	(462,455)	(429)	(462,884)
Cash Flows from Non-Capital Financing Activities			
Advances from/to other funds	508,381	(68,944)	439,437
Transfers to other funds		(528,000)	(528,000)
Net Cash Provided (Used) by			
Non-Capital Financing Activities	508,381	(596,944)	(88,563)
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of fixed assets	(12,718)	(494,439)	(507,157)
Insurance proceeds		8,175	8,175
Net Cash (Used) by Capital and Related Financing Activities	(12,718)	(486,264)	(498,982)
Cash Flows from Investing Activities			
Proceeds from sale of investments		300,045	300,045
Interest on investments	3,732	47,477	51,209
Net Cash Provided by Investing Activities	3,732	347,522	351,254
Net Increase in Cash and Cash Equivalents	36,940	(736,115)	(699,175)
Cash and cash equivalents, beginning of year	90,886	790,190	881,076
Cash and Cash Equivalents, End of Year	<u>\$ 127,826</u>	<u>\$ 54,075</u>	<u>\$ 181,901</u>
Cash and Cash Equivalents, End of Year:			
Unrestricted cash	<u>\$ 127,826</u>	<u>\$ 54,075</u>	<u>\$ 181,901</u>
	<u>\$ 127,826</u>	<u>\$ 54,075</u>	<u>\$ 181,901</u>

CITY OF ALVIN, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2008

	221 Central Shop	222 Vehicle Replacement	Total
Reconciliation of Operating Income to Net Cash			
Provided (Used) by Operating Activities:			
Cash Flows from Operating Activities:			
Operating income	\$ (500,662)	\$ (312,697)	\$ (813,359)
Adjustments to Reconcile Operating Income to Net			
Cash Provided (Used) by Operating Activities:			
Depreciation	2,019	312,697	314,716
Changes in Assets and Liabilities:			
(Increase) Decrease in other receivables	(142)		(142)
(Increase) Decrease in due from other funds			
(Increase) Decrease in inventories	(17,400)		(17,400)
Increase (Decrease) in accounts payable	53,701	(429)	53,272
Increase (Decrease) in compensated absences	(718)		(718)
Increase (Decrease) in accrued liabilities	747		747
Net Cash Provided (Used)			
by Operating Activities	\$ (462,455)	\$ (429)	\$ (462,884)

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Statistical Section

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

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

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

CITY OF ALVIN, TEXAS

NET ASSETS BY COMPONENT

*Last Five Fiscal Years**

(Accrual Basis of Accounting)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Governmental activities						
Invested in capital assets, net of related debt	\$29,382,300	\$ 26,554,732	\$ 27,092,862	\$ 26,117,047	\$ 26,711,260	\$ 24,683,114
Restricted	3,447,490	3,672,027	2,268,984	2,379,709	4,185,439	5,412,521
Unrestricted	2,659,493	4,357,391	4,985,742	5,042,427	5,088,173	6,373,807
Total governmental activities net assets	\$35,489,283	\$ 34,584,150	\$ 34,347,588	\$ 33,539,183	\$ 35,984,872	\$ 36,469,442
Business-type activities						
Invested in capital assets, net of related debt	\$16,611,112	\$ 13,231,101	\$ 13,946,640	\$ 10,031,169	\$ 9,185,334	\$ 10,094,821
Restricted	322,591	322,591	542,103	542,103	845,723	861,202
Unrestricted	1,882,147	2,121,607	1,442,853	3,801,084	4,625,332	5,873,472
Total business-type activities net assets	\$18,815,850	\$ 15,675,299	\$ 15,931,596	\$ 14,374,356	\$ 14,656,389	\$ 16,829,495
Primary government						
Invested in capital assets, net of related debt	\$45,993,412	\$ 39,785,833	\$ 41,039,502	\$ 36,148,216	\$ 35,896,594	\$ 34,777,935
Restricted	3,770,081	3,994,618	2,811,087	2,921,812	5,031,162	6,273,723
Unrestricted	4,541,640	6,478,998	6,428,595	8,843,511	9,713,505	12,247,279
Total primary government net assets	\$54,305,133	\$ 50,259,449	\$ 50,279,184	\$ 47,913,539	\$ 50,641,261	\$ 53,298,937

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

CHANGES IN NET ASSETS

Last Five Fiscal Years*

(Accrual Basis of Accounting)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Expenses						
Governmental activities:						
General government	\$ 2,939,342	\$ 2,678,182	\$ 2,883,482	\$ 2,878,778	\$ 3,155,673	\$ 3,397,176
Public safety	4,680,176	4,510,157	4,832,986	5,054,540	5,765,961	5,885,390
Engineering and Planning	814,024	871,932	762,367	582,378	554,616	751,470
Public Services	1,466,035	1,749,944	4,437,460	3,766,436	3,907,160	3,697,371
Community Services	124,991	131,810	128,758	153,328	347,169	297,019
Culture and recreation	1,087,608	1,191,201	1,852,042	1,329,498	1,222,914	1,827,931
Interest on long-term debt	399,074	348,006	334,761	486,490	470,225	320,272
Total governmental activities expenses	<u>11,511,250</u>	<u>11,481,232</u>	<u>15,231,856</u>	<u>14,251,448</u>	<u>15,423,718</u>	<u>16,176,629</u>
Business-type activities:						
Water and sewer	4,912,163	4,429,289	2,517,163	4,217,430	5,179,628	5,048,607
Sanitation	1,564,881	1,519,463	1,577,475	1,561,134	1,679,203	3,032,494
EMS	754,641	1,476,204	898,288	860,354	1,060,634	1,015,022
Total business-type activities expenses	<u>7,231,685</u>	<u>7,424,956</u>	<u>4,992,926</u>	<u>6,638,918</u>	<u>7,919,465</u>	<u>9,096,123</u>
Total primary government expenses	<u>\$ 18,742,935</u>	<u>\$ 18,906,188</u>	<u>\$ 20,224,782</u>	<u>\$ 20,890,366</u>	<u>\$ 23,343,183</u>	<u>\$ 25,272,752</u>
Program Revenue						
Governmental activities:						
Charges for services:						
General government	\$ 40,128	\$ 6,227	\$ 18,093	\$ 36,736	\$ 37,029	\$ 22,764
Public safety	523,803	414,337	637,234	665,255	735,677	745,922
Engineering and Planning	240,330	234,265	260,727	610,541	401,661	328,881
Public Services	550,000					
Culture and recreation	151,245	139,960	156,446	178,087	187,229	167,642
Operating grants and contributions	153,733	186,196	272,811	108,200	157,790	434,842
Total governmental activities program revenues	<u>1,659,239</u>	<u>980,985</u>	<u>1,345,311</u>	<u>1,598,819</u>	<u>1,519,386</u>	<u>1,700,051</u>
Business-type activities:						
Charges for services:						
Water and sewer	4,981,184	4,950,766	5,211,377	5,849,098	5,771,303	6,211,760
Sanitation	1,598,155	1,587,835	1,714,332	1,811,689	1,995,110	1,943,739
EMS	868,300	1,794,225	863,605	1,000,321	1,126,101	1,204,907
Operating grants and contributions	24,788	10,898	37,685	12,133	1,364	1,343,767
Capital grants and contributions:						
Water and sewer	421,023		16,987			
Total business-type activities program revenues	<u>7,893,450</u>	<u>8,343,724</u>	<u>7,843,986</u>	<u>8,673,241</u>	<u>8,893,878</u>	<u>10,704,173</u>
Total primary government program revenues	<u>\$ 9,552,689</u>	<u>\$ 9,324,709</u>	<u>\$ 9,189,297</u>	<u>\$ 10,272,060</u>	<u>\$ 10,413,264</u>	<u>\$ 12,404,224</u>
Net (Expense)/Revenue						
Governmental activities	\$ (9,852,011)	\$ (10,500,247)	\$ (13,886,545)	\$ (12,652,629)	\$ (13,904,332)	\$ (14,476,578)
Business-type activities	661,765	918,768	2,851,060	2,034,323	974,413	1,608,050
Total primary government net expense	<u>\$ (9,190,246)</u>	<u>\$ (9,581,479)</u>	<u>\$ (11,035,485)</u>	<u>\$ (10,618,306)</u>	<u>\$ (12,929,919)</u>	<u>\$ (12,868,528)</u>

CITY OF ALVIN, TEXAS
CHANGES IN NET ASSETS
*Last Five Fiscal Years**
(Accrual Basis of Accounting)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Taxes:						
Property taxes	\$ 4,857,873	\$ 5,143,255	\$ 5,363,226	\$ 5,793,632	\$ 6,441,666	\$ 7,135,500
Sales and use taxes	3,787,820	3,911,035	4,185,111	4,311,123	5,540,205	5,754,038
Franchise taxes	1,242,162	1,505,370	1,257,702	1,279,211	1,321,208	1,332,828
Investment earnings	81,329	70,999	161,734	364,080	674,853	483,412
Miscellaneous	42,523	75,336	14,587	94,255	44,355	121,128
Transfers	1,429	687,563	2,664,611	1,184,047	1,581,281	(10,449)
Total governmental activities	10,013,136	11,393,558	13,646,971	13,026,348	15,603,568	14,816,457
Business-type activities:						
Investment earnings	140,282	133,776	60,292	195,478	440,689	265,878
Miscellaneous	13,390	8,204	9,562	5,043	5,875	168,707
Transfers	(1,429)	(687,563)	(2,664,611)	(1,184,047)	(1,581,281)	10,449
Total business-type activities	152,243	(545,583)	(2,594,757)	(983,526)	(1,134,717)	445,034
Total primary government	\$ 10,165,379	\$ 10,847,975	\$ 11,052,214	\$ 12,042,822	\$ 14,468,851	\$ 15,261,491
Change in Net Assets						
Governmental activities	\$ 161,125	\$ 893,311	\$ (239,574)	\$ 373,719	\$ 1,699,236	\$ 339,879
Business-type activities	814,008	373,185	256,303	1,050,797	(160,304)	2,053,084
Total primary government	\$ 975,133	\$ 1,266,496	\$ 16,729	\$ 1,424,516	\$ 1,538,932	\$ 2,392,963

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

CITY OF ALVIN, TEXAS

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

*Last Five Fiscal Years**

(Accrual Basis of Accounting)

Fiscal Year	Property Taxes	Sales and Use Taxes	Franchise and Other Taxes	Total
2003	\$ 4,857,873	\$ 3,787,820	\$ 1,242,162	\$ 9,887,855
2004	5,143,255	3,911,035	1,505,370	10,559,660
2005	5,363,226	4,185,111	1,257,702	10,806,039
2006	5,793,632	4,311,123	1,279,212	11,383,967
2007	6,441,666	5,540,205	1,321,208	13,303,079
2008	7,135,500	5,754,038	1,332,828	14,222,366

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

CITY OF ALVIN, TEXAS

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
General fund				
Reserved	\$ 192,248	\$ 305,708	\$ 246,021	\$ 232,142
Unreserved	2,647,893	2,290,599	228,987	2,051,325
Total governmental activities net assets	<u>\$ 2,840,141</u>	<u>\$ 2,596,307</u>	<u>\$ 475,008</u>	<u>\$ 2,283,467</u>
All other governmental funds				
Reserved	\$ 2,892,067	\$ 1,196,526	\$ 2,849,962	\$ 3,985,194
Unreserved, report in:				
Special revenue funds	135,309	274,470	197,725	391,103
Capital projects funds	1,086,192	2,993,763	7,147,590	2,953,546
Permanent Fund				
Total business-type activities net assets	<u>\$ 4,113,568</u>	<u>\$ 4,464,759</u>	<u>\$10,195,277</u>	<u>\$ 7,329,843</u>

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 82,628	\$ 97,594	\$ 95,159	\$ 74,986	\$ 1,184,413	\$ 1,086,186
<u>2,491,329</u>	<u>2,725,533</u>	<u>3,027,096</u>	<u>3,211,526</u>	<u>2,961,457</u>	<u>4,444,453</u>
<u>\$ 2,573,957</u>	<u>\$ 2,823,127</u>	<u>\$ 3,122,255</u>	<u>\$ 3,286,512</u>	<u>\$ 4,145,870</u>	<u>\$ 5,530,639</u>
\$ 3,723,632	\$ 2,609,387	\$ 1,505,349	\$ 1,266,145	\$ 8,003,700	\$ 6,753,433
108,676	107,975	110,872	110,193	113,064	103,221
1,080,467	1,612,652	2,070,324	4,562,445		
358,307	365,409	370,982	377,940	397,964	397,040
<u>\$ 5,271,082</u>	<u>\$ 4,695,423</u>	<u>\$ 4,057,527</u>	<u>\$ 6,316,723</u>	<u>\$ 8,514,728</u>	<u>\$ 7,253,694</u>

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

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Revenues				
Taxes:				
Property taxes	\$ 3,722,163	\$ 3,928,943	\$ 4,049,720	\$ 4,465,208
Sales and use taxes	3,149,004	3,167,985	3,573,040	3,681,228
Franchise taxes	1,129,824	1,150,504	1,268,090	1,303,998
Hotel/Motel tax	110,952	130,857	155,942	249,336
Other taxes				
Fines and forfeitures	362,917	300,905	143,454	344,824
Grants	269,442	102,228	247,132	60,997
Licenses and permits	109,307	106,006	111,795	183,498
Intergovernmental	394,695	152,726	9,823	22,427
Investment earnings	494,396	451,087	409,829	202,054
Miscellaneous	263,528	226,735	196,582	453,583
Total Revenues	<u>10,006,228</u>	<u>9,717,976</u>	<u>10,165,407</u>	<u>10,967,153</u>
Expenditures				
General government	2,681,129	2,186,669	2,331,722	3,176,053
Public safety	3,194,311	3,272,544	3,487,929	3,477,699
Streets	730,046			
Engineering and planning		311,423	200,337	218,967
Public services		218,119	375,349	450,643
Community services	1,335,549	289,019	4,568	94,448
Culture and recreation		806,168	678,453	736,995
Library				
Capital outlay	1,143,907	2,243,224	2,424,467	4,670,860
Debt service:				
Principal	631,440	670,152	451,194	480,901
Interest and other charges	366,500	321,302	458,787	451,530
Total expenditures	<u>10,082,882</u>	<u>10,318,620</u>	<u>10,412,806</u>	<u>13,758,096</u>
Excess of revenues over (under) expenditures	<u>(76,654)</u>	<u>(600,644)</u>	<u>(247,399)</u>	<u>(2,790,943)</u>

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 4,866,515	\$ 5,163,197	\$ 5,401,879	\$ 5,790,405	\$ 6,415,171	\$ 7,207,539
3,684,901	3,784,149	4,065,373	4,114,053	5,347,228	5,538,481
1,226,231	1,475,836	1,222,977	1,237,728	1,254,012	1,307,515
102,918	126,886	119,738	197,070	192,977	215,557
	19,534	10,953	12,658	19,210	25,313
450,894	376,232	381,554	388,202	437,085	455,554
39,241	23,830	3,825	22,027	32,563	
197,905	266,378	301,393	663,057	325,191	316,854
5,200	4,550	215,244	4,313	3,731	530,316
85,752	76,320	171,876	345,650	620,207	439,770
423,465	395,510	471,511	598,811	756,958	654,819
<u>11,083,022</u>	<u>11,712,422</u>	<u>12,366,323</u>	<u>13,373,974</u>	<u>15,404,333</u>	<u>16,691,718</u>
3,193,675	2,698,996	2,704,408	2,676,013	3,019,200	3,269,353
4,354,626	4,316,165	4,788,853	4,809,776	4,932,289	5,723,203
153,119	859,878	768,252	552,276	489,331	712,129
1,267,511	1,730,750	1,406,740	1,518,905	2,870,696	1,977,554
84,041	24,661	21,015	143,300	158,160	186,487
1,275,978	1,062,355	1,077,971	906,749	950,845	1,028,437
	65,749	71,666	79,117	94,886	113,061
2,983,215	934,908	3,883,770	2,266,772	1,503,979	2,520,505
460,246	842,396	788,572	810,861	801,753	1,163,091
459,542	389,871	337,391	455,020	430,776	436,194
<u>14,231,953</u>	<u>12,925,729</u>	<u>15,848,638</u>	<u>14,218,789</u>	<u>15,251,915</u>	<u>17,130,014</u>
<u>(3,148,931)</u>	<u>(1,213,307)</u>	<u>(3,482,315)</u>	<u>(844,815)</u>	<u>152,418</u>	<u>(438,296)</u>

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

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Other Financing Sources (Uses)				
Transfers in	\$ 897,181	\$ 3,151,281	\$ 6,648,021	\$ 2,690,085
Transfers out	(297,181)	(1,741,281)	(2,378,555)	(7,071,681)
Refunding bonds issued	483,140			
Bonds issued			343,972	3,083,556
Premium on bonds issued				
Discount on bonds issued				
Payments to refunded bond escrow agent	(483,140)			
Capital leases				
Sale of capital assets				
Total other financing sources (uses)	<u>600,000</u>	<u>1,410,000</u>	<u>4,613,438</u>	<u>(1,298,040)</u>
Net change in fund balances	<u>\$ 523,346</u>	<u>\$ 809,356</u>	<u>\$ 4,366,039</u>	<u>\$ (4,088,983)</u>
Debt service as a percentage of noncapital expenditures	12.6%	14.0%	12.9%	11.4%

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 2,171,279	\$ 3,629,342	\$ 5,385,425	\$ 3,362,287	\$ 4,744,518	\$ 3,423,766
(1,594,850)	(2,941,779)	(2,720,814)	(2,910,566)	(3,962,600)	(3,799,196)
80,013	1,349,595	478,925	2,780,000	835,000	675,000
	319,176		1,591		
	(10,439)				
	(1,311,643)				
300,669				231,652	262,467
			28,351	22,916	
<u>957,111</u>	<u>1,034,252</u>	<u>3,143,536</u>	<u>3,261,663</u>	<u>1,871,486</u>	<u>562,037</u>
<u>\$ (2,191,820)</u>	<u>\$ (179,055)</u>	<u>\$ (338,779)</u>	<u>\$ 2,416,848</u>	<u>\$ 2,023,904</u>	<u>\$ 123,741</u>
8.9%	11.5%	10.4%	11.8%	9.8%	12.3%

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

Fiscal Year	Property Taxes	Sales and Use Taxes	Franchise and Other Taxes	Total
1999	\$ 3,722,163	\$ 3,149,004	\$ 1,240,776	\$ 8,111,943
2000	3,928,943	3,167,985	1,281,361	8,378,289
2001	4,049,720	3,573,040	1,424,032	9,046,792
2002	4,465,208	3,681,228	1,553,333	9,699,769
2003	4,866,515	3,684,901	1,329,149	9,880,565
2004	5,163,197	3,784,149	1,622,256	10,569,602
2005	5,401,879	4,065,373	1,353,668	10,820,920
2006	5,790,405	4,114,053	1,447,456	11,351,914
2007	6,415,171	5,347,228	1,466,199	13,228,598
2008	7,207,539	5,538,481	1,548,385	14,294,405

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

Fiscal Year	Tax Year	Real Property			Personal Property	
		Residential Property	Commercial Property	Total	Motor Vehicles	Other
1998	1997	A	A	\$ 315,383,286	A	A
1999	1998	A	A	328,207,914	A	A
2000	1999	A	A	340,244,053	A	A
2001	2000	A	A	368,620,562	A	A
2002	2001	A	A	397,078,791	A	A
2003	2002	A	A	436,791,883	A	A
2004	2003	A	A	489,624,164	A	A
2005	2004	\$ 419,639,580	\$ 280,972,630	700,612,210	A	\$ 131,001,860
2006	2005	463,788,970	310,043,900	773,832,870	A	132,699,310
2007	2006	494,709,890	328,960,620	823,670,510	A	142,494,590
2008	2007	545,828,781	372,642,100	918,470,881	A	162,470,944

Source: Tax department and Inspection records of the City.

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

A Data is not available

<u>Total</u>	<u>Less: Tax Exempt Real Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
\$ 109,552,895	A	\$ 424,936,181	0.8036	\$ 424,936,181	100%
119,125,711	A	447,333,625	0.8036	447,333,625	100%
129,720,796	A	469,964,849	0.8036	469,964,849	100%
126,920,848	A	495,541,410	0.8036	495,541,410	100%
140,764,801	A	537,843,592	0.8036	537,843,592	100%
159,684,533	A	596,476,416	0.8036	596,476,416	100%
143,820,050	A	633,444,214	0.8036	633,444,214	100%
131,001,860	\$ 176,600,152	655,013,918	0.8036	655,013,918	100%
132,699,310	185,471,506	721,060,674	0.8036	721,060,674	100%
142,494,590	169,766,577	796,398,523	0.8036	796,398,523	100%
162,470,944	179,990,617	900,951,208	0.8036	900,951,208	100%

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

Fiscal Year	City of Alvin			Overlapping Rates				Total Direct & Overlapping Rates
	Operating	Debt Service	Total	Alvin Independent School District	Alvin Community College	Brazoria County	C&R District No. 3	
Tax Rate								
1999	0.59200	0.21160	0.80360	1.5353	0.2389	0.35750	0.0960	3.0313
2000	0.62150	0.18210	0.80360	1.4785	0.2389	0.39950	0.0990	3.0195
2001	0.63810	0.16550	0.80360	1.5660	0.2389	0.33950	0.0600	3.0080
2002	0.66280	0.14080	0.80360	1.5660	0.2411	0.33950	0.1100	3.0602
2003	0.67020	0.13340	0.80360	1.5860	0.2553	0.35950	0.1166	3.1210
2004	0.64860	0.15500	0.80360	1.6261	0.2406	0.36196	0.1316	3.1638
2005	0.67840	0.12520	0.80360	1.7058	0.2376	0.34799	0.1306	3.2256
2006	0.65650	0.14710	0.80360	1.5459	0.2195	0.38170	0.1300	2.2770
2007	0.64400	0.15960	0.80360	1.3282	0.2103	0.31140	0.1281	2.7816
2008	0.65440	0.14920	0.80360	1.3282	0.1998	0.39000	0.1500	2.8716

Source: Tax department records of various taxing authorities.

Note: Tax rate per \$100 assessed valuation.

CITY OF ALVIN, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
September 30, 2008

<u>Taxpayer</u>	<u>2007 Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total Taxable Assessed Value</u>	<u>1998 Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total Taxable Assessed Value</u>
Walmart	\$ 17,900,560	1	2.0%	\$ 6,924,500	5	1.5%
Home Depot & Home Depot USA Inc	12,793,410	2	1.4%			
WeatherFord, USA L.P.	12,516,850	3	1.4%	6,922,020	6	1.5%
Alvin Autoland, Inc.	9,745,760	4	1.1%			
Ron Carter Chrysler	9,696,100	5	1.1%			
Texas New-Mexico Power Company	9,024,590	6	1.0%	8,936,420	4	2.0%
Texas & Kansas City Cable Partners	6,481,600	7	0.7%			
Ron Carter Toyota	6,760,710	8	0.8%	15,088,440	2	3.4%
Southwestern Bell Telephone Co.	6,252,420	9	0.7%	10,821,280	3	2.4%
Axens North America	6,113,890	10	0.7%			
Franks Casing Crew				2,963,840	8	0.7%
IPOP				23,608,570	1	5.3%
Team Industrial Services, Inc.				3,455,340	7	0.8%
South Bay Properties, Inc.				2,661,420	9	0.6%
Kroger				2,600,510	10	0.6%
	<u>97,285,890</u>		<u>10.9%</u>	<u>83,982,340</u>		<u>18.8%</u>
Other taxpayers	<u>797,266,052</u>		<u>89.1%</u>	<u>363,351,285</u>		<u>81.2%</u>
Total Assessed Valuation	<u>\$ 894,551,942</u>		<u>100%</u>	<u>\$ 447,333,625</u>		<u>100%</u>

Source: Tax department records of the City.

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

Fiscal Year ended September 30	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy			Total Collections to Date	
		Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
1998	\$ 3,349,694	\$ 3,283,072	98.0%	\$ 128,953	\$ 3,412,025	101.9%
1999	3,546,465	3,454,635	97.4%	136,919	3,591,554	101.3%
2000	3,684,711	3,602,262	97.8%	124,280	3,726,542	101.1%
2001	3,928,597	3,789,817	96.5%	99,035	3,888,852	99.0%
2002	4,312,622	4,147,538	96.2%	152,219	4,299,757	99.7%
2003	4,652,307	4,594,434	98.8%	151,854	4,746,288	102.0%
2004	5,090,358	4,896,746	96.2%	162,549	5,059,295	99.4%
2005	5,267,342	5,104,625	96.9%	177,270	5,281,895	100.3%
2006	5,684,983	5,519,795	97.1%	157,488	5,677,283	99.9%
2007	6,291,790	6,117,953	97.2%	159,222	6,277,175	99.8%
2008	7,064,411	6,907,075	97.7%	149,237	7,056,312	99.9%

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

Fiscal Year	Governmental Activities			Business-Type Activities		
	General Obligation Bonds	Time Warrants	Capital Leases	Revenue Bonds	General Obligation Bonds	Capital Leases
1999	\$ 7,150,324			\$	\$ 13,286,134	\$
2000	6,515,626				12,259,792	
2001	6,492,738			3,700,000	12,816,008	
2002	9,134,337			10,350,000	11,690,664	
2003	8,797,495		300,670	10,350,000	10,727,505	241,077
2004	8,412,381		229,658	10,240,000	10,697,618	184,140
2005	8,146,667		282,482	10,120,000	9,768,331	176,786
2006	10,313,613		84,675	12,160,000	12,516,386	34,666
2007	10,398,080		265,107	12,025,000	11,206,920	13,697
2008	10,044,753		392,810	11,815,000	11,835,248	

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

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

Total Primary Government	Percentage of Personal Income *	Per Capita *
\$ 20,436,458	6.57%	\$ 1,063
18,775,418	5.74%	977
23,008,746	6.56%	1,075
31,175,001	8.65%	1,456
30,416,747	8.92%	1,420
29,763,797	7.84%	1,390
28,494,266	7.06%	1,331
35,109,340	7.68%	1,640
33,908,804	7.06%	1,584
34,087,811	6.58%	1,592

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

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
1999	\$ 7,150,324	\$ 711,054	\$ 6,439,270	1.44%	\$ 335
2000	6,515,626	780,528	5,735,098	1.22%	298
2001	6,492,738	892,217	5,600,521	1.13%	262
2002	9,134,337	921,909	8,212,428	1.53%	384
2003	8,797,495	990,668	7,806,827	1.31%	365
2004	8,412,381	455,181	7,957,200	1.26%	372
2005	8,146,667	479,185	7,667,482	1.17%	358
2006	10,313,613	325,660	9,987,953	1.39%	466
2007	10,398,080	346,983	10,051,097	1.26%	469
2008	10,044,753	319,154	9,725,599	1.08%	454

CITY OF ALVIN, TEXAS
COMPUTATION OF DIRECT AND ESTIMATED
OVERLAPPING DEBT
September 30, 2008

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to City</u>	<u>Debt Applicable to City</u>
Brazoria County	\$ 55,725,000	4.77%	\$ 2,658,083
Alvin Independent School District	296,174,732	65.00%	192,513,576
Alvin Community College	<u>18,977,000</u>	<u>65.00%</u>	<u>12,335,050</u>
Total Net Overlapping Debt			207,506,708
City of Alvin			
Debt payable from Ad Valorem Taxes			9,831,970
Debt payable from Water/Sewer Revenues			23,417,016
Debt payable from Hotel/Motel Taxes			212,784
Debt payable from Sanitation Revenues			<u>233,231</u>
Total Net Direct Debt			<u>33,695,001</u>
Total Direct and Overlapping Net Debt			<u><u>\$ 241,201,709</u></u>
Ratio of total direct and overlapping net debt to 2007 assessed valuation			<u><u>13.97%</u></u>
Direct and Overlapping net debt per capita			<u><u>9,969</u></u>

Brazoria County (281) 331-6101 Connie Garner / Auditor's Office Net Bonded Debt
 AISD (281) 388-1130 Cheryl Ryan 281-245-2481
 ACC (281) 756-3508 Carl Stager / Business Office

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

	1999	2000	2001	2002
Debt limit	\$ 42,493,618	\$ 44,733,362	\$ 46,996,484	\$ 49,554,141
Total net debt applicable to limit	<u>7,068,795</u>	<u>6,439,270</u>	<u>5,735,098</u>	<u>5,850,617</u>
Legal debt margin	<u>\$ 35,424,823</u>	<u>\$ 38,294,092</u>	<u>\$ 41,261,386</u>	<u>\$ 43,703,524</u>
Total net debt applicable to the limit as a percentage of debt limit	16.63%	14.39%	12.20%	11.81%

2003	2004	2005	2006	2007	2008
\$ 53,784,359	\$ 59,647,642	\$ 83,161,407	\$ 90,653,218	\$ 96,616,510	\$ 108,094,183
7,877,428	7,806,827	7,374,221	6,940,609	7,031,033	6,197,815
<u>\$ 45,906,931</u>	<u>\$ 51,840,815</u>	<u>\$ 75,787,186</u>	<u>\$ 83,712,609</u>	<u>\$ 89,585,477</u>	<u>\$ 101,896,368</u>
14.65%	13.09%	8.87%	7.66%	7.28%	5.73%

Legal Debt Margin Calculation for Fiscal Year 2008

Assessed value	\$ 900,951,208
Add back: exempt real property	<u>179,990,617</u>
Total assessed value	\$ 1,080,941,825
Debt limit (10% of total assessed value)	108,094,183
Debt applicable to limit:	
General obligation bonds	6,516,969
Less: Amount set aside for repayment of general obligation debt	<u>(319,154)</u>
Total net debt applicable to limit	<u>6,197,815</u>
Legal debt margin	<u>\$ 101,896,368</u>

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

Fiscal Year						
Fiscal Year	Water & Sewer Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2000	\$ 5,338,808	\$ 2,210,210	\$ 3,128,598	\$ 994,849	\$ 818,811	1.73
2001	5,756,706	2,495,442	3,261,264	1,055,244	766,555	1.79
2002	5,261,825	2,257,614	3,004,211	1,125,344	760,163	1.59
2003	5,202,315	2,518,769	2,683,546	1,156,616	938,232	1.28
2004	5,278,796	2,717,189	2,561,607	1,233,053	898,598	1.20
2005	5,183,862	2,943,051	2,240,811	1,146,810	782,824	1.16
2006	6,036,003	2,378,938	3,657,065	1,436,945	826,533	1.62
2007	6,190,290	4,027,507	2,162,783	1,429,846	1,036,558	0.88
2008	6,750,856	4,166,715	2,584,141	1,556,533	881,892	1.06

Source: City records - Only 8 years information available

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

Fiscal Year	Population¹	Personal Income¹ (Amount in thousands)	Per Capita Personal Income⁴	Median Age¹	Education Level in Years of Formal Schooling¹	School Enrollment²	Unemployment Rate³
1999	19,221	\$ 311,111	\$ 16,186	33.0	13.80	11,408	6.30
2000	19,221	327,065	17,016	33.0	13.75	11,444	6.00
2001	21,413	350,766	16,381	32.3	13.75	11,619	5.70
2002	21,413	360,445	16,833	33.0	13.75	11,760	8.30
2003	21,413	341,131	15,931	33.0	13.75	12,046	8.20
2004	21,413	379,460	17,721	33.0	13.75	12,100	8.20
2005	21,413	403,635	18,850	34.0	13.75	12,600	7.3%
2006	21,413	457,017	21,343	31.4	13.75	14,000	7.3%
2007	21,413	480,593	22,444	32.0	13.75	15,300	8.2%
2008	21,413	518,087	24,195	32.5	13.75	16,000	8.2%

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 HotReport

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

Employer	2008			1999		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Alvin Independent School District	1,834	1	34.5%	1,630	1	33.2%
DISH Network	550	2	10.3%			0.0%
Wal-Mart	514	3	9.7%	400	5	8.2%
Alvin Community College	500	4	9.4%	593	3	12.1%
Solutia, Inc.	465	5	8.7%	255	7	5.2%
INEOS Olfens & Polymers USA	429	6	8.1%	265	6	5.4%
Ron Carter Automotive	310	7	5.8%			0.0%
Lyondell/Equistar	300	8	5.6%			0.0%
Team, Inc.	247	9	4.6%	170	9	3.5%
City of Alvin	166	10	3.1%	150	10	3.1%
Amoco Petrochemical				675	2	13.8%
Input/Output				523	4	10.7%
Oxychem Petrochemicals				246	8	5.0%
Total	5,315		100%	4,907		100%

Source: City of Alvin Economic Development Website

CITY OF ALVIN, TEXAS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

Function	1999	2000	2001	2002
General government				
Administrative	5	5	5	4
Legal	2	2	2	2
Municipal Court	2	2	2	2
City Secretary	2	3	3	3
Finance	10	9	9	7
City Hall	1	1	1	1
Public Safety				
Police	58	61	61	61
Fire			2	2
Fire Marshal				
Humane	2	2	2	2
Culture and Recreation				
Parks	8	9.5	10	9.5
Facility Maintenance				
Economic Development				
Public Works				
Administration & Facility MGMT		3	3	
Street	13	15	14	13
Engineering				
Engineering	9	8	8	8
Inspections	4	4	5	9
Planning	1	1		1
Enterprise Fund				
Administration	6	7	7	7
Water, Sewer, WWTP	24	23	23	23
Recycling				
Internal Service Fund	3	3	5	5
Emergency Medical Services	2	2	2	2
Total	152	160.5	164	161.5

Source: City Finance department.

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
4	4	5.5	5.5	7	6
2	3	2	3	3	3
2	2	2	2	2	2
3	3	3	3	3	3
7	7	6	7	7	7
1	1				
67	68	69	70	74	76
2	2.5	2.5	3	3	3
	1	1	1	1	1
2	2	2	2	2	2
9.5	11	9.5	9.5	10.5	10
	2	1	1	1	1
			2	2	2
13	13	16	16	17	19
8	11	9	9	9	9
6	3	3	4	4	4
1					
7	7	6	7.5	7.5	7
22	23	24	24	24	24
5	5	5	4	4	4
2	2	2	2	2	2
<u>163.5</u>	<u>170.5</u>	<u>168.5</u>	<u>175.5</u>	<u>183</u>	<u>185</u>

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

Function	1999	2000	2001	2002
Police				
Physical arrests	1,795	1,928	2,005	2,136
Traffic violations	n/a	n/a	2,737	3,476
Fire				
Number of calls answered	593	633	549	612
Inspections	n/a	n/a	n/a	n/a
Highways and streets				
Sanitation				
Monthly residential pickups	4,658	4,693	4,734	4,766
Commercial Containers	735	748	775	788
Culture and recreation				
Athletic Fields	12	19	19	21
Water				
New connections	82	62	101	87
Total number of water connects	5,513	5,575	5,676	5,763
Average daily consumption (thousands of gallons)	2.541 MGD.	2.541 MGD.	2.496 MGD.	2.496 MGD.
Sewer				
Average daily sewage treatment (thousands of gallons)	3.000 MGD.	3.000 MGD.	3.150 MGD.	3.150 MGD.

Source: Various City departments.

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

2003	2004	2005	2006	2007	2008
2,388	2,351	2,506	2,627	1,557	2,201
4,118	2,840	2,378	1,936	2,620	3,074
579	626	710	724	712	889
694	673	634	747	876	884
4,846	4,819	4,903	5,042	5,147	5,317
765	792	797	602	781	845
21	21	21	21	21	21
26	170	96	237	154	128
5,789	5,959	6,055	6,975	7,129	7,257
2.496 MGD.	2.311 MGD.	2.350 MGD.	2.287 MGD.	2.226 MGD.	2.379MGD
3.150 MGD.	3.250 MGD.	3.500 MGD.	2.395 MGD.	3.000 MGD.	2.965MGD

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

Function	1999	2000	2001	2002
Public safety				
Police				
Stations	1	1	1	1
Police units	31	31	31	31
Fire				
Fire stations	2	2	2	2
Volunteers	60	54	54	62
Highways and streets				
Streets (miles)	113	113	113	113
Culture and recreation				
Parks acreage	83.7	83.7	83.7	83.7
Parks	13	13	13	13
Swimming pools	1	1	1	1
Tennis courts	2	2	2	2
Water				
Water wells	4	4	5	5
Water mains (miles)	161.50	162.0	162.0	162
Fire hydrants	598	598	603	603
Maximum daily capacity (thousands of gallons)	4.347 MGD.	4.347 MGD.	4.199 MGD.	2.496 MGD.
Sewer				
Sanitary sewers (miles)	111.0	111.0	100.0	100.0
Storm sewers (miles)	28.5	29.0	29.0	29.0
Maximum daily treatment capacity (thousands of gallons)	10.749 MGD.	10.749 MGD.	15.000 MGD.	15.000 MGD.

Source: Various City departments.

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

2003	2004	2005	2006	2007	2008
1	1	1	1	1	1
35	35	32	32	35	340
2	2	2	2	2	3
63	61	63	57	61	64
113	169	192	178	178	178
83.7	88.0	88.0	91.0	108.0	108.0
13	13	13	15	15	15
1	1	1	1	1	1
2	2	2	2	2	2
5	5	5	5	5	5
170	175	137	142	145	145
603	785	891	876	901	905
2.496 MGD.	2.311 MGD.	2.496 MGD.	2.496 MGD.	2.496 MGD.	2.496 MGD.
106.0	110.0	135.0	138.0	140.0	104.0
29.0	29.0	35.0	38.0	50.0	50.5
15.000 MGD.					