



City of Alvin, Texas

Comprehensive Annual Financial Report

*For the Year Ended
September 30, 2012*

*COMPREHENSIVE
ANNUAL FINANCIAL REPORT*

of the

CITY OF ALVIN, TEXAS

For the Year Ended
September 30, 2012

Officials Issuing Report:

**Terry Lucas
City Manager**

**Junru Roland
Chief Financial Officer**

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CITY OF ALVIN, TEXAS

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INTRODUCTORY SECTION

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CITY OF ALVIN

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

February 15, 2013

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

The Comprehensive Annual Financial Report (“CAFR”) of the City of Alvin, Texas (the “City”) for the fiscal year ended September 30, 2012 is hereby submitted. Responsibility for both the accuracy of the data, and completeness and fairness of the presentation, including all disclosures, rests with management. We believe the data, as presented, is accurate in all material respects and is presented in a manner designed to present fairly the financial position and results of operations of the City as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain the maximum understanding of the City’s financial activities have been included.

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

As required by the City’s charter, the financial statements have been audited by Belt Harris Pechacek, LLLP, a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurances that the financial statements of the City for the fiscal year ended September 30, 2012 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City’s financial statements for fiscal year ended September 30, 2012 are presented in conformity with generally accepted accounting principles (“GAAP”).

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

includes selected unaudited financial and demographic information generally presented on a multi-year basis.

PROFILE OF THE GOVERNMENT

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

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

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

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

For the general fund, this comparison is presented on page 83 as part of the Required Supplemental Information. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 89.

ECONOMIC CONDITION AND OUTLOOK

"A city government with individuals who, through cooperation, teamwork and pride, serve to provide the highest level of service to its community." This mission statement is what guides the City staff as they go

about working for the community. Our strategic partners, from the public to private sector are invaluable to Alvin and volunteer organizations are part of the life blood that continues to bring quality events to the community. Many new park improvements have been completed to include: thirteen shade pavilions with three new concrete slabs, construction of Skate Park at National Oak Park, installation of street lighting along Briscoe Drive at Briscoe Park, installation of deck coating at Bow Owen Pool, installation of lighting along the Hike and Bike trail, installation of decorative fencing at National Park. Other Park projects include the installation of fencing and amenities for a Dog Park at Briscoe Park, and the installation of fall surface borders at various playgrounds within the park system.

The community is gaining momentum and many exciting things are under way. Team Industrial Services –who employees over 200 -- will be adding a new 50,000 square foot facility and remodeling the corporate facility to allow for additional training facilities. Denbury Resources has added approximately 20 jobs as a result of the completion of their \$100 Million separation plant for Hastings Oilfields, including a gas line from Louisiana to flood the oilfields. Texas New Mexico Power's (TNMP) new \$6.5 million, state of the art, Systems Operation Center (SOC) is now complete. The SOC monitors and controls all TNMP transmission facilities throughout the state. The SOC will office 18 full time employees and is staffed 24 hours per day, 365 days per year.

Commercial and retail growth continues. New restaurants include the Wingz Restaurant, Ooh La La Crepes, and Luigi's Italian Restaurant. There is an \$80 million commercial, retail and residential master planned project; which will include a family entertainment center, 10-screen cinema, an 86-bed extended stay hotel, and a 30,000 square foot entertainment plaza. In addition, this project will include commercial and residential space, along with many new restaurants.

Kendall Lakes Light Industrial Park, on the north side of the City of Alvin, is adding the foreign trade zone capability. The site is being marketed as a light manufacturing/warehousing industrial park. With the opening of the Panama Canal in 2013, we expect to have opportunities to add an international component of our base employment. Inside this development, Alvin ISD has completed the construction of Mark Twain Elementary replacement school – which has the capacity to educate up to 800 students.

For 2012 there were 51 new residential permits for construction and 37 residential certificates of occupancy. The value for new residential permits equaled \$8.1 million. The value for commercial and residential repairs/additions/etc. equaled \$2.3 million. In addition, there were 5 new commercial permits issued worth \$2.3 million in value.

Alvin Community College was placed in the top 10% among community colleges in the United States and has received over \$900,000 in grant funding to provide additional equipment for their industrial and medical workforce training programs.

MAJOR INITIATIVES

The City is proposing the construction of a municipal shooting range at the former city landfill – approximately 5 miles west of the Alvin city limits. The City's consultant has communicated that the City could be drawing from a population in the Houston area of 4 million potential patrons; and this could provide an economic boom for the City. Some of the amenities at the municipal shooting range would include: a police tactical area for training multiple police departments, a skeet and trap field, a five-stand

international bunker trap, several sporting clay fields, and 90-meter and 3-D archery fields. A conceptual master plan for the construction of this project is underway.

RELEVANT FINANCIAL POLICIES

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

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Alvin for its CAFR for the fiscal year ended September 30, 2011. This was the twenty-seventh 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, 2011. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient as a policy document, a financial plan, an operations guide and as a communications device.

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

Respectfully submitted,

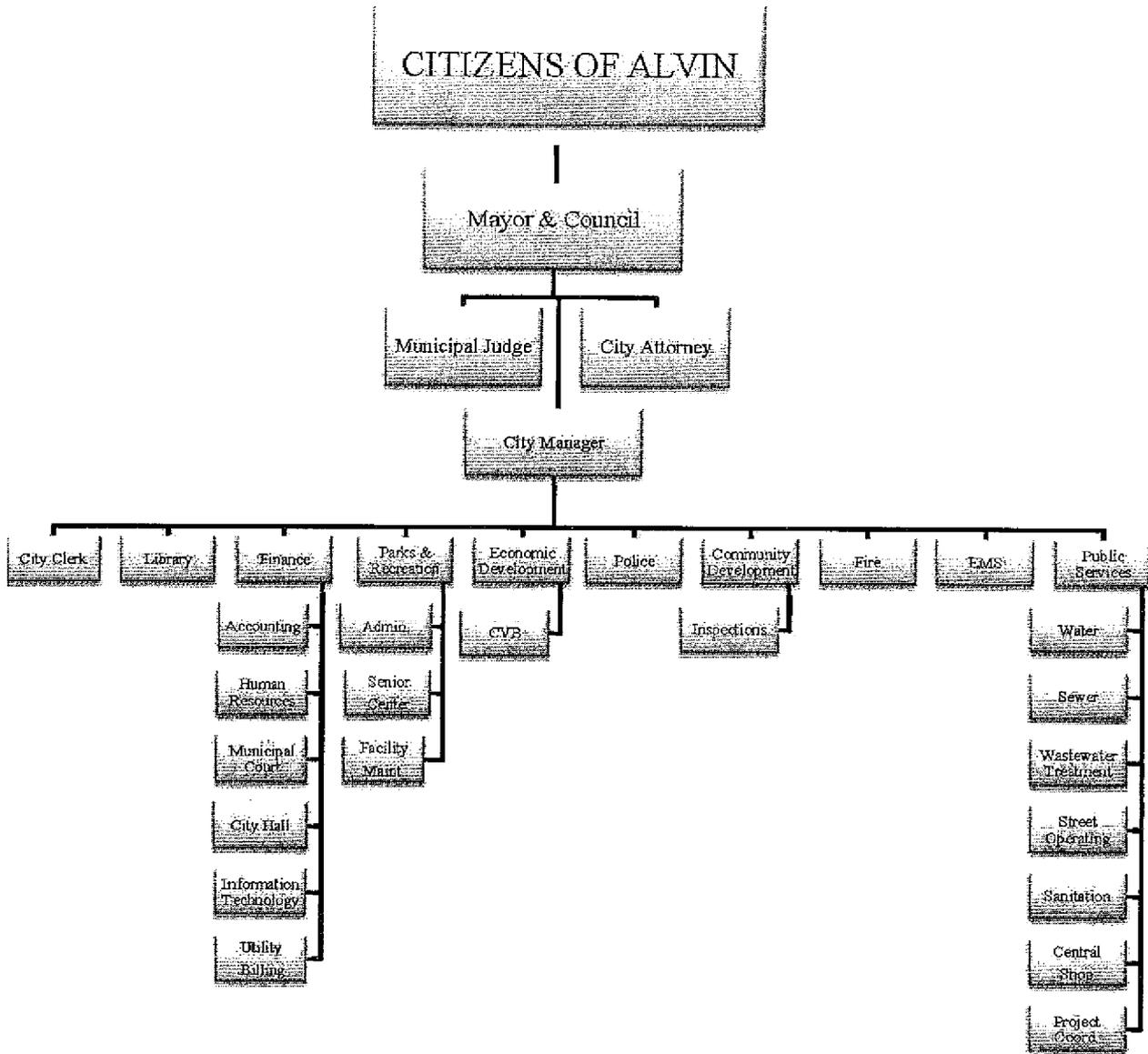
Terry L. Lucas
City Manager

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

CITY OF ALVIN, TEXAS

ORGANIZATIONAL CHART

September 30, 2012



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

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Alvin
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2011

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.



Christopher P. Morille

President

Jeffrey R. Emmer

Executive Director

CITY OF ALVIN, TEXAS

PRINCIPAL OFFICIALS

September 30, 2012

<u>City Officials</u>	<u>Elective Position</u>	<u>Term Expires</u>
Gary Appelt	Mayor	2014
Scott Reed	Council Member - District A	2013
Adam Arendell	Council Member - District B	2015
Jim Landriault	Council Member - District C	2015
Roger E. Stuksa	Council Member - District D	2013
Greg Bullard	Council Member - District E	2014
Brad Richards	Council Member - At Large 1	2015
Terry Droege	Council Member - At Large 2	2013

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

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Alvin, Texas (the "City") as of and for the year ended September 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2012, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

Partners

Robert Belt, CPA
Stephanie E. Harris, CPA
Nathan Krupke, CPA

Houston

3210 Bingle Rd., Ste. 300
Houston, TX 77055
713.263.1123

Bellville

6100 Windy Hill Lane
Bellville, TX 77418
979.865.3169

Austin

100 Congress Ave., Ste. 2000
Austin, TX 78701
512.381.0222

All Offices

www.texasauditors.com
info@txauditors.com
713.263.1550 fax



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

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
February 15, 2013

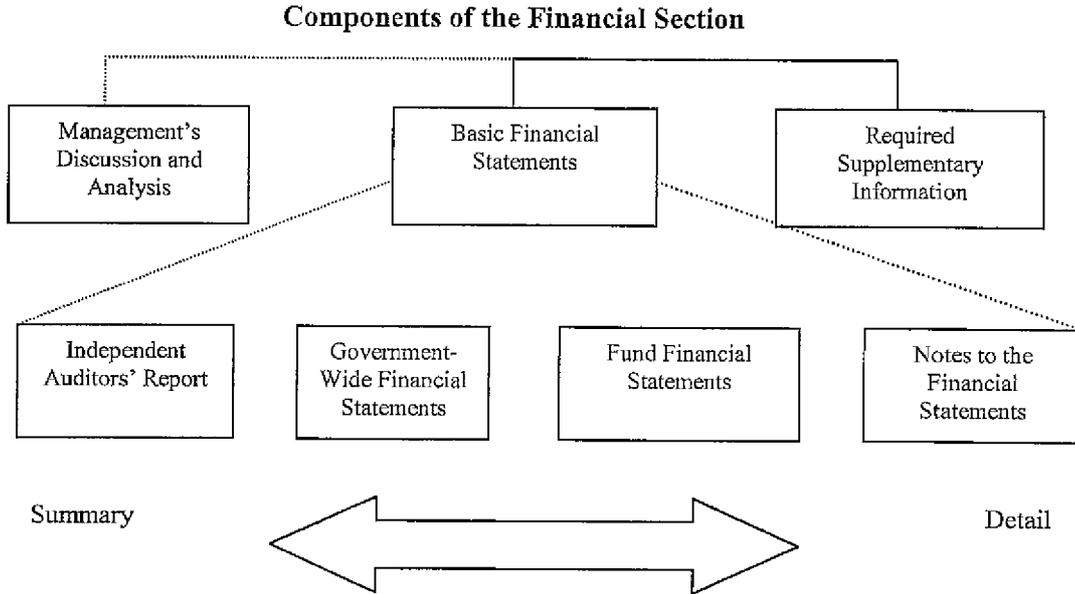
*MANAGEMENT'S DISCUSSION
AND ANALYSIS*

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CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2012

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the City of Alvin, Texas (the "City") for the year ending September 30, 2012. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT



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

Government-Wide Statements

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

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

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2012

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

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

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

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

FUND FINANCIAL STATEMENTS

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

Governmental Funds

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

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

The City maintains 19 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund (considered a nonmajor fund for reporting purposes, but the City has elected to present as major due to its significance), and the sales tax capital projects fund, which are considered to be major funds. The City adopts an annual appropriated budget for its general fund, debt service fund, and select special revenue funds. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with these budgets.

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2012

Proprietary Funds

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

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

Notes to Financial Statements

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

Other Information

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. For the City, assets exceed liabilities by \$59,060,286 as of September 30, 2012. As required by GASB Statement No. 34, a comparative analysis of government-wide data has been presented as a component of the MD&A for the year ending September 30, 2012. The largest portion of the City's net assets, 63 percent, reflects its investment in capital assets (e.g., land, building, equipment, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2012

Statement of Net Assets:

The following table reflects the condensed Statement of Net Assets:

SUMMARY OF STATEMENT OF NET ASSETS

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 18,634,698	\$ 18,927,646	\$ 11,594,857	\$ 10,882,684	\$ 30,229,555	\$ 29,810,330
Capital assets, net	32,893,835	32,809,302	28,610,316	29,656,474	61,504,151	62,465,776
Total Assets	51,528,533	51,736,948	40,205,173	40,539,158	91,733,706	92,276,106
Long-term liabilities	12,471,396	14,029,503	17,649,113	19,250,027	30,120,509	33,279,530
Other liabilities	871,365	596,459	1,681,546	1,711,498	2,552,911	2,307,957
Total Liabilities	13,342,761	14,625,962	19,330,659	20,961,525	32,673,420	35,587,487
Net assets:						
Invested in capital assets, net of related debt	24,498,035	23,710,635	12,637,625	12,506,488	37,135,660	36,217,123
Restricted	9,400,498	9,614,913	677,203	706,487	10,077,701	10,321,400
Unrestricted	4,287,239	3,785,438	7,559,686	6,364,658	11,846,925	10,150,096
Total Net Assets	\$ 38,185,772	\$ 37,110,986	\$ 20,874,514	\$ 19,577,633	\$ 59,060,286	\$ 56,688,619

A portion of the City's net assets, \$10,077,701 or 16 percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets, \$11,846,925 or 20 percent, may be used to meet the City's ongoing obligation to citizens and creditors.

The City's total net assets increased by \$2,371,667, as compared to the prior year. This increase is the result of multiple factors. Property taxes increased as a result of increased rates and assessed property values to meet the ongoing operational demands of the City along with the debt obligations. Sales tax revenues increased as a result of a healthier economy than the prior year. The City had a decrease in interest expense and fiscal agent fees as a result of two bonds being issued in the prior year, one of which was a refunding bond.

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2012

Statement of Activities:

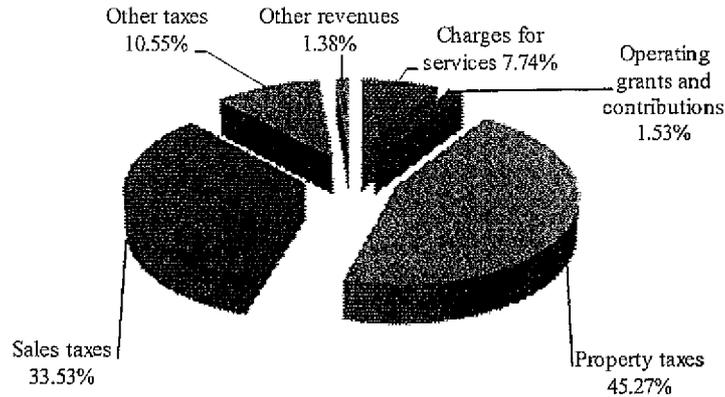
The following table provides a summary of the City's changes in net assets:

	Governmental		Business-Type		Total	
	Activities		Activities		Primary	
	2012	2011	2012	2011	2012	2011
Revenues						
Program revenues:						
Charges for services	\$ 1,321,328	\$ 1,282,997	\$ 10,505,907	\$ 10,560,658	\$ 11,827,235	\$ 11,843,655
Operating grants and contributions	261,048	89,468	231,858	195,895	492,906	285,363
General revenues:						
Property taxes	7,724,036	7,311,667	-	-	7,724,036	7,311,667
Sales taxes	5,720,505	5,460,695	-	-	5,720,505	5,460,695
Other taxes	1,799,458	1,746,526	-	-	1,799,458	1,746,526
Other revenues	235,939	88,554	16,048	11,814	251,987	100,368
Total Revenues	<u>17,062,314</u>	<u>15,979,907</u>	<u>10,753,813</u>	<u>10,768,367</u>	<u>27,816,127</u>	<u>26,748,274</u>
Expenses						
General government	3,856,490	3,493,056	-	-	3,856,490	3,493,056
Public safety	7,183,101	6,818,758	-	-	7,183,101	6,818,758
Public services	1,558,656	1,354,999	-	-	1,558,656	1,354,999
Community services	2,237,711	2,789,836	-	-	2,237,711	2,789,836
Culture, parks, and recreation	1,345,650	1,300,499	-	-	1,345,650	1,300,499
Interest and fiscal agent fees	307,110	953,431	-	-	307,110	953,431
Water and sewer	-	-	5,149,638	5,275,355	5,149,638	5,275,355
Sanitation	-	-	2,044,570	1,951,774	2,044,570	1,951,774
EMS	-	-	1,761,534	1,705,571	1,761,534	1,705,571
Conference center	-	-	-	99,129	-	99,129
Total Expenses	<u>16,488,718</u>	<u>16,710,579</u>	<u>8,955,742</u>	<u>9,031,829</u>	<u>25,444,460</u>	<u>25,742,408</u>
Revenue Over (Under) Expenses	573,596	(730,672)	1,798,071	1,736,538	2,371,667	1,005,866
Transfers	501,190	394,906	(501,190)	(394,906)	-	-
Change in Net Assets	1,074,786	(335,766)	1,296,881	1,341,632	2,371,667	1,005,866
Beginning net assets	37,110,986	37,446,752	19,577,633	18,236,001	56,688,619	55,682,753
Ending Net Assets	<u>\$ 38,185,772</u>	<u>\$ 37,110,986</u>	<u>\$ 20,874,514</u>	<u>\$ 19,577,633</u>	<u>\$ 59,060,286</u>	<u>\$ 56,688,619</u>

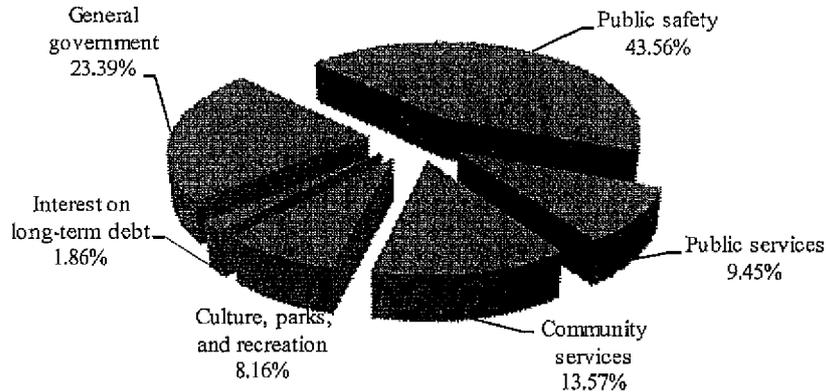
CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
 For the Year Ended September 30, 2012

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

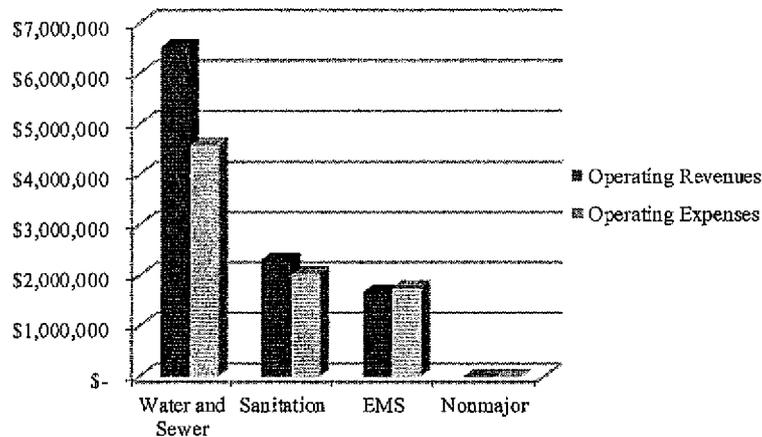
Governmental Revenues



Governmental Expenses



Business-Type Activities



CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2012

For the year ended September 30, 2012, revenues from governmental activities totaled \$17,062,314, which is an increase of \$1,082,407 from last year. This is primarily due to an increase in grant revenues, property taxes, sales taxes, and other revenues.

For the year ended September 30, 2012, expenses for governmental activities totaled \$16,488,718. Overall governmental expenses decreased by one percent. This is related to a decrease in interest and fiscal agent fees as a result of two new bonds being issued in the prior year.

Operating revenues and expenses for business-type activities were comparable to the prior year, as the change in net assets was \$44,751 less than the prior year, a 3.34 percent decrease.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

The City's governmental funds reflect a combined fund balance of \$15,724,420. Of this, \$39,347 is nonspendable, \$9,400,498 is restricted for various purposes, and \$1,625,660 is assigned for various projects. The remaining balance of \$4,658,915 is unassigned in the general fund.

There was a net decrease in the combined fund balance of \$953,908 compared to the prior year, due to the operating results of the current year.

The general fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the general fund was \$4,658,915, while total fund balance reached \$5,609,573. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 38 percent of total general fund expenditures while total fund balance represents 45 percent of the same amount. The general fund demonstrated an overall decrease of \$82,417 due to the operating results of the current year.

The debt service fund has a total fund balance of \$99,776, all of which is restricted for the payment of debt service. The net decrease in fund balance during the current year in the debt service fund was \$309,447. This planned decrease can be attributed to the increase in overall debt payments.

The sales tax capital projects fund recorded an increase of \$113,559 in fund balance. This is primarily due to an increase in sales tax revenue from a healthier economy which was offset by an increase in expenditures due to an increase in the number of projects engaged in the current year.

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

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2012

GENERAL FUND BUDGETARY HIGHLIGHTS

There had been a planned decrease in budgeted fund balance in the amount of \$973,381 in the general fund. However, the net change in fund balance only decreased by \$82,417, resulting in a positive variance of \$890,964 from budgeted as amended over actual. This was largely due to higher-than-anticipated sales tax and intergovernmental revenues in addition to less-than-anticipated expenditures across the majority of the departments.

Actual general fund revenues were more than original and amended budgeted revenues by \$158,839 during 2012. This variance includes a positive variance of \$153,327 for intergovernmental revenue and a positive variance of \$120,670 for sales tax revenue.

Actual expenditures were less than budgeted amounts by \$661,330 for the fiscal year. The greatest positive variances were in the administrative, finance, police, and culture, parks, and recreation departments.

CAPITAL ASSETS

At the end of the current year, the City's governmental activities funds had invested \$32,893,835 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net increase of \$84,533. Depreciation is included with the governmental capital assets as required by GASB Statement No. 34 with an increase in depreciation expense of \$1,972,642.

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

- S. Street Drainage and Repairs for \$793,506
- FM 528 Extension for \$793,825
- Skate Park for \$101,050
- CR-160 Street Overlay Project for \$317,303
- Library Renovations for \$110,881
- Bob Briscoe Park Improvements for \$897,675
- WWTP Upgrade for \$2,713,648
- PSF Renovation Project for \$241,891

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

LONG-TERM DEBT

At the end of the current year, the City had total bonds and certificates of obligation outstanding of \$28,808,000. Of this amount, \$17,783,000 was general obligation debt, \$4,945,000 as revenue bond debt, and certificates of obligation accounted for \$6,080,000.

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

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2012

Current underlying ratings on debt issues are as follows:

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City adopted a fiscal year 2012-2013 expenditure budget of \$32,708,066, which is an increase of 8.6 percent from the prior year budget. The City budgeted for fiscal year 2012-2013 revenues of \$65,522,255, which is an increase of 4.2 percent from the prior year budget. The 2012 certified taxable value is \$917,184,020, an increase of 1.06 percent from the previous year. The unemployment rate for the City area is currently 7.9 percent. Inflationary trends in the region compare favorably to national indices. All of these factors were considered in preparing the City's budget for the 2012-2013 fiscal year.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

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BASIC FINANCIAL STATEMENTS

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CITY OF ALVIN, TEXAS

STATEMENT OF NET ASSETS

September 30, 2012

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and equity in pooled cash and investments	\$ 13,545,215	\$ 8,229,430	\$ 21,774,645
Investments	1,973,908	-	1,973,908
Receivables, net of allowances	2,701,317	1,809,451	4,510,768
Internal balances	77,736	(77,736)	-
Inventory	92,637	66,151	158,788
Prepays and other assets	38,851	100	38,951
Deferred charges	205,034	345,878	550,912
Restricted assets:			
Temporarily restricted cash and cash equivalents	-	1,221,583	1,221,583
	18,634,698	11,594,857	30,229,555
Capital assets:			
Non-depreciable capital assets	4,518,167	1,441,367	5,959,534
Depreciable capital assets, net	28,375,668	27,168,949	55,544,617
	32,893,835	28,610,316	61,504,151
Total Assets	51,528,533	40,205,173	91,733,706
Liabilities			
Accounts payable and accrued liabilities	796,029	1,526,922	2,322,951
Accrued bond interest	75,336	154,624	229,960
Noncurrent liabilities:			
Portion due within one year:			
Compensated absences	666,714	53,105	719,819
Bonds payable	1,205,570	1,463,430	2,669,000
Portion due in more than one year:			
Compensated absences	74,079	5,900	79,979
Bonds payable (net of deferred charges)	9,562,672	15,879,620	25,442,292
Net pension obligation	962,361	247,058	1,209,419
	13,342,761	19,330,659	32,673,420
Total Liabilities	13,342,761	19,330,659	32,673,420
Net Assets			
Invested in capital assets, net of related debt	24,498,035	12,637,625	37,135,660
Restricted for:			
Perpetual care	50,000	-	50,000
Debt service	99,776	677,203	776,979
Enabling legislation	649,027	-	649,027
Tax increment reinvestment zone	66,674	-	66,674
Capital projects	8,535,021	-	8,535,021
Unrestricted	4,287,239	7,559,686	11,846,925
Total Net Assets	\$ 38,185,772	\$ 20,874,514	\$ 59,060,286

See Notes to Financial Statements.

Net Revenue (Expense) and Changes in Net Assets

Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (3,338,819)	\$ -	\$ (3,338,819)
(6,118,396)	-	(6,118,396)
(1,558,656)	-	(1,558,656)
(2,237,711)	-	(2,237,711)
(1,345,650)	-	(1,345,650)
(307,110)	-	(307,110)
<u>(14,906,342)</u>	<u>-</u>	<u>(14,906,342)</u>
-	1,394,570	1,394,570
-	260,930	260,930
-	126,523	126,523
<u>-</u>	<u>1,782,023</u>	<u>1,782,023</u>
<u>(14,906,342)</u>	<u>1,782,023</u>	<u>(13,124,319)</u>
7,724,036	-	7,724,036
5,720,505	-	5,720,505
1,607,488	-	1,607,488
191,970	-	191,970
31,176	13,322	44,498
204,763	2,726	207,489
501,190	(501,190)	-
<u>15,981,128</u>	<u>(485,142)</u>	<u>15,495,986</u>
1,074,786	1,296,881	2,371,667
<u>37,110,986</u>	<u>19,577,633</u>	<u>56,688,619</u>
<u>\$ 38,185,772</u>	<u>\$ 20,874,514</u>	<u>\$ 59,060,286</u>

CITY OF ALVIN, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2012

	General	Debt Service	Sales Tax Capital Projects	Other Governmental Funds
Assets				
Cash and equity in pooled cash and investments	\$ 3,050,600	\$ 97,927	\$ 5,174,532	\$ 3,911,421
Investments	1,773,908	-	200,000	-
Receivables, net	1,688,084	83,890	865,444	47,229
Prepaid items	38,851	-	-	-
Inventory	496	-	-	-
Total Assets	\$ 6,551,939	\$ 181,817	\$ 6,239,976	\$ 3,958,650
Liabilities				
Accounts payable and accrued liabilities	\$ 481,544	\$ -	\$ 154,433	\$ 29,122
Due to others	58,638	-	-	-
Deferred revenue	402,184	82,041	-	-
Total Liabilities	942,366	82,041	154,433	29,122
Fund Balances				
Nonspendable:				
Inventories	496	-	-	-
Prepaid items	38,851	-	-	-
Restricted for:				
Debt service	-	99,776	-	-
Perpetual care	-	-	-	50,000
Enabling legislation	-	-	-	649,027
Tax increment reinvestment zone	-	-	-	66,674
Capital projects	-	-	6,085,543	2,449,478
Assigned to:				
Permanent fund	-	-	-	432,959
Special projects	170,518	-	-	281,390
Compensated absences	740,793	-	-	-
Unassigned	4,658,915	-	-	-
Total Fund Balances	5,609,573	99,776	6,085,543	3,929,528
Total Liabilities and Fund Balances	\$ 6,551,939	\$ 181,817	\$ 6,239,976	\$ 3,958,650

See Notes to Financial Statements.

Total

\$ 12,234,480
1,973,908
2,684,647
38,851
496
\$ 16,932,382

\$ 665,099
58,638
484,225
1,207,962

496
38,851

99,776
50,000
649,027
66,674
8,535,021

432,959
451,908
740,793
4,658,915
\$ 15,724,420

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CITY OF ALVIN, TEXAS
RECONCILIATION OF THE GOVERNMENTAL
FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
September 30, 2012

Total fund balances - total governmental funds	\$	15,724,420
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.		
Capital assets, non-depreciable		4,518,167
Capital assets, net depreciable		27,526,360
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		
		484,225
Internal service funds are used by management to charge the costs of certain capital assets and maintenance to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Assets.		
		2,235,295
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Accrued interest payable		(75,336)
Non-current liabilities due in one year		(1,858,249)
Non-current liabilities due in more than one year		(10,574,144)
Deferred charges for issuance costs		205,034
Net Assets of Governmental Activities	\$	<u>38,185,772</u>

See Notes to Financial Statements.

CITY OF ALVIN, TEXAS

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

For the Year Ended September 30, 2012

	General	Debt Service	Sales Tax Capital Projects	Other Governmental Funds
Revenues				
Property taxes	\$ 6,492,751	\$ 1,183,726	\$ -	\$ 53,675
Sales taxes	1,907,215	-	3,813,290	-
Franchise fees and taxes	1,318,109	-	-	289,379
Other taxes	191,970	-	-	-
Licenses and permits	632,240	-	-	-
Fines and forfeitures	415,766	-	-	16,699
Charges for services	203,123	-	-	53,500
Intergovernmental	158,937	-	80,261	18,599
Investment revenue	11,838	1,127	9,625	6,741
Other revenue	-	-	98,403	66,080
Total Revenues	11,331,949	1,184,853	4,001,579	504,673
Expenditures				
Current:				
General government	3,602,902	-	-	54,206
Public safety	6,585,469	-	-	63,988
Public services	957,761	-	-	-
Community services	-	-	2,034,176	168,561
Culture, parks, and recreation	1,186,398	-	-	15,543
Capital outlay	26,759	-	1,396,421	762,419
Debt service:				
Principal	-	1,039,876	105,235	14,770
Interest and fiscal agent fees	53	441,185	5,503	3,688
Bond issuance costs	-	22,373	-	-
Total Expenditures	12,359,342	1,503,434	3,541,335	1,083,175
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,027,393)	(318,581)	460,244	(578,502)
Other Financing Sources (Uses)				
Refunding bonds issued	-	1,597,055	-	-
Premium on refunding bonds	-	5,112	-	-
Payment to refunded bonds escrow agent	-	(1,593,033)	-	-
Transfers in	979,584	-	-	85,210
Transfers (out)	(34,608)	-	(346,685)	(182,311)
Total Other Financing Sources (Uses)	944,976	9,134	(346,685)	(97,101)
Net Change in Fund Balances	(82,417)	(309,447)	113,559	(675,603)
Beginning fund balances	5,691,990	409,223	5,971,984	4,605,131
Ending Fund Balances	\$ 5,609,573	\$ 99,776	\$ 6,085,543	\$ 3,929,528

See Notes to Financial Statements.

Total

\$ 7,730,152
5,720,505
1,607,488
191,970
632,240
432,465
256,623
257,797
29,331
164,483

17,023,054

3,657,108
6,649,457
957,761
2,202,737
1,201,941
2,185,599

1,159,881
450,429
22,373

18,487,286

(1,464,232)

1,597,055
5,112

(1,593,033)
1,064,794
(563,604)

510,324

(953,908)

16,678,328

\$ 15,724,420

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CITY OF ALVIN, TEXAS

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

For the Year Ended September 30, 2012

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

Net changes in fund balances - total governmental funds \$ (953,908)

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

Capital outlay	2,064,925
Depreciation expense	(1,702,086)
Disposals, net	(8,404)

The issuance of long-term debt (e.g., bonds, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Net Assets.

Principal payments	1,054,202
Amortization of deferred amounts	(20,710)
Compensated absences	519,356
Debt issued - refunding bonds	(1,597,055)
Payment to refund bond escrow agent	1,593,033
Capital lease activity	105,679
Net pension obligation	(199,679)
Accrued interest	181,290

Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the funds. (6,116)

Internal service funds are used by management to charge the costs of certain capital assets and maintenance to individual funds. The net revenue (expense) is reported with governmental activities.

44,259

Change in Net Assets of Governmental Activities \$ 1,074,786

See Notes to Financial Statements.

CITY OF ALVIN, TEXAS
STATEMENT OF NET ASSETS (Page 1 of 2)
PROPRIETARY FUNDS
September 30, 2012

	Business-Type Activities			
	Water and Sewer	Sanitation	Emergency Medical Services	Nonmajor Conference Center
Assets				
Current assets				
Cash and equity in pooled cash and investments	\$ 6,301,701	\$ 1,184,667	\$ 743,062	\$ -
Accounts receivable (net of allowance for uncollectibles)	711,724	198,062	899,665	-
Advances to other funds	-	-	-	-
Inventory	66,151	-	-	-
Prepaid items	-	-	100	-
Total Current Assets	<u>7,079,576</u>	<u>1,382,729</u>	<u>1,642,827</u>	<u>-</u>
Noncurrent assets				
Restricted cash, cash equivalents, and investments:				
Current portion of bonds payable	224,338	-	-	-
Customer deposits	997,245	-	-	-
Total Restricted Assets	<u>1,221,583</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred charges	342,273	3,605	-	-
Capital assets:				
Land	937,829	503,538	-	-
Buildings	5,523,533	80,501	558,423	-
Improvements	334,557	2,610,608	36,879	-
Infrastructure	45,992,178	15,342	-	-
Equipment	1,084,701	-	364,477	-
Less allowance for depreciation	(27,103,950)	(1,745,909)	(582,391)	-
Total Capital Assets (Net)	<u>26,768,848</u>	<u>1,464,080</u>	<u>377,388</u>	<u>-</u>
Total Noncurrent Assets	<u>28,332,704</u>	<u>1,467,685</u>	<u>377,388</u>	<u>-</u>
Total Assets	<u>\$ 35,412,280</u>	<u>\$ 2,850,414</u>	<u>\$ 2,020,215</u>	<u>\$ -</u>

See Notes to Financial Statements.

<u>Business-Type Activities</u>	<u>Governmental Activities</u>
<u>Total</u>	<u>Internal Service Funds</u>
\$ 8,229,430	\$ 1,310,735
1,809,451	16,670
-	77,736
66,151	92,141
100	-
<u>10,105,132</u>	<u>1,497,282</u>
224,338	-
997,245	-
<u>1,221,583</u>	<u>-</u>
345,878	-
1,441,367	-
6,162,457	7,754
2,982,044	-
46,007,520	-
1,449,178	3,126,175
<u>(29,432,250)</u>	<u>(2,284,621)</u>
<u>28,610,316</u>	<u>849,308</u>
<u>30,177,777</u>	<u>849,308</u>
<u>\$ 40,282,909</u>	<u>\$ 2,346,590</u>

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

September 30, 2012

	Business-Type Activities			
	Water and Sewer	Sanitation	Emergency Medical Services	Nonmajor Conference Center
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued liabilities	\$ 97,598	\$ 339,372	\$ 66,908	\$ 25,799
Customer deposits	997,245	-	-	-
Accrued interest payable	152,325	2,299	-	-
Bonds payable - current	1,437,065	23,575	2,790	-
Compensated absences	42,099	-	11,006	-
Total Current Liabilities	<u>2,726,332</u>	<u>365,246</u>	<u>80,704</u>	<u>25,799</u>
Noncurrent liabilities				
Bonds payable, net of deferred charges	15,602,551	147,056	130,013	-
Advances from other funds	-	-	77,736	-
Compensated absences	4,677	-	1,223	-
Net pension obligation	124,385	-	122,673	-
Total Noncurrent Liabilities	<u>15,731,613</u>	<u>147,056</u>	<u>331,645</u>	<u>-</u>
Total Liabilities	<u>18,457,945</u>	<u>512,302</u>	<u>412,349</u>	<u>25,799</u>
Net Assets (Deficit)				
Invested in capital assets, net of related debt	11,099,591	1,293,449	244,585	-
Restricted for:				
Debt service	677,203	-	-	-
Unrestricted net assets	5,177,541	1,044,663	1,363,281	(25,799)
Total Net Assets (Deficit)	<u>\$ 16,954,335</u>	<u>\$ 2,338,112</u>	<u>\$ 1,607,866</u>	<u>\$ (25,799)</u>

See Notes to Financial Statements.

<u>Business-Type Activities</u>	<u>Governmental Activities</u>
<u>Total</u>	<u>Internal Service Funds</u>
\$ 529,677	\$ 72,292
997,245	-
154,624	-
1,463,430	-
53,105	14,035
<u>3,198,081</u>	<u>86,327</u>
15,879,620	-
77,736	-
5,900	1,560
247,058	23,408
<u>16,210,314</u>	<u>24,968</u>
<u>19,408,395</u>	<u>111,295</u>
12,637,625	849,308
677,203	-
7,559,686	1,385,987
<u>\$ 20,874,514</u>	<u>\$ 2,235,295</u>

CITY OF ALVIN, TEXAS

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

For the Year Ended September 30, 2012

	Business-Type Activities			
	Water and Sewer	Sanitation	Emergency Medical Services	Nonmajor Conference Center
<u>Operating Revenues</u>				
Water service	\$ 3,090,586	\$ -	\$ -	\$ -
Sewer service	3,224,796	-	-	-
Sanitation service	-	2,304,700	-	-
Emergency medical service	-	-	1,653,178	-
Charges for services	-	-	-	-
Other revenue	213,679	800	18,168	-
Total Operating Revenues	6,529,061	2,305,500	1,671,346	-
<u>Operating Expenses</u>				
Water service	1,310,810	-	-	-
Sewer service	1,894,339	-	-	-
Sanitation service	-	1,967,269	-	-
Emergency medical service	-	-	1,714,760	-
Personnel services	-	-	-	-
Supplies	-	-	-	-
Depreciation	1,381,321	67,661	41,137	-
Total Operating Expenses	4,586,470	2,034,930	1,755,897	-
Operating Income (Loss)	1,942,591	270,570	(84,551)	-
<u>Nonoperating Revenues (Expenses)</u>				
Intergovernmental	15,147	-	216,711	-
Gain on sale of capital assets	2,726	-	-	-
Investment revenue	10,494	1,785	1,043	-
Interest and fiscal agent fees	(563,168)	(9,640)	(5,637)	-
Total Nonoperating Revenues (Expenses)	(534,801)	(7,855)	212,117	-
Income (Loss) Before Transfers	1,407,790	262,715	127,566	-
Transfers in	153,691	-	-	-
Transfers (out)	(390,945)	(215,676)	(48,260)	-
Total Transfers	(237,254)	(215,676)	(48,260)	-
Change in Net Assets	1,170,536	47,039	79,306	-
Beginning net assets	15,783,799	2,291,073	1,528,560	(25,799)
Ending Net Assets (Deficit)	\$ 16,954,335	\$ 2,338,112	\$ 1,607,866	\$ (25,799)

See Notes to Financial Statements.

<u>Business-Type Activities</u>	<u>Governmental Activities</u>
<u>Total</u>	<u>Internal Service Funds</u>
\$ 3,090,586	\$ -
3,224,796	-
2,304,700	-
1,653,178	-
-	856,668
232,647	9,582
<u>10,505,907</u>	<u>866,250</u>
1,310,810	-
1,894,339	-
1,967,269	-
1,714,760	-
-	257,882
-	338,929
1,490,119	270,556
<u>8,377,297</u>	<u>867,367</u>
<u>2,128,610</u>	<u>(1,117)</u>
231,858	3,251
2,726	40,280
13,322	1,845
(578,445)	-
<u>(330,539)</u>	<u>45,376</u>
<u>1,798,071</u>	<u>44,259</u>
153,691	3,080
(654,881)	(3,080)
(501,190)	-
<u>1,296,881</u>	<u>44,259</u>
<u>19,577,633</u>	<u>2,191,036</u>
<u>\$ 20,874,514</u>	<u>\$ 2,235,295</u>

CITY OF ALVIN, TEXAS

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

For the Year Ended September 30, 2012

Business-Type Activities-Enterprise Funds

	Water and Sewer	Sanitation	Emergency Medical Services	Nonmajor Conference Center
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 6,749,079	\$ 2,360,806	\$ 1,781,402	\$ -
Payments to suppliers	(1,843,506)	(1,791,778)	(485,962)	-
Payments to employees	(1,595,571)	-	(1,208,825)	-
Net Cash Provided by Operating Activities	3,310,002	569,028	86,615	-
Cash Flows from Noncapital Financing Activities				
Transfers from other funds	153,691	-	-	-
Transfer to other funds	(390,945)	(215,676)	(48,260)	-
Interfund loan payments	-	-	(29,973)	-
Interest paid on interfund loan	-	-	(144)	-
Subsidy from federal grant	15,147	-	216,711	-
Net Cash Provided (Used) by Noncapital Financing Activities	(222,107)	(215,676)	138,334	-
Cash Flows from Capital and Related Financing Activities				
Acquisition and construction of capital assets	(443,961)	-	-	-
Proceeds from sale of capital assets	2,726	-	-	-
Interest and fiscal agent fees paid	(563,168)	(9,640)	(5,493)	-
Bond issuance costs	121,411	200	-	-
Principal paid on capital debt	(1,723,538)	(19,760)	(2,093)	-
Capital grants	-	-	-	-
Net Cash (Used) by Capital and Related Financing Activities	(2,606,530)	(29,200)	(7,586)	-
Cash Flows from Investing Activities				
Proceeds from sale of investments	199,956	-	-	-
Interest on investments	10,494	1,785	1,043	-
Net Cash Provided by Investing Activities	210,450	1,785	1,043	-
Net Increase in Cash and Equity in Pooled Cash and Investments	691,815	325,937	218,406	-
Cash and Equity in Pooled Cash and Investments, Beginning of Year	6,831,469	858,730	524,656	-
Ending Cash and Equity in Pooled Cash and Investments	\$ 7,523,284	\$ 1,184,667	\$ 743,062	\$ -
Ending Cash and Equity in Pooled Cash and Investments:				
Unrestricted cash and equity in pooled cash and investments	\$ 6,301,701	\$ 1,184,667	\$ 743,062	\$ -
Restricted cash and equity in pooled cash and investments	1,221,583	-	-	-
\$ 7,523,284	\$ 1,184,667	\$ 743,062	\$ -	-

See Notes to Financial Statements.

<u>Business-Type Activities</u>	<u>Governmental Activities</u>
<u>Total</u>	<u>Internal Service Funds</u>
\$ 10,891,287	\$ 838,668
(4,121,246)	(274,186)
(2,804,396)	(266,090)
<u>3,965,645</u>	<u>298,392</u>
153,691	3,080
(654,881)	(3,080)
(29,973)	166,647
(144)	-
<u>231,858</u>	<u>-</u>
(299,449)	166,647
(443,961)	(16,739)
2,726	56,364
(578,301)	-
121,611	-
(1,745,391)	-
<u>-</u>	<u>3,251</u>
(2,643,316)	42,876
199,956	-
<u>13,322</u>	<u>1,845</u>
213,278	1,845
1,236,158	509,760
<u>8,214,855</u>	<u>800,975</u>
<u>\$ 9,451,013</u>	<u>\$ 1,310,735</u>
\$ 8,229,430	\$ 1,310,735
1,221,583	-
<u>\$ 9,451,013</u>	<u>\$ 1,310,735</u>

CITY OF ALVIN, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (Page 2 of 2)
For the Year Ended September 30, 2012

	Business-Type Activities-Enterprise Funds			
	Water and Sewer	Sanitation	Emergency Medical Services	Nonmajor Conference Center
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities				
Operating income (loss)	\$ 1,942,591	\$ 270,570	\$ (84,551)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	1,381,321	67,661	41,137	-
Changes in Operating Assets and Liabilities:				
(Increase) Decrease in Current Assets:				
Accounts receivable	199,923	55,306	110,056	-
Inventories	(3,674)	-	-	-
Prepays	5,776	-	(100)	-
Increase (Decrease) in Current Liabilities:				
Accounts payable	(62,670)	175,491	19,604	-
Accrued interest payable	(182,472)	-	-	-
Compensated absences	(13,226)	-	(20,645)	-
Customer deposits	20,095	-	-	-
Net pension obligation	22,338	-	21,114	-
Net Cash Provided by Operating Activities	\$ 3,310,002	\$ 569,028	\$ 86,615	\$ -
Noncash investing, capital, and financing activities:				
Proceeds from refunding bonds	\$ 7,648,389	\$ -	\$ -	\$ -
Loss on refunding	(567,085)	-	-	-
Bond issuance costs paid from proceeds	(107,157)	-	-	-
Premium	24,481	-	-	-
	\$ 6,998,628	\$ -	\$ -	\$ -

See Notes to Financial Statements.

<u>Business-Type Activities</u>	<u>Governmental Activities</u>
<u>Total</u>	<u>Internal Service Funds</u>
\$ 2,128,610	\$ (1,117)
1,490,119	270,556
365,285	(3,251)
(3,674)	(35,514)
5,676	5,777
132,425	64,743
(182,472)	5,406
(33,871)	(8,208)
20,095	-
43,452	-
<u>\$ 3,965,645</u>	<u>\$ 298,392</u>
\$ 7,648,389	\$ -
(567,085)	-
(107,157)	-
24,481	-
<u>\$ 6,998,628</u>	<u>\$ -</u>

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CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

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

Blended Component Units

Tax Increment Reinvestment Zone Number One

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2012

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

Tax Increment Reinvestment Zone Number Two

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

Tax Increment Reinvestment Zone Number Three

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

Kendall Lakes TIRZ Redevelopment Authority

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2012

B. Government-Wide and Fund Financial Statements

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

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

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

Following is a description of the various funds:

Governmental Funds

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

General Fund

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

Special Revenue Funds

The special revenue funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The special revenue funds include hike and bike trail fund, hotel/motel fund, special investigation fund, municipal court building security fund, municipal court technology fund, juvenile case manager fund, park dedication fund, donation fund, senior fund, Comcast PEG fees fund, TIRZ No. 1 fund, TIRZ No. 2 fund, TIRZ No. 3, and the Kendall Lakes TIRZ Redevelopment Authority fund. The special revenue funds are considered nonmajor funds for reporting purposes.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2012

Debt Service Fund

The debt service fund is used to account for the payment of interest and principal on all general obligation bonds and other long-term debt of the City. The primary source of revenue for debt service is local property taxes. The debt service fund is considered a nonmajor fund for reporting purposes, but the City has elected to present it as major due to its significance.

Capital Projects Funds

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

Permanent Funds

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

Proprietary Fund Types

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

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

Enterprise Funds

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

Internal Service Funds

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2012

C. Measurement Focus and Basis of Accounting

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

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

Under the modified accrual basis of accounting, revenues are recognized in the accounting period when they are susceptible to accrual (i.e., when they are measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues available if they are collected within 60 days of the end of the current period.

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

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

Under the accrual basis accounting recognizes revenues in the accounting period in which they are earned and become measurable, and expenses in the accounting period in which they are incurred and become measurable.

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

1. Deposits and Investments

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

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2012

the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexPool, are reported using the pools' share price.

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

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

2. Receivables

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

Advances between funds are reported as nonspendable in the governmental funds to indicate they are not available for appropriation and are not expendable, available financial resources.

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

Property taxes

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

3. Inventories and Prepaid Items

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

4. Capital Assets

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2012

donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

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

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

5. Compensated Employee Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and compensatory time. The City records vacation as it accrues up to a maximum of 240 hours for all employees after October 1, 1998. Employees hired prior to October 1, 1998, are allowed to carry over vacation time ("old vacation") accumulated prior to October 1, 1998, plus vacation accumulated after October 1, 1998 up to the maximum of 240 hours plus the old vacation time. The estimated amount of compensation for services provided that is expected to be liquidated with expendable, available financial resources are reported as an expenditure and a fund liability of the governmental fund that will pay it when it matures or becomes due. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable, available financial resources are maintained separately and represent a reconciling item between the fund and government-wide presentations.

6. Long-Term Obligations

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

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

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2012

Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges.

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

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

Reclassification

In the prior year, 2.79 percent of the tax and revenue certificates of obligation, series 2011 bonds should have been allocated to the emergency medical services fund. During the year ended September 30, 2012, 2.79 percent (\$134,896) of the tax and revenue certificates of obligation, series 2011 bonds have been allocated to this fund. The prior year transaction had no effect on net assets as no payments were made during the year.

7. Fund Equity

Fund balances of governmental funds are classified as follows:

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

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

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

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

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2012

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

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

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

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

8. Estimates

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles except the capital projects funds, which adopt a project length budget. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the charter in the approved budget is the department level. The City Manager may transfer appropriations within a department without seeking the approval of City Council. Appropriations lapse at the end of the year, excluding capital project budgets. Supplemental budget appropriations were made for the year ended. The hike and bike fund, hotel/motel fund, special investigation fund, municipal court building security fund, municipal court technology fund, donation fund, juvenile case manager fund, senior fund, and the TIRZ No. 2 fund are all special revenue funds that have adopted budgets. The cemetery fund is a permanent fund that has an adopted budget.

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2012

A. Expenditures in Excess of Appropriations

General Fund	
General government – City attorney	\$3,584
Debt Service Fund	
Principal	\$355,730
Bond issuance cost	\$22,373
Payment to refunded bond escrow agent	\$1,593,033
Special Investigation Fund	
Public safety	\$25,755
Building Security Fund	
Public safety	\$2,117
Municipal Court Technology Fund	
Public safety	\$1,125
Donation Fund	
General administration	\$291
Public safety	\$787
Culture, parks, and recreation	\$3,543
Cemetery Fund	
Transfers out	\$2,822

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2012, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
U.S. agencies	\$ 1,973,908	0.00
TexPool	10,222,509	0.00
TexSTAR	1,503,766	0.00
Total fair value	\$ 13,700,183	
Portfolio weighted average maturity		0.00

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

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2012

must have an investment quality not less than AAA-, or at an equivalent rating by at least one nationally recognized rating service. As of September 30, 2012, the City's investment in TexPool and TexSTAR was rated AAAM by Standard & Poor's. All other investments are guaranteed (either express or implied) by the full faith and credit of the United States government or the issuing U.S. agency. More specifically, the U.S. agency securities held by the City as of September 30, 2012 consist of a variety of bonds and discount notes issued by the Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and the Federal Farm Credit Bank. These investments are not rated less than AAA by both Moody's and Standard & Poor's.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy requires funds on deposit at the depository bank to be collateralized by securities. As of September 30, 2012, market values of pledged securities were \$12,032,555 and bank balances were \$11,648,570.

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

TexPool

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

TexSTAR

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

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2012

B. Receivables

The following comprise receivable balances at year end:

Governmental Funds

	General	Debt Service	Sales Tax		Total
			Capital Projects	Nonmajor	
Property taxes	\$ 592,555	\$ 130,419	\$ -	\$ -	\$ 722,974
Sales taxes	331,158	-	662,118	-	993,276
Franchise taxes	389,483	-	-	-	389,483
Other taxes	-	-	-	47,157	47,157
Intergovernmental	516,660	-	202,976	-	719,636
Accounts receivable	50,273	1,849	350	72	52,544
Other receivables	1,230	-	-	-	1,230
Less allowance	(193,275)	(48,378)	-	-	(241,653)
	<u>\$ 1,688,084</u>	<u>\$ 83,890</u>	<u>\$ 865,444</u>	<u>\$ 47,229</u>	<u>\$ 2,684,647</u>

Proprietary Funds

	Water and Sewer	Sanitation	EMS	Internal Service Funds	Total
	Intergovernmental			\$ 172,527	
Accounts receivable	576,238	199,484	2,502,962	-	3,278,684
Other receivables	-	-	33,638	-	33,638
Less allowance	(37,041)	(5,094)	(1,674,206)	-	(1,716,341)
	<u>\$ 711,724</u>	<u>\$ 198,062</u>	<u>\$ 899,665</u>	<u>\$ 16,670</u>	<u>\$ 1,826,121</u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2012

C. Capital Assets

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

	Primary Government			
	Beginning Balance	Increases	(Decreases)/ Reclassifications	
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 3,864,353	\$ -	\$ -	\$ 3,864,353
Construction in progress	2,109,220	1,163,281	(2,618,687)	653,814
Total capital assets not being depreciated	<u>5,973,573</u>	<u>1,163,281</u>	<u>(2,618,687)</u>	<u>4,518,167</u>
Other capital assets:				
Buildings	11,282,702	-	-	11,282,702
Infrastructure	29,653,612	2,406,150	-	32,059,762
Improvements other than buildings	3,540,258	1,087,500	-	4,627,758
Machinery and equipment	12,187,582	43,420	(470,082)	11,760,920
Total other capital assets	<u>56,664,154</u>	<u>3,537,070</u>	<u>(470,082)</u>	<u>59,731,142</u>
Less accumulated depreciation for:				
Buildings	(6,520,435)	(428,109)	-	(6,948,544)
Infrastructure	(13,177,066)	(629,829)	-	(13,806,895)
Improvements other than buildings	(1,926,074)	(158,014)	-	(2,084,088)
Machinery and equipment	(8,204,850)	(756,690)	445,593	(8,515,947)
Total accumulated depreciation	<u>(29,828,425)</u>	<u>(1,972,642)</u>	<u>445,593</u>	<u>(31,355,474)</u>
Other capital assets, net	26,835,729	1,564,428	(24,489)	28,375,668
Totals	<u>\$ 32,809,302</u>	<u>\$ 2,727,709</u>	<u>\$ (2,643,176)</u>	<u>32,893,835</u>
				Plus unspent bond proceeds
				2,372,442
				Less associated debt
				(10,768,242)
Invested in Capital Assets, Net of Related Debt				<u>\$ 24,498,035</u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2012

Depreciation was charged to governmental functions as follows:

General government	\$	88,167
Public safety		614,111
Public services		716,677
Community services		69,089
Culture, parks, and recreation		214,042
Internal service fund		<u>270,556</u>
Total Governmental Activities Depreciation Expense	\$	<u>1,972,642</u>

Commitments

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

Governmental Activities:

<u>Project Description</u>	<u>Authorized Contract</u>	<u>Contract Expenditures</u>	<u>Remaining Contract</u>
City Hall Renovations	\$ 118,376	\$ 89,966	\$ 28,410
National Oak Park Trail Lighting	168,497	-	168,497
	<u>\$ 286,873</u>	<u>\$ 89,966</u>	<u>\$ 196,907</u>

Encumbrances

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

General fund	\$	142,255
Sales tax capital projects fund		97,998
Internal service fund		173,753
Nonmajor Governmental funds		<u>104,615</u>
	\$	<u>518,621</u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2012

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases)/ Reclassifications</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 1,441,367	\$ -	\$ -	\$ 1,441,367
Construction in progress	3,169,013	80,507	(3,249,520)	-
Total capital assets not being depreciated	<u>4,610,380</u>	<u>80,507</u>	<u>(3,249,520)</u>	<u>1,441,367</u>
Other capital assets:				
Buildings	6,162,457	-	-	6,162,457
Infrastructure	42,758,001	3,249,519	-	46,007,520
Improvements other than buildings	2,654,612	327,432	-	2,982,044
Machinery and equipment	1,413,155	36,023	-	1,449,178
Total other capital assets	<u>52,988,225</u>	<u>3,612,974</u>	<u>-</u>	<u>56,601,199</u>
Less accumulated depreciation for:				
Buildings	(3,745,779)	(155,004)	-	(3,900,783)
Infrastructure	(21,655,556)	(1,183,610)	-	(22,839,166)
Improvements other than buildings	(1,643,041)	(68,856)	-	(1,711,897)
Machinery and equipment	(897,755)	(82,649)	-	(980,404)
Total accumulated depreciation	<u>(27,942,131)</u>	<u>(1,490,119)</u>	<u>-</u>	<u>(29,432,250)</u>
Other capital assets, net	<u>25,046,094</u>	<u>2,122,855</u>	<u>-</u>	<u>27,168,949</u>
Totals	<u>\$ 29,656,474</u>	<u>\$ 2,203,362</u>	<u>\$ (3,249,520)</u>	<u>28,610,316</u>
			Plus unspent bond proceeds	1,370,359
			Less associated debt	<u>(17,343,050)</u>
			Invested in Capital Assets, Net of Related Debt	<u>\$ 12,637,625</u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2012

Depreciation was charged to business-type functions as follows:

Utility	\$ 1,381,321
Sanitation	67,661
Emergency medical services	<u>41,137</u>
Total Business-Type Activities Depreciation Expense	<u><u>\$ 1,490,119</u></u>

Encumbrances

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

Water and sewer fund	\$ 71,461
Emergency management services fund	<u>19,850</u>
	<u><u>\$ 91,311</u></u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2012

D. Long-Term Debt

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

	<u>Beginning</u>			<u>Ending</u>	<u>Amounts</u>
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Due within</u>
					<u>One Year</u>
Governmental Activities:					
Bonds, notes and other payables:					
General obligation bonds	\$ 5,090,115	\$ 1,596,612	\$ (825,487)	\$ 5,861,240 *	\$ 943,150
Certificates of obligation	6,663,507	-	(1,744,315)	4,919,192 *	262,420
Deferred amounts:					
For issuance discounts/premiums	259,172	5,112	(16,334)	247,950 *	-
On refunding	(114,604)	(173,986)	28,450	(260,140) *	-
Capital leases	105,679	-	(105,679)	-	-
	<u>12,003,869</u>	<u>1,427,738</u>	<u>(2,663,365)</u>	<u>10,768,242</u>	<u>1,205,570</u>
Other liabilities:					
Net pension obligation	757,276	205,085	-	962,361	-
Compensated absences	1,268,358	304,804	(832,369)	740,793	666,714
	<u>14,029,503</u>	<u>1,937,627</u>	<u>(3,495,734)</u>	<u>12,471,396</u>	<u>1,872,284</u>
				<u>Long-term debt due in more than one year</u>	<u>\$ 10,599,112</u>
				<u>*Debt associated with governmental activity capital assets</u>	<u>\$ 10,768,242</u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2012

	Beginning			Ending	Amounts
	Balance	Additions	Reductions	Balance	Due within
					One Year
Business-Type Activities:					
General obligation bonds	4,886,882	7,648,389	(613,511)	11,921,760 *	1,180,850
Certificates of obligation	4,086,493	-	(2,925,685)	1,160,808 *	262,580
Revenue bonds	10,145,000	-	(5,200,000)	4,945,000 *	20,000
Deferred amounts:					
For issuance discounts/premiums	195,312	24,481	(30,432)	189,361 *	-
On refunding	(360,936)	(567,085)	54,142	(873,879) *	-
	<u>18,952,751</u>	<u>7,105,785</u>	<u>(8,715,486)</u>	<u>17,343,050</u>	<u>1,463,430</u>
Other liabilities:					
Net pension obligation	204,400	42,658	-	247,058	-
Compensated absences	92,876	39,540	(73,411)	59,005	53,105
	<u>92,876</u>	<u>39,540</u>	<u>(73,411)</u>	<u>59,005</u>	<u>53,105</u>
Total Business-Type Activities	<u>\$ 19,250,027</u>	<u>\$ 7,187,983</u>	<u>\$ (8,788,897)</u>	<u>\$ 17,649,113</u>	<u>\$ 1,516,535</u>

Long-term debt due in more than one year \$ 16,132,578

***Debt associated with business-type activity capital assets** \$ 17,343,050

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

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

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2012

Bond Refunding

In 2012, the City issued \$9,245,000 general obligation refunding bonds. The refunding was undertaken to provide a present value savings in the debt service payable by the City. The acquisition price exceeded the net carrying amount of the old debt by \$741,072. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is the same as the life of the new debt issued. This debt refunding reduced total debt service payments over the next 12 years by \$957,915 and resulted in an economic gain of \$792,874. The bonds issued served as an advance and current debt refunding.

Advance Refunding

Proceeds of the new bonds were placed in an irrevocable trust to provide for future debt service payments to defease \$805,000 of certificates of obligations, series 2006A; \$2,675,000 of certificates of obligation, series 2006B; and \$710,000 of certificates of obligation, series 2006C. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements.

In 2011, the City defeased general obligation bonds, Series 2002 in the amount of \$2,300,000 by placing proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At September 30, 2012, \$2,300,000 of general obligation bonds, Series 2002 were considered defeased relating to the 2011 refunding.

Current Refunding

The remainder of the \$9,245,000 general obligation refunding bonds was issued for a current refunding of \$4,580,000 revenue bonds, series 2001.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2012

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

<u>Description</u>	<u>Interest Rates</u>	<u>Balance</u>
<u>Governmental Activities</u>		
General Obligation Bonds		
Series 2002	4.1%	\$ 150,000
Series 2002A	3.8-4.0%	29,893
Series 2007 tax note	3.99%	263,000
Series 2011 refunding	2.0-4.0%	3,821,292
Series 2012 refunding	1.0-2.0%	1,597,055
Total General Obligation Bonds		5,861,240
Certificates of Obligation		
Series 2006A	4.0-4.1%	275,000
Series 2006C	4.0-4.1%	245,000
Series 2011	2.5-4.0%	4,399,192
Total Certificates of Obligation		4,919,192
Total Governmental Activities Long-Term Debt		\$ 10,780,432

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2012

Description	Interest Rates	Balance
<u>Business-type Activities</u>		
General Obligation Bonds		
Series 2002A	3.8-4.0%	\$ 40,107
Series 2011 refunding	2.0-4.0%	4,233,708
Series 2012 refunding	1.0-2.0%	7,647,945
Total General Obligation Bonds		11,921,760
Certificates of Obligation		
Series 2006B	4.0-4.1%	800,000
Series 2011	2.5-4.0%	360,808
Total Certificates of Obligation		1,160,808
Revenue Bonds		
Series 2005 refunding	4.0-4.30%	4,945,000
Total Revenue Bonds		4,945,000
Total Business-Type Activities Long-Term Debt		\$ 18,027,568

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

Year Ending	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	Principal	Interest	Principal	Interest
2013	\$ 1,205,570	\$ 305,061	\$ 1,463,430	\$ 436,896
2014	1,113,857	279,965	1,485,144	432,472
2015	1,022,823	252,511	1,432,178	400,502
2016	958,358	226,388	1,716,643	363,788
2017	504,337	207,640	1,100,663	333,735
2018-2022	2,747,644	827,321	5,877,357	1,307,538
2023-2027	1,817,983	449,722	3,947,018	607,851
2028-2031	1,409,860	111,339	1,005,135	30,331
Total	\$ 10,780,432	\$ 2,659,947	\$ 18,027,568	\$ 3,913,113

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2012

Federal Arbitrage

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

E. Interfund Transactions

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

Receivable Fund	Payable Fund	Amounts
Vehicle replacement	Emergency medical services	\$ 77,736
		\$ 77,736

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

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

Transfer Out	Transfer In	Amounts
General fund	Nonmajor governmental fund	\$ 34,608
Sales tax capital projects fund	General fund	346,685
Nonmajor governmental fund	General fund	41,709
Nonmajor governmental fund	Nonmajor governmental fund	50,602
Nonmajor governmental fund	Water & sewer fund	90,000
Water & sewer fund	General fund	390,945
Sanitation fund	General fund	151,985
Sanitation fund	Water & sewer fund	63,691
Emergency medical services fund	General fund	48,260
Central shop fund	Vehicle replacement fund	3,080
		\$ 1,221,565

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2012

F. Fund Equity

Negative Net Assets

The conference center fund has negative net assets of \$25,799 as of September 30, 2012. The fund was established during the fiscal year 2010 to account for the issuance of a tax note and the construction and operation of a conference center. As of year end, the City had paid off the series 2009 tax note. The project has been put on hold indefinitely due to a change in plans by City Council.

As of September 30, 2012, \$649,027 of the City's total fund balance is restricted by enabling legislation.

Change in Beginning Fund Balance/Net Assets

The beginning fund balance for the sales tax capital projects fund and beginning governmental net assets have been adjusted due to an overstatement of payables as a result of prior year balances that were not reversed.

	Sales Tax Capital Projects Fund	Governmental Activities
Prior year ending fund balance/net assets	\$ 5,913,754	\$ 37,052,756
Reversal of prior years payables	58,230	58,230
Current year beginning fund balance/net assets	\$ 5,971,984	\$ 37,110,986

The beginning net assets for the central shop fund have been adjusted due to the recognition of the prior year net pension obligation.

	Central Shop
Prior year ending net assets	\$ 244,415
Recognition of net pension obligation	(18,002)
Current year beginning net assets	\$ 226,413

IV. OTHER INFORMATION

A. Risk Management

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2012

B. Contingent Liabilities

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

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

C. Pension Plans

1. Texas Municipal Retirement System

Plan Description

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

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and Required Supplementary Information for TMRS. The report also provides detailed explanations of the contributions, benefits, and actuarial methods and assumptions used by the system. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8677. In addition, the report is available on TMRS's website at www.TMRS.com.

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

	<u>2012</u>	<u>2011</u>
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/yrs of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2012

Benefits

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

Contributions

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

The City contributes to the TMRS plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect (i.e., December 31, 2011 valuation is effective for rates beginning January 2013). The annual pension cost and the net pension obligation (asset) are as follows:

Annual required contribution (ARC)	\$	1,641,637
Interest on net pension obligation (NPO)		67,317
Adjustment to the ARC		<u>(57,866)</u>
Annual pension cost (APC)		1,651,088
Contributions made		<u>(1,403,345)</u>
Increase in net pension obligation		247,743
Net pension obligation-beginning of year		<u>961,676</u>
Net pension obligation-end of year	\$	<u><u>1,209,419</u></u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2012

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

Fiscal year	Annual Pension Cost (APC)	Actual Contribution Made	Percentage of APC Contributed	Net Pension Obligation
2010	\$ 1,776,063	\$ 1,124,628	63.32%	\$ 651,435
2011	\$ 1,532,304	\$ 1,222,063	79.75%	\$ 961,676
2012	\$ 1,651,088	\$ 1,403,345	85.00%	1,209,419

The required contribution rates for fiscal year 2012 were determined as part of the December 31, 2009 and 2010 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2011, also follows:

	2012	2011	2010
Actuarial Valuation Date	12/31/2011	12/31/2010	12/31/2009
	Projected Unit	Projected Unit	Projected Unit
Actuarial Cost Method	Credit	Credit	Credit
Amortization Method	Level percent of payroll	Level percent of payroll	Level percent of payroll
GASB 25 Equivalent Single Amortization Period	26.1 Years - closed period	27.1 Years - closed period	28 Years - closed period
Amortization Period for New Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Investment Rate of Return	7.00%	7.00%	7.50%
Projected Salary Increases	Varies by age and service	Varies by age and service	Varies by age and service
Includes Inflation at	3.00%	3.00%	3.00%
Cost of Living Adjustments	2.10%	2.10%	2.10%

Funded Status and Funding Progress

The funded status as of December 31, 2011, the most recent valuation date, is as follows:

	2012
Actuarial Valuation Date	12/31/2011
Actuarial Value of Assets	\$ 33,237,906
Actuarial Accrued Liability	\$ 41,900,372
Percentage Funded	79.3%
Unfunded Actuarial Accrued Liability (UAAL)	\$ 8,662,466
Annual Covered Payroll	\$ 8,771,627
Covered Payroll	98.8%

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2012

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability benefits.

2. Texas Emergency Services Retirement System

The Texas Emergency Services Retirement System (TESRS) year is from September 1 through the following August 31. Actuarial valuations are performed biennially in even numbered years. The following is the latest information available on TESRS as of August 31, 2010.

The Commissioner issues a publicly available annual financial report that includes financial statements and Required Supplementary Information for the Commissioner. This report may be obtained by writing to the Office of the Fire Fighters' Pension Commissioner, P.O. Box 12577, Austin, TX, 78711-2577. In addition, the report is available online at www.ffpc.state.tx.us.

Plan Description

The Fire Fighters' Pension Commissioner is the administrator of TESRS, a cost-sharing multiple employer pension system established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. TESRS is considered a component unit of the State of Texas financial reporting entity and is included in the State's financial reports as a pension trust fund. At August 31, 2010, there were 199 fire or emergency services departments participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a participant department.

At August 31, 2010, TESRS membership consisted of:

Retirees and beneficiaries currently receiving benefits	2,167
Terminated members entitled to benefits but not yet receiving them	2,106
Active participants (vested and nonvested)	4,371

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

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

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2012

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

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

Funding Policy

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

Contribution Required and Contribution Made

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions were set by Board rule. For the year ending August 31, 2010, total contributions (dues and prior service) of \$2,875,103 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. The state did not appropriate any maximum state contribution for the fiscal years ending August 31, 2010 and 2011. Total contributions were equal to those required by the state statute and equal to the contributions required based on the August 31, 2008 actuarial valuation. For 2012, 2011, and 2010 respectively, \$87,070 (3.03 percent), \$97,245 (3.38 percent) and \$97,245 (3.38 percent), was contributed by the City.

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2012

The following is a summary of the actuarial assumptions:

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

Three Year Contribution Information for the City

Fiscal year	Annual Pension Percentage of ARC		Net Pension Obligation
	Cost (ARC)	Contributions	
2010	\$ 97,245	100%	\$ -
2011	\$ 97,245	100%	\$ -
2012	\$ 87,070	100%	\$ -

D. Other Post Employment Benefits

TMRS – Supplemental Death Benefit Fund

Plan Description

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

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other post employment benefit," or OPEB. The obligations of this plan are payable only from the SDBF and are not an obligation of, or a claim against, the Pension Trust Fund. For the year ended September 30, 2012, the City offered the supplemental death benefit to both active and retired employees.

Contributions

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2012

The City's contributions to the TMRS SDBF for the fiscal years ended 2012, 2011, and 2010 were \$2,886, \$2,612, and \$2,674, respectively. The City's contribution rates for the past three years are shown below:

	2012	2011	2010
Annual Req. Contrib. (Rate)	0.03%	0.03%	0.03%
Actual Contribution Made	0.03%	0.03%	0.03%
Percentage of ARC Contrib.	100.00%	100.00%	100.00%

E. Deferred Compensation Plan

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

REQUIRED SUPPLEMENTARY INFORMATION

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

For the Year Ended September 30, 2012

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 6,470,006	\$ 6,470,006	\$ 6,492,751	\$ 22,745
Sales taxes	1,786,545	1,786,545	1,907,215	120,670
Franchise fees and taxes	1,381,000	1,381,000	1,318,109	(62,891)
Other taxes	205,549	205,549	191,970	(13,579)
Licenses and permits	672,700	672,700	632,240	(40,460)
Fines and forfeitures	474,000	474,000	415,766	(58,234)
Charges for services	157,700	157,700	203,123	45,423
Intergovernmental	5,610	5,610	158,937	153,327
Investment revenue	20,000	20,000	11,838	(8,162)
Total Revenues	<u>11,173,110</u>	<u>11,173,110</u>	<u>11,331,949</u>	<u>158,839</u>
Expenditures				
General government:				
Administrative	1,818,753	1,990,163	1,887,514	102,649
City attorney	379,247	463,292	466,876	(3,584) *
City manager	263,353	281,498	272,588	8,910
Finance	907,328	985,305	835,717	149,588
Economic development	150,295	151,592	140,207	11,385
Total General Government Expenditures	<u>3,518,976</u>	<u>3,871,850</u>	<u>3,602,902</u>	<u>268,948</u>
Public safety:				
Police	5,685,683	6,018,734	5,883,543	135,191
Fire	723,536	792,718	701,926	90,792
Total Public Safety Expenditures	<u>6,409,219</u>	<u>6,811,452</u>	<u>6,585,469</u>	<u>225,983</u>
Public services	907,810	1,017,895	957,761	60,134
Culture, parks, and recreation	1,245,885	1,292,663	1,186,398	106,265
Capital outlay	-	26,759	26,759	-
Debt service	53	53	53	-
Total Expenditures	<u>12,081,943</u>	<u>13,020,672</u>	<u>12,359,342</u>	<u>661,330</u>
Revenues Over (Under)				
Expenditures	<u>(908,833)</u>	<u>(1,847,562)</u>	<u>(1,027,393)</u>	<u>820,169</u>
Other Financing Sources (Uses)				
Transfers in	957,858	957,858	979,584	21,726
Transfers (out)	(21,962)	(83,677)	(34,608)	49,069
Total Other Financing Sources (Uses)	<u>935,896</u>	<u>874,181</u>	<u>944,976</u>	<u>70,795</u>
Net Change in Fund Balance	<u>\$ 27,063</u>	<u>\$ (973,381)</u>	<u>(82,417)</u>	<u>\$ 890,964</u>
Beginning fund balance			<u>5,691,990</u>	
Ending Fund Balance			<u>\$ 5,609,573</u>	

Notes to Required Supplementary Information:

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

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CITY OF ALVIN, TEXAS
SCHEDULE OF FUNDING PROGRESS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2012

Fiscal Year	<u>2012</u>	<u>2011</u>	<u>2010</u>
Actuarial Valuation Date	12/31/2011	12/31/2010	12/31/2009
Actuarial Value of Assets	\$ 33,237,906	\$ 30,339,066	\$ 18,794,261
Actuarial Accrued Liability	\$ 41,900,372	\$ 39,219,267	\$ 28,959,184
Percentage Funded	79.3%	77.4%	64.9%
Unfunded Actuarial			
Accrued Liability	\$ 8,662,466	\$ 8,880,201	\$ 10,164,923
Annual Covered Payroll	\$ 8,771,627	\$ 8,625,703	\$ 8,493,570
Unfunded Actuarial Accrued Liability			
(UAAL) % of Covered Payroll	98.8%	103.0%	119.7%
Net Pension Obligation (NPO)			
at the Beginning of Period	\$ 961,676	\$ 651,435	\$ -
Annual Pension Cost (APC)	\$ 1,651,088	\$ 1,532,304	\$ 1,776,063
Contributions Made	\$ 1,403,345	\$ 1,222,063	\$ 1,124,628
	<u>\$ 1,209,419</u>	<u>\$ 961,676</u>	<u>\$ 651,435</u>
NPO at the End of Period			

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***COMBINING STATEMENTS
AND SCHEDULES***

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

For the Year Ended September 30, 2012

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 1,193,350	\$ 1,193,350	\$ 1,183,726	\$ (9,624)
Investment revenue	600	600	1,127	527
Total Revenues	1,193,950	1,193,950	1,184,853	(9,097)
Expenditures				
Debt service:				
Principal	684,146	684,146	1,039,876	(355,730) *
Interest and fiscal agent fees	509,804	509,804	441,185	68,619
Bond issuance cost	-	-	22,373	(22,373) *
Total Expenditures	1,193,950	1,193,950	1,503,434	(309,484)
Revenues Over (Under)				
Expenditures	-	-	(318,581)	(318,581)
Other Financing Sources (Uses)				
Refunding bonds issued	-	-	1,597,055	1,597,055
Premium on refunding bond	-	-	5,112	5,112
Payment to refunded bond escrow agent	-	-	(1,593,033)	(1,593,033) *
Total Other Financing Sources (Uses)	-	-	9,134	9,134
Net Change in Fund Balance	\$ -	\$ -	(309,447)	\$ (309,447)
Beginning fund balance			409,223	
Ending Fund Balance			\$ 99,776	

Notes to Supplementary Information:

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

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CITY OF ALVIN, TEXAS
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Hike and Bike Trail Fund

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

Hotel/Motel Fund

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

Special Investigation Fund

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

Court Building Security Fund

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

Municipal Court Technology Fund

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

Donation Fund

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

Juvenile Case Manager Fund

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

Senior Fund

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

Park Dedication Fund

This fund is designated to receive donations for local parks.

Comcast PEG Fees Fund

This fund is used to account for revenues and expenditures from PEG fees.

TIRZ No. 1 Fund

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

TIRZ No. 2 Fund

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

TIRZ No. 3 Fund

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

Kendall Lakes TIRZ Redevelopment Authority

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

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Bond Capital Projects Fund

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

PERMANENT FUNDS

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

Cemetery Fund

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

CITY OF ALVIN, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS (Page 1 of 2)
September 30, 2012

Special Revenue Funds

	Hike and Bike Trail	Hotel/ Motel	Special Investigation	Court Building Security
<u>Assets</u>				
Cash and equity in pooled cash and investments	\$ 101,281	\$ 466,130	\$ 61,705	\$ 108,622
Receivables, net	-	47,229	-	-
Total Assets	\$ 101,281	\$ 513,359	\$ 61,705	\$ 108,622
<u>Liabilities and Fund Balance</u>				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 9,269	\$ -	\$ -
Total Liabilities	-	9,269	-	-
Fund balances:				
Restricted for:				
Perpetual care	-	-	-	-
Enabling legislation	-	504,090	-	108,622
Tax increment reinvestment zone	-	-	-	-
Capital projects	-	-	-	-
Assigned to:				
Special projects	101,281	-	61,705	-
Permanent fund	-	-	-	-
Total Fund Balances	101,281	504,090	61,705	108,622
Total Liabilities and Fund Balances	\$ 101,281	\$ 513,359	\$ 61,705	\$ 108,622

Special Revenue Funds

Municipal Court Technology	Donation	Juvenile Case Manager	Senior	Park Dedication	Comcast PEG Fees
\$ 1,448	\$ 44,864	\$ 46,619	\$ 5,543	\$ 22,069	\$ 34,867
-	-	-	-	-	-
<u>\$ 1,448</u>	<u>\$ 44,864</u>	<u>\$ 46,619</u>	<u>\$ 5,543</u>	<u>\$ 22,069</u>	<u>\$ 34,867</u>
\$ -	\$ 234	\$ 360	\$ 97	\$ -	\$ -
-	234	360	97	-	-
-	-	-	-	-	-
1,448	-	-	-	-	34,867
-	-	-	-	-	-
-	-	-	-	-	-
-	44,630	46,259	5,446	22,069	-
-	-	-	-	-	-
<u>1,448</u>	<u>44,630</u>	<u>46,259</u>	<u>5,446</u>	<u>22,069</u>	<u>34,867</u>
<u>\$ 1,448</u>	<u>\$ 44,864</u>	<u>\$ 46,619</u>	<u>\$ 5,543</u>	<u>\$ 22,069</u>	<u>\$ 34,867</u>

CITY OF ALVIN, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 2)
September 30, 2012

	Special Revenue Funds			Kendall Lakes TIRZ Redevelop- ment Authority
	TIRZ No. 1 Fund	TIRZ No. 2 Fund	TIRZ No. 3 Fund	
Assets				
Cash and equity in pooled cash and investments	\$ 44	\$ -	\$ 1,718	\$ 77,712
Receivables, net	-	-	-	-
Total Assets	\$ 44	\$ -	\$ 1,718	\$ 77,712
Liabilities and Fund Balance				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 12,800
Total Liabilities	-	-	-	12,800
Fund balances:				
Restricted for:				
Perpetual care	-	-	-	-
Enabling legislation	-	-	-	-
Tax increment reinvestment zone	44	-	1,718	64,912
Capital projects	-	-	-	-
Assigned to:				
Special projects	-	-	-	-
Permanent fund	-	-	-	-
Total Fund Balances	44	-	1,718	64,912
Total Liabilities and Fund Balances	\$ 44	\$ -	\$ 1,718	\$ 77,712

<u>Capital Projects Fund</u>	<u>Permanent Fund</u>	
<u>Bond Capital Projects</u>	<u>Cemetery</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 2,455,828	\$ 482,971	\$ 3,911,421
-	-	47,229
<u>\$ 2,455,828</u>	<u>\$ 482,971</u>	<u>\$ 3,958,650</u>
\$ 6,350	\$ 12	\$ 29,122
<u>6,350</u>	<u>12</u>	<u>29,122</u>
-	50,000	50,000
-	-	649,027
-	-	66,674
2,449,478	-	2,449,478
-	-	281,390
-	432,959	432,959
<u>2,449,478</u>	<u>482,959</u>	<u>3,929,528</u>
<u>\$ 2,455,828</u>	<u>\$ 482,971</u>	<u>\$ 3,958,650</u>

CITY OF ALVIN, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Page 1 of 2)
For the Year Ended September 30, 2012

	Special Revenue Funds			
	Hike and Bike Trail	Hotel/ Motel	Special Investigation	Court Building Security
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Franchise and local taxes	-	257,158	-	-
Fines and forfeitures	-	-	-	7,152
Charges for services	-	-	-	-
Intergovernmental	-	-	-	-
Investment revenue	108	4,560	128	171
Other revenue	-	-	40,495	-
Total Revenues	108	261,718	40,623	7,323
Expenditures				
Current:				
General government	-	2,955	-	-
Public safety	-	-	25,755	4,117
Community services	-	139,479	-	-
Culture, parks, and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	14,770	-	-
Interest and fiscal charges	-	3,688	-	-
Total Expenditures	-	160,892	25,755	4,117
Revenues Over (Under)				
Expenditures	108	100,826	14,868	3,206
Other Financing Sources (Uses)				
Transfer in	-	-	-	-
Transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	108	100,826	14,868	3,206
Beginning fund balances	101,173	403,264	46,837	105,416
Ending Fund Balances	\$ 101,281	\$ 504,090	\$ 61,705	\$ 108,622

Special Revenue Funds

Municipal Court Technology	Donation	Juvenile Case Manager	Senior	Park Dedication	Comcast PEG Fees
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	32,221
9,547	-	-	-	-	-
-	-	-	-	-	-
-	18,599	-	-	-	-
16	79	107	14	-	-
-	-	11,852	5,394	-	-
<u>9,563</u>	<u>18,678</u>	<u>11,959</u>	<u>5,408</u>	<u>-</u>	<u>32,221</u>
-	3,291	-	-	-	-
23,528	787	9,801	-	-	-
-	-	-	6,465	-	-
-	15,543	-	-	-	-
-	-	-	-	34,931	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>23,528</u>	<u>19,621</u>	<u>9,801</u>	<u>6,465</u>	<u>34,931</u>	<u>-</u>
<u>(13,965)</u>	<u>(943)</u>	<u>2,158</u>	<u>(1,057)</u>	<u>(34,931)</u>	<u>32,221</u>
-	-	-	-	-	2,646
-	-	-	-	-	-
-	-	-	-	-	2,646
<u>(13,965)</u>	<u>(943)</u>	<u>2,158</u>	<u>(1,057)</u>	<u>(34,931)</u>	<u>34,867</u>
<u>15,413</u>	<u>45,573</u>	<u>44,101</u>	<u>6,503</u>	<u>57,000</u>	<u>-</u>
<u>\$ 1,448</u>	<u>\$ 44,630</u>	<u>\$ 46,259</u>	<u>\$ 5,446</u>	<u>\$ 22,069</u>	<u>\$ 34,867</u>

CITY OF ALVIN, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 2)
For the Year Ended September 30, 2012

	Special Revenue Funds			Kendall Lakes TIRZ Redevelop- ment Authority
	TIRZ No. 1 Fund	TIRZ No. 2 Fund	TIRZ No. 3 Fund	
Revenues				
Property taxes	\$ 15	\$ 53,178	\$ 482	\$ -
Franchise and local taxes	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Intergovernmental	-	-	-	-
Investment revenue	-	83	3	12
Other revenue	-	-	-	-
Total Revenues	<u>15</u>	<u>53,261</u>	<u>485</u>	<u>12</u>
Expenditures				
Current:				
General government	-	-	-	47,960
Public safety	-	-	-	-
Community services	-	-	-	-
Culture, parks, and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,960</u>
Revenues Over (Under)				
Expenditures	<u>15</u>	<u>53,261</u>	<u>485</u>	<u>(47,948)</u>
Other Financing Sources (Uses)				
Transfer in	-	-	-	50,602
Transfers (out)	-	(53,261)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(53,261)</u>	<u>-</u>	<u>50,602</u>
Net Change in Fund Balances	15	-	485	2,654
Beginning fund balances	29	-	1,233	62,258
Ending Fund Balances	<u>\$ 44</u>	<u>\$ -</u>	<u>\$ 1,718</u>	<u>\$ 64,912</u>

<u>Capital Projects Fund</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Bond Capital Projects</u>	<u>Cemetery</u>	
\$ -	\$ -	\$ 53,675
-	-	289,379
-	-	16,699
-	53,500	53,500
-	-	18,599
914	546	6,741
8,339	-	66,080
<u>9,253</u>	<u>54,046</u>	<u>504,673</u>
-	-	54,206
-	-	63,988
-	22,617	168,561
-	-	15,543
727,488	-	762,419
-	-	14,770
-	-	3,688
<u>727,488</u>	<u>22,617</u>	<u>1,083,175</u>
<u>(718,235)</u>	<u>31,429</u>	<u>(578,502)</u>
10,000	21,962	85,210
(90,000)	(39,050)	(182,311)
<u>(80,000)</u>	<u>(17,088)</u>	<u>(97,101)</u>
(798,235)	14,341	(675,603)
<u>3,247,713</u>	<u>468,618</u>	<u>4,605,131</u>
<u>\$ 2,449,478</u>	<u>\$ 482,959</u>	<u>\$ 3,929,528</u>

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

For the Year Ended September 30, 2012

Hike and Bike Fund				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Investment revenue	\$ 350	\$ 350	\$ 108	\$ (242)
Total Revenues	350	350	108	(242)
Net Change in Fund Balance	\$ -	\$ 350	108	\$ (242)
Beginning fund balance			101,173	
Ending Fund Balance			\$ 101,281	

Hotel/Motel Fund				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Franchise and local taxes	\$ 189,000	\$ 189,000	\$ 257,158	\$ 68,158
Investment revenue	6,700	6,700	4,560	(2,140)
Total Revenues	195,700	195,700	261,718	66,018
Expenditures				
Current:				
General government	10,000	8,500	2,955	5,545
Community services	148,843	153,535	139,479	14,056
Debt Service:				
Principal	30,008	30,008	14,770	15,238
Interest and fiscal charges	4,074	4,074	3,688	386
Total Expenditures	192,925	196,117	160,892	35,225
Net Change in Fund Balance	\$ 2,775	\$ (417)	100,826	\$ 101,243
Beginning fund balance			403,264	
Ending Fund Balance			\$ 504,090	

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

For the Year Ended September 30, 2012

Special Investigation Fund				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Investment revenue	\$ 300	\$ 300	\$ 128	\$ (172)
Other revenue	1,200	1,200	40,495	39,295
Total Revenues	1,500	1,500	40,623	39,123
Expenditures				
Current:				
Public safety	-	-	25,755	(25,755) *
Total Expenditures	-	-	25,755	(25,755)
Net Change in Fund Balance	\$ 1,500	\$ 1,500	14,868	\$ 13,368
Beginning fund balance			46,837	
Ending Fund Balance			\$ 61,705	

Building Security Fund				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Fines and forfeitures	\$ 8,200	\$ 8,200	\$ 7,152	\$ (1,048)
Investment revenue	350	350	171	(179)
Total Revenues	8,550	8,550	7,323	(1,227)
Expenditures				
Current:				
Public safety	2,000	2,000	4,117	(2,117) *
Total Expenditures	2,000	2,000	4,117	(2,117)
Net Change in Fund Balance	\$ 6,550	\$ 6,550	3,206	\$ (3,344)
Beginning fund balance			105,416	
Ending Fund Balance			\$ 108,622	

* Expenditures exceeded appropriations at the legal level of control.

CITY OF ALVIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended September 30, 2012

Municipal Court Technology Fund				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Fines and forfeitures	\$ 11,000	\$ 11,000	\$ 9,547	\$ (1,453)
Investment revenue	150	150	16	(134)
Total Revenues	11,150	11,150	9,563	(1,587)
Expenditures				
Current:				
Public safety	22,403	22,403	23,528	(1,125) *
Total Expenditures	22,403	22,403	23,528	(1,125)
Net Change in Fund Balance	\$ (11,253)	\$ (11,253)	(13,965)	\$ (2,712)
Beginning fund balance			15,413	
Ending Fund Balance			\$ 1,448	

Donation Fund				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 15,000	\$ 15,000	\$ 18,599	\$ 3,599
Investment revenue	-	-	79	79
Total Revenues	15,000	15,000	18,678	3,678
Expenditures				
Current:				
General administration	3,000	3,000	3,291	(291) *
Public safety	-	-	787	(787) *
Culture, parks, and recreation	12,000	12,000	15,543	(3,543) *
Total Expenditures	15,000	15,000	19,621	(4,621)
Net Change in Fund Balance	\$ -	\$ -	(943)	\$ (943)
Beginning fund balance			45,573	
Ending Fund Balance			\$ 44,630	

* Expenditures exceeded appropriations at the legal level of control.

CITY OF ALVIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended September 30, 2012

Juvenile Case Manager Fund				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Investment revenue	\$ -	\$ -	\$ 107	\$ 107
Other revenue	13,000	13,000	11,852	(1,148)
Total Revenues	13,000	13,000	11,959	(1,041)
Expenditures				
Current:				
Public Safety	12,742	12,742	9,801	2,941
Total Expenditures	12,742	12,742	9,801	2,941
Net Change in Fund Balance	\$ 258	\$ 258	2,158	\$ 1,900
Beginning fund balance			44,101	
Ending Fund Balance			\$ 46,259	

Senior Fund				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Investment revenue	\$ 100	\$ 100	\$ 14	\$ (86)
Other revenue	8,000	8,000	5,394	(2,606)
Total Revenues	8,100	8,100	5,408	(2,692)
Expenditures				
Current:				
Community services	8,000	8,000	6,465	1,535
Total Expenditures	8,000	8,000	6,465	1,535
Net Change in Fund Balance	\$ 100	\$ 100	(1,057)	\$ (1,157)
Beginning fund balance			6,503	
Ending Fund Balance			\$ 5,446	

CITY OF ALVIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE AND PERMANENT FUNDS
For the Year Ended September 30, 2012

		Special Revenue Fund			
		TIRZ No. 2 Fund			
		Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues					
	Property taxes	56,742	56,742	53,178	(3,564)
	Investment revenue	150	150	83	(67)
	Total Revenues	<u>56,892</u>	<u>56,892</u>	<u>53,261</u>	<u>(3,631)</u>
Other Financing (Uses)					
	Transfers (out)	(67,745)	(67,745)	(53,261)	14,484
	Total Other Financing (Uses)	<u>(67,745)</u>	<u>(67,745)</u>	<u>(53,261)</u>	<u>14,484</u>
	Net Change in Fund Balance	<u>\$ (10,853)</u>	<u>\$ (10,853)</u>	<u>-</u>	<u>\$ 10,853</u>
	Beginning fund balance			-	
	Ending Fund Balance			<u>\$ -</u>	
		Permanent Fund			
		Cemetery Fund			
		Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues					
	Charges for services	\$ 42,000	\$ 42,000	\$ 53,500	\$ 11,500
	Investment revenue	1,000	1,000	546	(454)
	Total Revenues	<u>43,000</u>	<u>43,000</u>	<u>54,046</u>	<u>11,046</u>
Expenditures					
	Current:				
	Community services	23,450	23,450	22,617	833
	Total Expenditures	<u>23,450</u>	<u>23,450</u>	<u>22,617</u>	<u>833</u>
	Revenues Over (Under) Expenditures	<u>19,550</u>	<u>19,550</u>	<u>31,429</u>	<u>11,879</u>
Other Financing Sources (Uses)					
	Transfers in	21,962	21,962	21,962	-
	Transfers (out)	(36,228)	(36,228)	(39,050)	(2,822) *
	Total Other Financing Sources (Uses)	<u>(14,266)</u>	<u>(14,266)</u>	<u>(17,088)</u>	<u>(2,822)</u>
	Net Change in Fund Balance	<u>\$ 5,284</u>	<u>\$ 5,284</u>	<u>14,341</u>	<u>\$ 9,057</u>
	Beginning fund balance			468,618	
	Ending Fund Balance			<u>\$ 482,959</u>	

* Expenditures exceeded appropriations at the legal level of control.

CITY OF ALVIN, TEXAS

INTERNAL SERVICE FUNDS

September 30, 2012

Central Shop Fund

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

Vehicle Replacement Fund

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

IT Maintenance Fund

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

Computer Replacement Fund

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

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

September 30, 2012

	<u>Central Shop</u>	<u>Vehicle Replacement</u>	<u>IT Maintenance</u>	<u>Computer Replacement</u>
<u>Assets</u>				
Current assets:				
Cash and equity in pooled cash and investments	\$ 183,708	\$ 1,075,741	\$ 24,527	\$ 26,759
Accounts receivable	16,670	-	-	-
Advances to other funds	-	77,736	-	-
Inventory	92,141	-	-	-
Total Current Assets	<u>292,519</u>	<u>1,153,477</u>	<u>24,527</u>	<u>26,759</u>
Noncurrent assets:				
Capital assets:				
Buildings	7,754	-	-	-
Equipment	32,696	3,093,479	-	-
Less: accumulated depreciation	(14,658)	(2,269,963)	-	-
Total Capital Assets (Net of Accumulated Depreciation)	<u>25,792</u>	<u>823,516</u>	<u>-</u>	<u>-</u>
Total Noncurrent Assets	<u>25,792</u>	<u>823,516</u>	<u>-</u>	<u>-</u>
Total Assets	<u>318,311</u>	<u>1,976,993</u>	<u>24,527</u>	<u>26,759</u>
<u>Liabilities and Net Assets</u>				
Current liabilities:				
Accounts payable	54,531	14,229	3,532	-
Compensated absences	14,035	-	-	-
Total Current Liabilities	<u>68,566</u>	<u>14,229</u>	<u>3,532</u>	<u>-</u>
Noncurrent liabilities:				
Compensated absences	1,560	-	-	-
Net pension obligation	23,408	-	-	-
Total Noncurrent Liabilities	<u>24,968</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>93,534</u>	<u>14,229</u>	<u>3,532</u>	<u>-</u>
<u>Net Assets</u>				
Invested in capital assets	25,792	823,516	-	-
Unrestricted	198,985	1,139,248	20,995	26,759
Total Net Assets	<u>\$ 224,777</u>	<u>\$ 1,962,764</u>	<u>\$ 20,995</u>	<u>\$ 26,759</u>

Total

\$ 1,310,735
16,670
77,736
92,141
1,497,282

7,754
3,126,175
(2,284,621)

849,308
849,308
2,346,590

72,292
14,035
86,327

1,560
23,408
24,968
111,295

849,308
1,385,987

\$ 2,235,295

CITY OF ALVIN, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2012

	<u>Central Shop</u>	<u>Vehicle Replacement</u>	<u>IT Maintenance</u>	<u>Computer Replacement</u>
<u>Operating Revenues</u>				
Charges for sales and services	\$ 553,112	\$ 276,797	\$ -	\$ 26,759
Other revenue	2,512	7,070	-	-
Total Operating Revenues	<u>555,624</u>	<u>283,867</u>	<u>-</u>	<u>26,759</u>
<u>Operating Expenses</u>				
Personnel services	257,882	-	-	-
Supplies	295,695	14,229	29,005	-
Depreciation	4,246	266,310	-	-
Total Operating Expenses	<u>557,823</u>	<u>280,539</u>	<u>29,005</u>	<u>-</u>
Operating Income (Loss)	<u>(2,199)</u>	<u>3,328</u>	<u>(29,005)</u>	<u>26,759</u>
<u>Nonoperating Revenues (Expenses)</u>				
Gain on sale of capital assets	-	40,280	-	-
Intergovernmental	3,251	-	-	-
Investment revenue	392	1,453	-	-
Total Nonoperating Revenues	<u>3,643</u>	<u>41,733</u>	<u>-</u>	<u>-</u>
Transfers in	-	3,080	-	-
Transfers (out)	(3,080)	-	-	-
Total Transfers	<u>(3,080)</u>	<u>3,080</u>	<u>-</u>	<u>-</u>
Change in Net Assets	<u>(1,636)</u>	<u>48,141</u>	<u>(29,005)</u>	<u>26,759</u>
Beginning net assets	<u>226,413</u>	<u>1,914,623</u>	<u>50,000</u>	<u>-</u>
Ending Net Assets	<u>\$ 224,777</u>	<u>\$ 1,962,764</u>	<u>\$ 20,995</u>	<u>\$ 26,759</u>

<u>Total</u>	
\$	856,668
	<u>9,582</u>
	<u>866,250</u>
	257,882
	338,929
	<u>270,556</u>
	<u>867,367</u>
	<u>(1,117)</u>
	40,280
	3,251
	<u>1,845</u>
	<u>45,376</u>
	3,080
	<u>(3,080)</u>
	<u>-</u>
	44,259
	<u>2,191,036</u>
\$	<u><u>2,235,295</u></u>

CITY OF ALVIN, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2012

	Central Shop	Vehicle Replacement	IT Maintenance	Computer Replacement
<u>Cash Flows from Operating Activities</u>				
Receipts from customers and users	\$ 528,042	\$ 283,867	\$ -	\$ 26,759
Payments to suppliers	(248,713)	-	(25,473)	-
Payments to employees	(266,090)	-	-	-
Net Cash Provided (Used) by Operating Activities	13,239	283,867	(25,473)	26,759
<u>Cash Flows from Noncapital Financing Activities</u>				
Transfers to other funds	(3,080)	-	-	-
Transfers from other funds	-	3,080	-	-
Interfund loan payments received	-	166,647	-	-
Net Cash Provided by Noncapital Financing Activities	(3,080)	169,727	-	-
<u>Cash Flows from Capital and Related Financing Activities</u>				
Acquisition and construction of capital assets	-	(16,739)	-	-
Proceeds from sale of capital assets	-	56,364	-	-
Capital grants	3,251	-	-	-
Net Cash Provided by Capital and Related Financing Activities	3,251	39,625	-	-
<u>Cash Flows from Investing Activities</u>				
Interest on investments	392	1,453	-	-
Net Cash Provided by Investing Activities	392	1,453	-	-
Net Increase (Decrease) in Cash and Equity in Pooled Cash and Investments	13,802	494,672	(25,473)	26,759
Beginning Cash and Equity in Pooled Cash and Investments	169,906	581,069	50,000	-
Ending Cash and Equity in Pooled Cash and Investments	\$ 183,708	\$ 1,075,741	\$ 24,527	\$ 26,759
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ (2,199)	\$ 3,328	\$ (29,005)	\$ 26,759
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	4,246	266,310	-	-
Changes in Operating Assets and Liabilities:				
(Increase) Decrease in Current Assets:				
Accounts receivable	(3,251)	-	-	-
Inventories	(35,514)	-	-	-
Prepays	5,777	-	-	-
(Decrease) in Current Liabilities:				
Accounts payable	46,982	14,229	3,532	-
Net pension obligation	5,406	-	-	-
Compensated absences	(8,208)	-	-	-
Net Cash Provided (Used) by Operating Activities	\$ 13,239	\$ 283,867	\$ (25,473)	\$ 26,759

Total

\$ 838,668
(274,186)
(266,090)
298,392

(3,080)
3,080
166,647

166,647

(16,739)
56,364
3,251
42,876

1,845
1,845

509,760

800,975

\$ 1,310,735

\$ (1,117)

270,556

(3,251)
(35,514)
5,777

64,743
5,406
(8,208)
61,941

\$ 298,392

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STATISTICAL SECTION

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

Contents	Page
Financial Trends	114
<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	126
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, property tax.</i>	
Debt Capacity	134
<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	144
<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	147
<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 Ten Years

(Accrual Basis of Accounting)

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

Year					
2007	2008	2009	2010	2011	2012
\$ 26,711,260	\$ 24,683,114	\$ 23,625,720	\$ 23,231,068	\$ 23,710,635	\$ 24,498,035
4,185,439	5,412,521	8,162,397	9,006,259	9,614,913	9,400,498
5,088,173	6,373,807	4,881,248	5,151,195	3,785,438	4,287,239
<u>\$ 35,984,872</u>	<u>\$ 36,469,442</u>	<u>\$ 36,669,365</u>	<u>\$ 37,388,522</u>	<u>\$ 37,110,986</u>	<u>\$ 38,185,772</u>
\$ 9,185,334	\$ 10,094,821	\$ 7,281,665	\$ 9,898,132	\$ 12,506,488	\$ 12,637,625
845,723	861,202	805,076	698,662	706,487	677,203
4,625,332	5,873,472	9,272,256	7,639,207	6,364,658	7,559,686
<u>\$ 14,656,389</u>	<u>\$ 16,829,495</u>	<u>\$ 17,358,997</u>	<u>\$ 18,236,001</u>	<u>\$ 19,577,633</u>	<u>\$ 20,874,514</u>
\$ 35,896,594	\$ 34,777,935	\$ 30,907,385	\$ 33,129,200	\$ 36,217,123	\$ 37,135,660
5,031,162	6,273,723	8,967,473	9,704,921	10,321,400	10,077,701
9,713,505	12,247,279	14,153,504	12,790,402	10,150,096	11,846,925
<u>\$ 50,641,261</u>	<u>\$ 53,298,937</u>	<u>\$ 54,028,362</u>	<u>\$ 55,624,523</u>	<u>\$ 56,688,619</u>	<u>\$ 59,060,286</u>

CITY OF ALVIN, TEXAS

CHANGES IN NET ASSETS

Last Ten Years

(Accrual Basis of Accounting)

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

		Year									
		2007	2008	2009	2010	2011	2012				
\$	3,155,673	\$	3,397,176	\$	4,618,306	\$	3,398,391	\$	3,493,056	\$	3,856,490
	5,765,961		5,885,390		6,828,196		6,612,487		6,818,758		7,183,101
	554,616		751,470		-		-		-		-
	3,907,160		3,697,371		1,195,696		1,762,534		1,354,999		1,558,656
	347,169		297,019		2,110,567		2,739,494		2,789,836		2,237,711
	1,222,914		1,827,931		1,637,049		1,550,634		1,300,499		1,345,650
	470,225		320,272		255,366		246,444		953,431		307,110
	<u>15,423,718</u>		<u>16,176,629</u>		<u>16,645,180</u>		<u>16,309,984</u>		<u>16,710,579</u>		<u>16,488,718</u>
	5,179,628		5,048,607		5,324,261		5,684,004		5,275,355		5,149,638
	1,679,203		3,032,494		3,811,391		1,841,385		1,951,774		2,044,570
	1,060,634		1,015,022		1,333,579		1,310,354		1,705,571		1,761,534
	-		-		-		53,520		99,129		-
	<u>7,919,465</u>		<u>9,096,123</u>		<u>10,469,231</u>		<u>8,889,263</u>		<u>9,031,829</u>		<u>8,955,742</u>
\$	<u>23,343,183</u>	\$	<u>25,272,752</u>	\$	<u>27,114,411</u>	\$	<u>25,199,247</u>	\$	<u>25,742,408</u>	\$	<u>25,444,460</u>
\$	37,029	\$	22,764	\$	98,718	\$	236,236	\$	184,829	\$	256,623
	735,677		745,922		1,092,685		1,157,482		1,098,168		1,064,705
	401,661		328,881		-		-		-		-
	-		-		-		-		-		-
	-		-		79,648		-		-		-
	187,229		167,642		-		-		-		-
	157,790		434,842		770,851		305,758		89,468		261,048
	<u>1,519,386</u>		<u>1,700,051</u>		<u>2,041,902</u>		<u>1,699,476</u>		<u>1,372,465</u>		<u>1,582,376</u>
	5,771,303		6,211,760		6,325,404		6,299,393		6,767,843		6,529,061
	1,995,110		1,943,739		2,174,386		2,290,014		2,162,461		2,305,500
	1,126,101		1,204,907		1,278,655		1,292,152		1,630,354		1,671,346
	1,364		1,343,767		1,643,163		409,277		195,895		231,858
	-		-		-		-		-		-
	<u>8,893,878</u>		<u>10,704,173</u>		<u>11,421,608</u>		<u>10,290,836</u>		<u>10,756,553</u>		<u>10,737,765</u>
\$	<u>10,413,264</u>	\$	<u>12,404,224</u>	\$	<u>13,463,510</u>	\$	<u>11,990,312</u>	\$	<u>12,129,018</u>	\$	<u>12,320,141</u>
\$	(13,904,332)	\$	(14,476,578)	\$	(14,603,278)	\$	(14,610,508)	\$	(15,338,114)	\$	(14,906,342)
	974,413		1,608,050		952,377		1,401,573		1,724,724		1,782,023
\$	<u>(12,929,919)</u>	\$	<u>(12,868,528)</u>	\$	<u>(13,650,901)</u>	\$	<u>(13,208,935)</u>	\$	<u>(13,613,390)</u>	\$	<u>(13,124,319)</u>

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

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

Year					
2007	2008	2009	2010	2011	2012
\$ 6,441,666	\$ 7,135,500	\$ 7,088,549	\$ 7,529,156	\$ 7,311,667	\$ 7,724,036
5,540,205	5,754,038	5,395,694	5,164,667	5,460,695	5,720,505
1,321,208	1,332,828	1,535,710	1,601,341	1,550,016	1,607,488
-	-	28,484	221,885	196,510	191,970
674,853	483,412	131,886	36,080	45,388	31,176
44,355	121,128	96,555	233,080	43,166	204,763
1,581,281	(10,449)	526,323	543,456	394,906	501,190
<u>15,603,568</u>	<u>14,816,457</u>	<u>14,803,201</u>	<u>15,329,665</u>	<u>15,002,348</u>	<u>15,981,128</u>
440,689	265,878	88,820	13,571	11,311	13,322
5,875	168,707	14,628	5,316	503	2,726
(1,581,281)	10,449	(526,323)	(543,456)	(394,906)	(501,190)
<u>(1,134,717)</u>	<u>445,034</u>	<u>(422,875)</u>	<u>(524,569)</u>	<u>(383,092)</u>	<u>(485,142)</u>
<u>\$ 14,468,851</u>	<u>\$ 15,261,491</u>	<u>\$ 14,380,326</u>	<u>\$ 14,805,096</u>	<u>\$ 14,619,256</u>	<u>\$ 15,495,986</u>
\$ 1,699,236	\$ 339,879	\$ 199,923	\$ 719,157	\$ (335,766)	\$ 1,074,786
(160,304)	2,053,084	529,502	877,004	1,341,632	1,296,881
<u>\$ 1,538,932</u>	<u>\$ 2,392,963</u>	<u>\$ 729,425</u>	<u>\$ 1,596,161</u>	<u>\$ 1,005,866</u>	<u>\$ 2,371,667</u>

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

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

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Change 2011-2012</u>
\$ 6,441,666	\$ 7,135,500	\$ 7,088,549	\$ 7,529,156	\$ 7,311,667	\$ 7,724,036	5.5%
5,540,205	5,754,038	5,395,694	5,164,667	5,460,695	5,720,505	5.0%
1,321,208	1,332,828	1,535,710	1,601,341	1,550,016	1,607,488	3.6%
-	-	28,484	221,885	196,510	191,970	-2.0%
<u>\$ 13,303,079</u>	<u>\$ 14,222,366</u>	<u>\$ 14,048,437</u>	<u>\$ 14,517,049</u>	<u>\$ 14,518,888</u>	<u>\$ 15,243,999</u>	5.0%

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

	Year			
	2003	2004	2005	2006
General Fund				
Nonspendable	\$ 48,020	\$ 27,985	\$ 26,761	\$ 26,761
Restricted	-	-	-	-
Assigned	994,941	69,609	68,398	48,225
Unassigned	1,530,996	2,725,533	3,027,096	3,211,526
Total General Fund	\$ 2,573,957	\$ 2,823,127	\$ 3,122,255	\$ 3,286,512
All Other Governmental Funds				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	4,912,775	4,330,014	3,686,545	5,938,783
Assigned	358,307	365,409	370,982	377,940
Total All Other Governmental Funds	\$ 5,271,082	\$ 4,695,423	\$ 4,057,527	\$ 6,316,723

Year					
2007	2008	2009	2010	2011	2012
\$ 33,236	\$ 55,371	\$ 15,611	\$ 10,809	\$ 15,245	\$ 39,347
-	-	-	-	2,646	-
1,151,177	1,030,815	615,281	2,393,358	1,318,358	911,311
2,961,457	4,444,453	4,560,653	3,105,318	4,355,741	4,658,915
<u>\$ 4,145,870</u>	<u>\$ 5,530,639</u>	<u>\$ 5,191,545</u>	<u>\$ 5,509,485</u>	<u>\$ 5,691,990</u>	<u>\$ 5,609,573</u>
\$ -	\$ -	\$ 5,927	\$ 200	\$ 5,777	\$ -
8,116,764	6,856,654	7,332,625	7,936,885	10,260,756	9,400,498
397,964	397,040	408,417	418,602	719,805	714,349
<u>\$ 8,514,728</u>	<u>\$ 7,253,694</u>	<u>\$ 7,746,969</u>	<u>\$ 8,355,687</u>	<u>\$ 10,986,338</u>	<u>\$ 10,114,847</u>

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

	Year			
	2003	2004	2005	2006
Revenues				
Taxes	\$ 9,880,565	\$ 10,569,602	\$ 10,820,920	\$ 11,351,914
Permits, licenses, and fees	197,905	266,378	301,393	663,057
Fines and forfeitures	450,894	376,232	381,554	388,202
Intergovernmental	5,200	4,550	215,244	4,313
Contributions	39,241	23,830	3,825	22,027
Investment earnings	85,752	76,320	171,876	345,650
Other revenues	423,465	395,510	471,511	598,811
Total Revenues	<u>11,083,022</u>	<u>11,712,422</u>	<u>12,366,323</u>	<u>13,373,974</u>
Expenditures				
General government	3,193,675	2,698,996	2,704,408	2,676,013
Public safety	4,354,626	4,316,165	4,788,853	4,809,776
Engineering and planning	153,119	859,878	768,252	552,276
Public services	1,267,511	1,730,750	1,406,740	1,518,905
Community services	84,041	24,661	21,015	143,300
Culture, parks, and recreation	1,275,978	1,062,355	1,077,971	906,749
Library	-	65,749	71,666	79,117
Capital outlay	2,983,215	934,908	3,883,770	2,266,772
Debt service:				
Principal	460,246	842,396	788,572	810,861
Interest	459,542	389,871	337,391	455,020
Total Expenditures	<u>14,231,953</u>	<u>12,925,729</u>	<u>15,848,638</u>	<u>14,218,789</u>
Revenues Over (Under) Expenditures	(3,148,931)	(1,213,307)	(3,482,315)	(844,815)
Other Financing Sources (Uses)				
Transfers in	2,171,279	3,629,342	5,385,425	3,362,287
Transfers out	(1,594,850)	(2,941,779)	(2,720,814)	(2,910,566)
Refunding bonds issued	-	1,349,595	-	-
Bonds issued	80,013	319,176	478,925	2,780,000
Premium on bonds issued	-	-	-	1,591
Discount on bonds issued	-	(10,439)	-	-
Payments to refunded bond escrow agent	-	(1,311,643)	-	-
Capital leases	300,669	-	-	-
Sales of capital assets	-	-	-	28,351
Total Other Financing Sources (Uses)	<u>957,111</u>	<u>1,034,252</u>	<u>3,143,536</u>	<u>3,261,663</u>
Net Change in Fund Balances	<u>\$ (2,191,820)</u>	<u>\$ (179,055)</u>	<u>\$ (338,779)</u>	<u>\$ 2,416,848</u>
Debt service as a percentage of noncapital expenditures	8.9%	11.5%	10.4%	11.8%

		Year									
		2007	2008	2009	2010	2011	2012				
\$	13,228,598	\$	14,294,405	\$	14,301,958	\$	14,343,382	\$	14,501,052	\$	15,250,115
	325,191		316,854		611,082		937,525		650,219		632,240
	437,085		455,554		481,603		456,193		447,949		432,465
	3,731		530,316		748,833		305,758		89,468		257,797
	32,563		-		-		-		-		-
	620,207		439,770		106,888		20,367		34,745		29,331
	756,958		654,819		242,018		233,080		227,995		421,106
	<u>15,404,333</u>		<u>16,691,718</u>		<u>16,492,382</u>		<u>16,296,305</u>		<u>15,951,428</u>		<u>17,023,054</u>
	3,019,200		3,269,353		3,284,579		3,239,705		3,310,855		3,657,108
	4,932,289		5,723,203		6,129,989		6,145,941		6,190,062		6,649,457
	489,331		712,129		-		-		-		-
	2,870,696		1,977,554		777,418		715,606		589,836		957,761
	158,160		186,487		1,361,535		2,591,826		2,595,532		2,202,737
	950,845		1,028,437		1,369,506		1,079,481		984,023		1,201,941
	94,886		113,061		12,160		49,515		-		-
	1,503,979		2,520,505		2,572,745		1,005,809		2,677,414		2,185,599
	801,753		1,163,091		1,038,791		978,025		1,308,502		1,159,881
	430,776		436,194		412,775		411,836		558,483		472,802
	<u>15,251,915</u>		<u>17,130,014</u>		<u>16,959,498</u>		<u>16,217,744</u>		<u>18,214,707</u>		<u>18,487,286</u>
	152,418		(438,296)		(467,116)		78,561		(2,263,279)		(1,464,232)
	4,744,518		3,423,766		2,520,975		1,174,886		999,485		1,064,794
	(3,962,600)		(3,799,196)		(1,994,652)		(631,430)		(604,579)		(563,604)
	-		-		-		-		4,321,938		1,597,055
	835,000		675,000		-		304,641		4,468,507		-
	-		-		-		-		249,910		5,112
	-		-		-		-		-		-
	-		-		-		-		(4,417,056)		(1,593,033)
	231,652		262,467		94,974		-		-		-
	22,916		-		-		-		-		-
	<u>1,871,486</u>		<u>562,037</u>		<u>621,297</u>		<u>848,097</u>		<u>5,018,205</u>		<u>510,324</u>
\$	<u>2,023,904</u>	\$	<u>123,741</u>	\$	<u>154,181</u>	\$	<u>926,658</u>	\$	<u>2,754,926</u>	\$	<u>(953,908)</u>
	9.8%		12.3%		10.09%		9.12%		12.02%		9.94%

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Residential Property	\$ A	\$ A	\$ 419,639,580	\$ 463,788,970
Commercial Property	A	A	280,972,630	310,043,900
Less: Tax Exempt Property	A	A	(45,598,292)	(52,772,196)
Total Taxable Assessed Value (1)	<u>\$ 596,476,416</u>	<u>\$ 633,444,214</u>	<u>\$ 655,013,918</u>	<u>\$ 721,060,674</u>
Total Direct Tax Rate	0.80360	0.80360	0.80360	0.80360

Source: Brazoria County - Tax Office Collections

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

(A) Data is not available

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 494,709,890	\$ 545,828,781	\$ 561,797,458	\$ 569,692,952	\$ 555,669,430	\$ 554,570,924
328,960,620	372,642,100	376,840,429	398,544,224	409,764,239	412,237,877
<u>(27,271,987)</u>	<u>(17,519,673)</u>	<u>(29,535,234)</u>	<u>(46,725,576)</u>	<u>(62,660,621)</u>	<u>(59,267,694)</u>
<u>\$ 796,398,523</u>	<u>\$ 900,951,208</u>	<u>\$ 909,102,653</u>	<u>\$ 921,511,600</u>	<u>\$ 902,773,048</u>	<u>\$ 907,541,107</u>
0.80360	0.80360	0.80360	0.80360	0.80360	0.84360

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
City By Fund:				
Operating	\$ 0.6702	\$ 0.6486	\$ 0.6784	\$ 0.6565
Debt service	0.1334	0.1550	0.1252	0.1471
Total Direct Rates	<u>0.8036</u>	<u>0.8036</u>	<u>0.8036</u>	<u>0.8036</u>
Alvin Independent School District	1.5860	1.6261	1.7058	1.5459
Brazoria County	0.3595	0.3620	0.3480	0.3817
C&R District No. 3	0.1166	0.1316	0.1306	0.1300
Alvin Community College	<u>0.2553</u>	<u>0.2406</u>	<u>0.2376</u>	<u>0.2195</u>
Total Direct and Overlapping Rates (1)	<u>\$ 3.1210</u>	<u>\$ 3.1639</u>	<u>\$ 3.2256</u>	<u>\$ 3.0807</u>

Tax rates per \$100 of assessed valuation

Source: Brazoria County - Tax Office Collections

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

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 0.6440	\$ 0.6544	\$ 0.6709	\$ 0.6697	\$ 0.6697	\$ 0.7137
0.1596	0.1492	0.1327	0.1339	0.1339	0.1299
<u>0.8036</u>	<u>0.8036</u>	<u>0.8036</u>	<u>0.8036</u>	<u>0.8036</u>	<u>0.8436</u>
1.3282	1.3282	1.3041	1.3041	1.3041	1.3291
0.3114	0.3900	0.4263	0.4631	0.4631	0.4259
0.1281	0.1500	0.1500	0.1500	0.1500	0.1500
<u>0.2103</u>	<u>0.1998</u>	<u>0.1998</u>	<u>0.1998</u>	<u>0.1998</u>	<u>0.1998</u>
<u>\$ 2.7816</u>	<u>\$ 2.8716</u>	<u>\$ 2.8838</u>	<u>\$ 2.9206</u>	<u>\$ 2.9206</u>	<u>\$ 2.9484</u>

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CITY OF ALVIN, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Property Taxpayer	2012			2003		
	Taxable Assessed Value	Rank	% of Taxable Assessed Value	Taxable Assessed Value	Rank	% of Taxable Assessed Value
Walmart	\$ 17,862,240	1	2.0%	\$ 15,986,940	2	2.7%
Weatherford USA, LP	14,762,040	2	1.6%	10,310,720	4	1.7%
Home Depot	10,780,605	3	1.2%	N/A		
Highland Square, LTD	7,573,800	4	0.8%	N/A		
Team Industrial Services, Inc.	7,209,517	5	0.8%	N/A		
Texas New Mexico Power	7,198,420	6	0.8%	6,459,770	7	1.1%
Alvin Autoland, Inc.	6,968,350	7	0.8%	11,748,800	3	2.0%
Franks Casing Crew & Rental Tools	6,629,000	8	0.7%	N/A		
Melbourne Development Partners, LP	6,170,970	9	0.7%	N/A		
Comcast of Houston, LLC	5,951,460	10	0.7%	N/A		
IPOP Management	N/A			20,881,120	1	3.5%
Southwestern Bell	N/A			8,872,480	6	1.5%
Ron Carter	N/A			9,566,080	5	1.6%
Texas Cable Partners, LP	N/A			4,421,970	9	0.7%
Precision Drilling	N/A			5,321,450	8	0.9%
Alvin Center	N/A			4,292,610	10	0.7%
Subtotal	<u>\$ 91,106,402</u>		<u>10%</u>	<u>\$ 97,861,940</u>		<u>16.40%</u>
Other Taxpayers	<u>816,434,705</u>		<u>90.0%</u>	<u>498,614,476</u>		<u>83.59%</u>
Total	<u><u>\$ 907,541,107</u></u>		<u><u>100.10%</u></u>	<u><u>\$ 596,476,416</u></u>		<u><u>100%</u></u>

Source: Brazoria County - Tax Office Collections

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Tax levy	\$ 4,754,881	\$ 5,079,106	\$ 5,258,492	\$ 5,686,155
Current tax collected	\$ 4,594,434	\$ 4,896,746	\$ 5,104,625	\$ 5,519,795
Percent of current tax collections	96.63%	96.41%	97.07%	97.07%
Delinquent tax collections	<u>132,291</u>	<u>136,908</u>	<u>132,932</u>	<u>148,947</u>
Total tax collections	<u>\$ 4,726,725</u>	<u>\$ 5,033,654</u>	<u>\$ 5,237,557</u>	<u>\$ 5,668,742</u>
Total collections as a percentage of current levy	99.41%	99.11%	99.60%	99.69%
Outstanding delinquent taxes	\$ 28,156	\$ 45,452	\$ 20,935	\$ 17,413
Outstanding delinquent taxes as percentage of current levy	0.59%	0.89%	0.40%	0.31%

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 6,281,426	\$ 7,061,878	\$ 7,250,850	\$ 7,311,606	\$ 7,112,676	\$ 7,623,469
\$ 6,117,953	\$ 6,907,075	\$ 7,099,395	\$ 7,118,215	\$ 6,997,769	\$ 7,489,804
97.40%	97.81%	97.91%	97.36%	98.38%	98.25%
<u>140,474</u>	<u>133,338</u>	<u>124,025</u>	<u>157,348</u>	<u>73,902</u>	<u>-</u>
<u>\$ 6,258,427</u>	<u>\$ 7,040,413</u>	<u>\$ 7,223,420</u>	<u>\$ 7,275,563</u>	<u>\$ 7,071,671</u>	<u>\$ 7,489,804</u>
99.63%	99.70%	99.62%	99.51%	99.42%	98.25%
\$ 22,999	\$ 21,465	\$ 27,430	\$ 36,043	\$ 41,005	\$ 133,665
0.37%	0.30%	0.38%	0.49%	0.58%	1.75%

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

	Year			
	2003	2004	2005	2006
Primary Government				
Governmental Activities:				
General obligation bonds	\$ 8,202,495	\$ 7,938,205	\$ 7,853,407	\$ 7,266,269
Certificates of obligation	595,000	474,176	293,260	3,047,344
Capital leases	300,670	229,658	282,482	84,675
Subtotal	<u>\$ 9,098,165</u>	<u>\$ 8,642,039</u>	<u>\$ 8,429,149</u>	<u>\$ 10,398,288</u>
Business-Type Activities:				
Revenue bonds	\$ 10,350,000	\$ 10,240,000	\$ 10,120,000	\$ 12,160,000
General obligation bonds	7,817,505	9,421,794	8,761,591	7,618,729
Certificates of obligation	2,910,000	1,275,824	1,006,740	4,897,657
Capital leases	241,077	184,140	176,786	34,666
Total Primary Government	<u>\$ 30,416,747</u>	<u>\$ 29,763,797</u>	<u>\$ 28,494,266</u>	<u>\$ 35,109,340</u>
Personal Income	\$ 341,131,000	\$ 379,460,000	\$ 403,635,000	\$ 457,017,000
Debt as a Percentage of Personal Income	8.92%	7.84%	7.06%	7.68%
Population	21,413	21,413	21,413	21,413
Debt per Capita	\$ 1,420	\$ 1,390	\$ 1,331	\$ 1,640

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

Year						
2007	2008	2009	2010	2011	2012	
\$ 7,378,016	\$ 6,516,969	\$ 5,736,412	\$ 5,372,311	\$ 5,090,115	\$ 5,861,240	
3,020,064	3,527,784	3,360,504	3,146,860	6,663,507	4,919,192	
265,107	392,810	301,856	206,217	105,679	-	
<u>\$ 10,663,187</u>	<u>\$ 10,437,563</u>	<u>\$ 9,398,772</u>	<u>\$ 8,725,388</u>	<u>\$ 11,859,301</u>	<u>\$ 10,780,432</u>	
\$ 12,025,000	\$ 11,815,000	\$ 11,345,000	\$ 10,745,000	10,145,000	4,945,000	
6,381,984	5,093,032	3,763,588	4,538,690	4,886,883	11,921,760	
4,824,936	6,742,216	6,669,496	6,298,140	4,086,493	1,160,808	
13,697	-	-	-	-	-	
<u>\$ 33,908,804</u>	<u>\$ 34,087,811</u>	<u>\$ 31,176,856</u>	<u>\$ 30,307,218</u>	<u>\$ 30,977,677</u>	<u>\$ 28,808,000</u>	
\$ 480,593,000	\$ 518,087,000	\$ 519,651,000	\$ 586,289,000	\$ 588,159,000	\$ 619,181,000	
7.06%	6.58%	6.00%	5.17%	5.27%	4.65%	
21,413	21,413	21,413	21,413	24,236	24,236	
\$ 1,584	\$ 1,592	\$ 1,456	\$ 1,415	\$ 1,278	\$ 1,189	

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

	Year			
	2003	2004	2005	2006
Net Taxable Assessed Value				
All property	\$ 596,476,416	\$ 633,444,214	\$ 655,013,918	\$ 721,060,674
Net Bonded Debt				
Gross bonded debt	\$ 19,525,000	\$ 19,109,999	\$ 17,914,998	\$ 22,829,999
Less debt service funds	990,668	455,181	479,185	325,660
Net Bonded Debt	<u>\$ 18,534,332</u>	<u>\$ 18,654,818</u>	<u>\$ 17,435,813</u>	<u>\$ 22,504,339</u>
Ratio of Net Bonded Debt to Assessed Value	3.11%	2.94%	2.66%	3.12%
Population	21,413	21,413	21,413	21,413
Net Bonded Debt Per Capita	\$ 866	\$ 871	\$ 814	\$ 1,051

Year					
2007	2008	2009	2010	2011	2012
\$ 796,398,523	\$ 900,951,208	\$ 909,102,653	\$ 921,511,600	902,773,048	907,541,107
\$ 21,605,000	\$ 21,880,001	\$ 19,530,000	\$ 19,356,001	20,726,998	28,808,000
<u>346,983</u>	<u>319,154</u>	<u>374,250</u>	<u>420,806</u>	<u>409,223</u>	<u>99,776</u>
<u>\$ 21,258,017</u>	<u>\$ 21,560,847</u>	<u>\$ 19,155,750</u>	<u>\$ 18,935,195</u>	<u>\$ 20,317,775</u>	<u>\$ 28,708,224</u>
2.67%	2.39%	2.11%	2.05%	2.25%	3.16%
21,413	21,413	21,413	21,413	24,236	24,236
\$ 993	\$ 1,007	\$ 895	\$ 884	\$ 838	\$ 1,185

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CITY OF ALVIN, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
September 30, 2012

Governmental Unit	Net Bonded Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes			
Brazoria County	\$ 89,385,000	4.77%	\$ 4,263,665
Alvin ISD	476,152,701	19.27%	91,754,625
Alvin Community College	16,160,000	15.71%	<u>2,538,736</u>
Subtotal, overlapping debt			98,557,026
City Direct Debt	10,780,432	100.00%	<u>10,780,432</u>
Total Direct and Overlapping Debt			<u><u>\$ 109,337,458</u></u>

Source: Brazoria County

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

CITY OF ALVIN, TEXAS
LEGAL DEBT MARGIN INFORMATION

Last Ten Years

	Year			
	2003	2004	2005	2006
Debt limit	\$ 53,784,359	\$ 59,647,642	\$ 83,161,407	\$ 90,653,218
Total net debt applicable to limit	<u>7,877,428</u>	<u>7,806,827</u>	<u>7,374,221</u>	<u>6,940,609</u>
Legal debt margin	<u>\$ 45,906,931</u>	<u>\$ 51,840,815</u>	<u>\$ 75,787,186</u>	<u>\$ 83,712,609</u>
Total net debt applicable to the limit as a percentage of debt limit	14.65%	13.09%	8.87%	7.66%

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed value	\$ 907,541,107
Debt limit (10% of assessed value)	90,754,111
Debt applicable to limit:	
General obligation bonds	10,780,432
Less: amount set aside for repayment of general obligation debt	<u>(99,776)</u>
Total net debt applicable to limit	<u>10,680,656</u>
Legal debt margin	<u>\$ 80,073,455</u>

Year					
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 96,616,510	\$ 108,094,183	\$ 90,910,265	\$ 92,151,160	\$ 90,277,305	\$ 90,754,111
<u>7,031,033</u>	<u>6,197,815</u>	<u>9,471,166</u>	<u>8,939,977</u>	<u>11,344,399</u>	<u>10,680,656</u>
<u>\$ 89,585,477</u>	<u>\$ 101,896,368</u>	<u>\$ 81,439,099</u>	<u>\$ 83,211,183</u>	<u>\$ 78,932,906</u>	<u>\$ 80,073,455</u>
7.28%	5.73%	10.42%	9.70%	12.57%	11.77%

CITY OF ALVIN, TEXAS

PLEDGED-REVENUE COVERAGE

Last Ten Years

	Year			
	2003	2004	2005	2006
Gross Revenues (1)	\$ 5,202,315	\$ 5,278,796	\$ 5,183,862	\$ 6,036,003
Operating Expenses (2)	2,518,769	2,717,189	2,943,051	2,378,938
Net Revenues Available for Debt Service	\$ 2,683,546	\$ 2,561,607	\$ 2,240,811	\$ 3,657,065
Debt Service Requirements (3)				
Principal	\$ 1,156,616	\$ 1,233,053	\$ 1,146,810	\$ 1,436,945
Interest	938,232	898,598	782,824	826,533
Total	\$ 2,094,848	\$ 2,131,651	\$ 1,929,634	\$ 2,263,478
Coverage	1.28	1.20	1.16	1.62

(1) Total revenues including interest

(2) Total operating expenses less depreciation

(3) Includes revenue bonds only

Year					
2007	2008	2009	2010	2011	2012
\$ 6,190,290	\$ 6,750,856	\$ 6,605,025	\$ 6,309,789	\$ 6,776,431	\$ 6,539,555
<u>4,027,507</u>	<u>4,166,715</u>	<u>4,361,497</u>	<u>3,516,010</u>	<u>3,165,676</u>	<u>3,205,149</u>
\$ 2,162,783	\$ 2,584,141	\$ 2,243,528	\$ 2,793,779	\$ 3,610,755	\$ 3,334,406
\$ 1,429,846	\$ 1,556,533	\$ 1,478,461	\$ 600,000	\$ 600,000	\$ 620,000
1,036,558	881,892	875,517	425,106	407,106	388,256
<u>\$ 2,466,404</u>	<u>\$ 2,438,425</u>	<u>\$ 2,353,978</u>	<u>\$ 1,025,106</u>	<u>\$ 1,007,106</u>	<u>\$ 1,008,256</u>
0.88	1.06	0.95	2.73	3.59	3.31

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

<u>Fiscal Year Ended</u>	<u>Population (1)</u>	<u>Personal Income (1)</u>	<u>Per Capita Personal Income (4)</u>	<u>Median Age (1)</u>	<u>Education Level in Years of Schooling (1)</u>
2003	21,413	\$ 341,131,000	\$ 15,931	33.00	13.75
2004	21,413	\$ 379,460,000	\$ 17,721	33.00	13.75
2005	21,413	\$ 403,635,000	\$ 18,850	34.00	13.75
2006	21,413	\$ 457,017,000	\$ 21,343	31.40	13.75
2007	21,413	\$ 480,593,000	\$ 22,444	32.00	13.75
2008	21,413	\$ 518,087,000	\$ 24,195	32.50	13.75
2009	21,413	\$ 519,651,000	\$ 24,268	33.00	13.80
2010	21,413	\$ 586,289,000	\$ 27,380	32.60	13.80
2011	24,236	\$ 588,159,000	\$ 24,268	32.90	13.80
2012	24,236	\$ 619,181,000	\$ 25,548	32.50	14.10

Data sources:

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

<u>School Enrollment (2)</u>	<u>Unemployment Rate (3)</u>
12,046	8.20%
12,100	8.20%
12,600	7.30%
14,000	7.30%
15,300	8.20%
16,000	8.20%
16,000	8.30%
17,261	6.90%
18,206	8.40%
18,200	7.50%

CITY OF ALVIN, TEXAS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2012			2003		
	Employees	Rank	Total City Employment (%)	Employees	Rank	Total City Employment (%)
Alvin Independent School District	2,520	1	39.49%	1,742	1	34.69%
DISH Network	972	2	15.23%			0.00%
Alvin Community College	545	3	8.54%	515	3	10.26%
WalMart	520	4	8.15%	459	5	9.14%
Ascend Performance Materials	470	5	7.36%			0.00%
INEOS Olfens & Polymers USA	440	6	6.89%			0.00%
Ron Carter Automotive	320	7	5.01%	396	6	7.89%
Lyondell/Bassell	N/A		0.00%	270	7	5.38%
Team, Inc.	257	8	4.03%	102	10	2.03%
City of Alvin	247	9	3.87%	165	8	3.29%
Amoco Petrochemical	N/A		0.00%	725	2	14.44%
RiceTec	N/A		0.00%	122	9	2.43%
Diversified Ceramics	91	10	1.43%			0.00%
Solutia, Inc.	N/A		0.00%	525	4	10.46%
Total	6,382		100.00%	5,021		100.00%

Source: Economic development department

CITY OF ALVIN, TEXAS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Years

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund:										
Administration	4	4	5.5	5.5	7	6	2	2	2	4
Legal	2	3	2	3	3	3	3	3	3	3
Municipal	2	2	2	2	2	2	2	2	2	2
City Secretary	3	3	3	3	3	3	3	3	3	3
Finance	7	7	6	7	7	7	9	9	8	6
City Hall	1	1	-	-	-	-	-	-	-	-
Public Safety										
Police	67	68	69	70	74	76	72	72	75	76
Fire	2	2.5	2.5	3	3	3	4	4	4	4
Fire Marshal	-	1	1	1	1	1	1	1	1	1
Humane	2	2	2	2	2	2	2	2	2	2
Culture and Recreation										
Parks	9.5	11	9.5	9.5	10.5	10	10	9	9	11
Facility Maintenance	-	2	1	1	1	1	1	1	1	1
Economic Development	-	-	-	2	2	2	2	2	2	2
CYB	-	-	-	-	-	-	-	1	1	1
Public Works										
Administration & Facility	-	-	-	-	-	-	-	-	-	-
Street	13	13	16	16	17	19	20	20	20	22
Engineering										
Engineering	8	11	9	9	9	9	4	-	-	-
Planning	1	-	-	-	-	-	4	-	-	-
CIP	-	-	-	-	-	-	4	4	-	-
Community Development										
Inspections	6	3	3	4	4	4	5	4	5	9
Code Enforcement	-	-	-	-	-	-	4	4	4	4
General Fund Total	127.5	133.5	131.5	138	145.5	148	156	146	146	151
Enterprise Fund:										
Administration	7	7	6	7.5	7.5	7	8	7	7	7
Water, Sewer, WWTP	22	23	24	24	24	24	24	24	24	24
Enterprise Fund Total	29	30	30	31.5	31.5	31	32	31	31	31
Internal Service Fund:										
Administration	5	5	5	4	4	4	4	4	4	4
Internal Service Fund Total	5	5	5	4	4	4	4	4	4	4
Emergency Medical Services:										
Administration	2	2	2	2	2	2	2	2	2	3
Emergency Medical Service Total	2	2	2	2	2	2	2	2	3	3
TOTAL CITY POSITIONS	163.5	170.5	168.5	175.5	183	185	194	183	184	189

Source: Economic development department

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

	Fiscal Year			
	2003	2004	2005	2006
Function/Program				
Police				
Physical arrests	2,388	2,351	2,506	2,627
Traffic violations	4,118	2,840	2,378	1,936
Fire				
Emergency responses	579	626	710	724
Inspections	694	673	634	747
Sanitation				
Monthly residential pickups	4,846	4,819	4,903	5,042
Commercial containers	765	792	797	602
Culture and recreation				
Athletic fields	21	21	21	21
Water				
New accounts	26	170	96	237
Total number of water connections	5,789	5,959	6,055	6,975
Average daily consumption (thousands of gallons)	2.496	2.311	2.350	2.287
Sewer				
Average daily sewage treatment (thousands of gallons)	3.150	3.250	3.500	2.395

Source: Various City departments

Note: Indicators are not available for the general government function

Fiscal Year					
2007	2008	2009	2010	2011	2012
1,557	2,201	1,973	1,920	2,253	2,199
2,620	3,074	3,405	3,429	3,857	3,649
712	889	894	599	511	560
876	884	461	424	511	428
5,147	5,317	5,339	5,376	5,452	5,486
781	845	835	835	848	842
21	21	21	22	22	22
154	128	93	55	94	91
7,129	7,257	7,350	7,405	7,499	7,567
2.226	2.379	2.774	2.414	2.414	2.395
3.000	2.965	2.552	3.416	3.416	2.860

CITY OF ALVIN, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Years

Function/Program	Fiscal Year			
	2003	2004	2005	2006
Police				
Stations	1	1	1	1
Patrol units	31	35	32	32
Fire				
Fire station	2	2	2	2
Volunteers	63	61	63	57
Highways and Streets				
Streets (miles)	113	169	192	178
Parks and recreation				
Parks acreage	83.7	88.0	88.0	91.0
Parks	13	13	13	15
Swimming pools	1	1	1	1
Tennis courts	2	2	2	2
Water				
Water wells	5	5	5	5
Water mains (miles)	170.0	175.0	137.0	142.0
Fire hydrants	603	785	891	876
Storage capacity (thousands of gallons)	2,496	2,311	2,496	2,496
Sewer				
Sanitary sewers (miles)	106.0	110.0	135.0	138.0
Storm sewers (miles)	29.0	29.0	35.0	38.0
Treatment capacity (thousands of gallons)	15,000	15,000	15,000	15,000

Source: Various City departments

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

Fiscal Year

2007	2008	2009	2010	2011	2012
1	1	1	1	1	1
35	34	36	41	41	41
2	2	3	3	3	3
61	64	65	65	65	65
178	178	180	180	180	180
108.0	108.0	101.0	101.0	103.0	103.0
15	15	16	16	16	16
1	1	1	1	1	1
2	2	2	2	2	2
5	5	5	5	5	5
145.0	145.0	145.0	147.0	147.0	150.0
901	905	905	920	920	946
2,496	2,496	7,920	8,310	8,310	8,310
140.0	104.0	104.0	141.0	141.0	142.0
50.0	50.5	50.5	52.0	52.0	52.0
15,000	15,000	15,000	15,000	15,000	15,000

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