

CITY OF MANVEL, TEXAS
ANNUAL FINANCIAL REPORT
September 30, 2010



3411 Richmond Avenue, Suite 500
Houston, Texas 77046
(713) 621-1515

CITY OF MANVEL, TEXAS
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Independent Auditors' Report

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

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2010, and the respective changes in financial position and, 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 pages 3 through 10 and the budgetary comparison information and the supplementary pension information on pages 46 through 48, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Mull-Lainson, P.C.

Houston, Texas
April 26, 2011

CITY OF MANVEL, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Manvel, we offer the readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Manvel for the fiscal year ended September 30, 2010.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Manvel's (the "City") basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two 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.

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

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

The government-wide financial statements include the City (known as the primary government) and a legally separate component unit. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 13 through 15 of this report.

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

CITY OF MANVEL, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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 fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. 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 seven 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, debt service, and capital project funds, which are considered to be major funds. Data from the other four governmental funds are combined into a single, aggregated presentation.

The basic governmental fund financial statements can be found on pages 16 through 19 of this report.

Proprietary Funds. The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its water and sewer utility fund.

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

The basic proprietary fund financial statements can be found on pages 20 through 22 of this report.

Notes to the Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 through 43 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Manvel's progress in funding its obligation to provide pension benefits to its employees and general fund budgetary comparisons. Required supplementary information can be found on pages 46 through 48 of this report.

CITY OF MANVEL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Government-wide Financial Analysis

Net assets may serve over time as a useful indicator of a government's financial position. The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$6.5 million. Of this amount, \$4.3 million was invested in capital assets (net of related debt), approximately \$2.0 million was unrestricted and the balance was restricted for a combination of debt service, court related projects, and amounts due to other governmental entities.

Below is a condensed schedule of net assets as of September 30, 2010:

City of Manvel, Texas

Net Assets (in thousands)

September 30, 2010 and 2009

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current assets	\$ 3,558	\$ 3,905	\$ 22	\$ (123)	\$ 3,580	\$ 3,782
Capital assets	1,940	1,214	5,321	5,381	7,261	6,595
Total Assets	5,498	5,119	5,343	5,258	10,841	10,377
Current liabilities	1,291	983	32	40	1,323	1,023
Long-term liabilities	3,006	3,286			3,006	3,286
Total Liabilities	4,297	4,269	32	40	4,329	4,309
Net assets:						
Invested in capital assets, net of related debt	(1,054)	(2,000)	5,321	5,381	4,267	3,381
Restricted	225	535			225	535
Unrestricted	2,030	2,315	(10)	(163)	2,020	2,152
Total Net Assets	\$ 1,201	\$ 850	\$ 5,311	\$ 5,218	\$ 6,512	\$ 6,068

The government's net assets from governmental activities increased by \$352,000 during the current fiscal year. The increase is due mainly to the purchase of a building to be used as the new City Hall facility. The increase is offset by a decrease in funds resulting from a transfer to the business-type activities in the amount of \$266,790. This transfer resulted in a total increase in business-type activities of \$93,000 for the current fiscal year. Historically, the City operates the business-type activities at a loss, since the customer base is not large enough to fund the operations of the systems. Therefore, total net assets increased by \$445,000 during the current fiscal year.

CITY OF MANVEL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The following table summarizes the changes in net assets for the City for the year ended September 30, 2010:

City of Manvel, Texas
Changes in Net Assets (in thousands)
For the Fiscal Years Ended September 30, 2010 and 2009

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program Revenues:						
Charges for services	\$ 725	\$ 685	\$ 173	\$ 188	\$ 898	\$ 873
Capital grants	66				66	
Operating grants	1	1,029		2	1	1,031
General revenues:						
Property taxes	2,047	2,003			2,047	2,003
Franchise taxes & hotel tax	377	326			377	326
Sales taxes	595	648			595	648
Other	60	68	1		61	68
Total Revenues	3,871	4,759	174	190	4,045	4,949
Expenses:						
General government	1,007	1,069			1,007	1,069
Public safety	862	996			862	996
Public works	884	1,011			884	1,011
Library, parks, and recreation	55	76			55	76
Economic development	176	323			176	323
Interest on long-term debt	167	175			167	175
Water & Sewer			450	343	450	343
Total Expenses	3,151	3,650	450	343	3,601	3,993
Transfer in (out)	(369)	(2,863)	369	2,863		
Change in net assets	351	(1,754)	93	2,710	444	956
Beginning net assets	850	2,604	5,218	2,508	6,068	5,112
Ending Net Assets	\$ 1,201	\$ 850	\$ 5,311	\$ 5,218	\$ 6,512	\$ 6,068

Governmental activities. Governmental activities increased the City's net assets by \$351,000 during the current fiscal year. This increase is primarily the result of lower expenses from prior year relating to public safety, public works, and economic development. This increase is offset by a transfer of \$266,790 to the business-type activities.

CITY OF MANVEL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

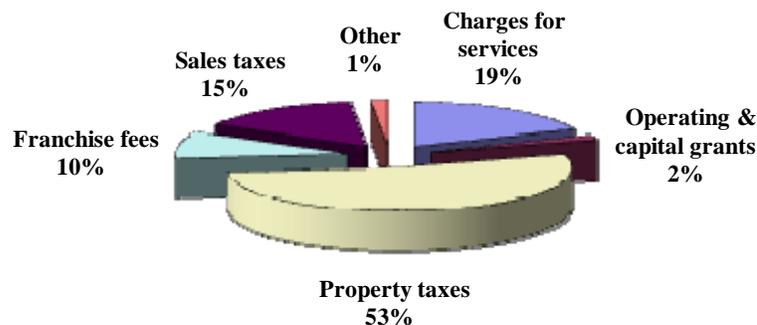
A comparison of program expenses to program revenues and revenues by source for governmental activities follows:

City of Manvel, Texas
Expenses, Program Revenues, and Net Cost of Services -
Governmental Activities (in thousands)
For the Fiscal Years Ended September 30, 2010 and 2009

	Expenses		Program Revenues		Net (Cost) of Services	
	2010	2009	2010	2009	2010	2009
Program:						
General government	\$ 1,007	\$ 1,069	\$ 585	\$ 531	\$ (422)	\$ (538)
Public safety	862	996	207	258	(655)	(738)
Public works	884	1,011		925	(884)	(86)
Library, parks, and recreation	55	76			(55)	(76)
Economic development	176	323			(176)	(323)
Interest on long-term debt	167	175			(167)	(175)
	<u>\$ 3,151</u>	<u>\$ 3,650</u>	<u>\$ 792</u>	<u>\$ 1,714</u>	<u>\$ (2,359)</u>	<u>\$ (1,936)</u>

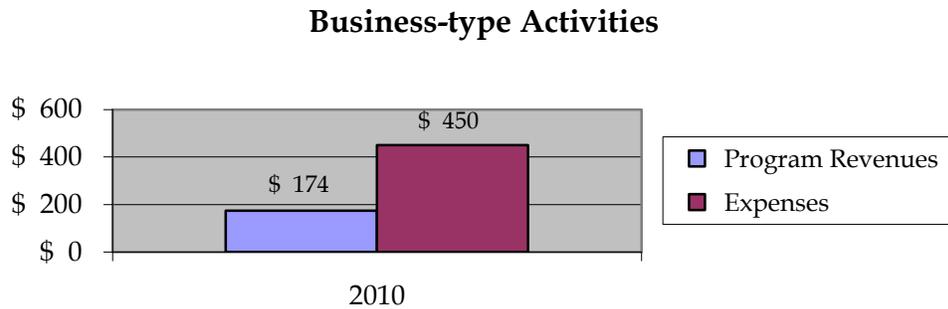
As indicated above, governmental program expenses were supported by program revenues including permits and fines and forfeitures. The balance of the program expenses were supported by general revenues.

Revenue sources for governmental activities were distributed as follows:



CITY OF MANVEL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Business-type Activities. The net assets of the City's business-type activities increased by \$93,000. A comparison between expenses relating to water and sewer operations and program revenues (charges for services and capital contributions) follows.



Program revenue sources for business-type activities consisted of charges for services. To date, the operations of the water and sewer operations have not reached a breakeven point in sales to match program expenses. Revenues generated from governmental activities contributed \$368,540 to the business-type activities in the form of a transfer.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2.3 million.

The General fund is the chief operating fund of the City of Manvel. At the end of the current fiscal year, the fund balance of the general fund was \$1.7 million. This balance represents a decrease of \$470 thousand from the prior year.

The Debt Service fund had a total fund balance of \$133 thousand, all of which is reserved for the payment of debt service. The net increase in fund balance from the prior year of approximately \$2 thousand was primarily due to an increase in the collection of property taxes.

The Capital Projects fund balance of \$380 thousand represents unspent debt proceeds from the issuance of bonds.

CITY OF MANVEL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Proprietary Funds. The City of Manvel's proprietary funds provide the same type of information found in the government-wide financial statements.

The unrestricted net assets of the Water and Sewer Enterprise fund at the end of the year was in a deficit position of \$10 thousand despite having an overall positive net asset balance of \$5.3 million. The net assets balance includes the completion of capital assets, which were transferred from the capital projects fund.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2010 amounted to \$7.3 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, park facilities, water and sewer plant and service lines, machinery and equipment, and construction in progress. Capital assets increased slightly during the year, primarily due to the purchase of a new site and building for City Hall of approximately \$508 thousand, capital road improvements of approximately \$157 thousand, and the purchase of three new police vehicles of approximately \$66 thousand.

Additional information on the City's capital assets can be found in Note 6 to the basic financial statements of this report.

Long-term Debt. At the end of the current fiscal year, the City had total long-term debt outstanding of \$3.2 million. All of the long-term debt is payable from general governmental revenues.

City of Manvel, Texas
Outstanding Debt (in thousands)
September 30, 2010 and 2009

	Governmental Activities	
	2010	2009
Capital Lease Obligations	\$ 10	\$ 19
Certificates of Obligation	2,875	2,925
General Obligation Bonds	235	305
Compensated Absences	44	37
	<u>\$ 3,164</u>	<u>\$ 3,286</u>

The City's total debt decreased by approximately \$122 thousand during the fiscal year primarily due to the planned retirement of outstanding debt. Additional information on the City's long-term debt can be found in Note 7 to the basic financial statements of this report.

CITY OF MANVEL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

General Fund Budgetary Highlights

The final amended budgeted revenues for the general fund increased approximately \$25 thousand from the original budget. The final amended budgeted expenditures for the general fund increased by approximately \$793,000. The budget amendments included an approval of surplus funds to purchase the new City Hall and relocate offices to the new location. In addition, City Council approved the renovation of the old City Hall to be used as the new facility for the Police Department. Total actual expenditures were approximately \$261 thousand less than budgeted. The decrease was primarily due to a reduction in the annual payment for economic development. In addition, public safety expenditures were less than budgeted due to unfilled positions in that department.

Economic Factors and Next Year's Budgets and Rates

The fiscal year 2011 general fund budget increased by approximately \$205 thousand over the fiscal year 2010 budget. The 2011 budget anticipated an increase in permits and licenses issued for new development within the city.

City of Manvel, Texas
Budget Totals (in thousands)
September 30, 2011 and 2010

	<u>Fiscal Year 2011</u>	<u>Fiscal Year 2010</u>	<u>Increase (Decrease)</u>
General Fund			
Revenues	\$ 3,347	\$ 3,142	7%
Expenditures	3,347	3,942	-15%

BASIC FINANCIAL STATEMENTS

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CITY OF MANVEL, TEXAS
STATEMENT OF NET ASSETS
September 30, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Manvel Economic Development Corporation
ASSETS				
Cash and temporary investments	\$ 3,161,320	\$ 3,850	\$ 3,165,170	\$ 1,077,538
Receivables, net of allowance for uncollectibles	326,724	14,136	340,860	55,199
Due from other governments	40,319	4,091	44,410	
Deferred issuance costs	30,159		30,159	
Capital assets not being depreciated	804,755	175,000	979,755	
Capital assets net of accumulated depreciation	1,135,267	5,145,798	6,281,065	
Total Assets	5,498,544	5,342,875	10,841,419	1,132,737
LIABILITIES				
Accounts payable and accrued expenses	508,185	32,184	540,369	
Due to developer	605,797		605,797	
Due to primary government				
Accrued interest payable	18,566		18,566	
Noncurrent liabilities:				
Due within one year	158,815		158,815	
Due in more than one year	3,005,511		3,005,511	
Total Liabilities	4,296,874	32,184	4,329,058	
NET ASSETS				
Invested in capital assets, net of related debt	(1,053,463)	5,320,798	4,267,335	
Restricted for:				
Debt service	132,980		132,980	
Development	35,808		35,808	
Public safety / municipal court	56,402		56,402	
Unrestricted	2,029,943	(10,107)	2,019,836	1,132,737
Total Net Assets	\$ 1,201,670	\$ 5,310,691	\$ 6,512,361	\$ 1,132,737

See Notes to Financial Statements.

CITY OF MANVEL, TEXAS
STATEMENT OF ACTIVITIES
For The Year Ended September 30, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants
Primary government				
Governmental Activities				
General Government	\$ 1,006,980	\$ 585,348	\$	\$
Public Safety	862,181	139,538	1,114	66,466
Public Works	884,411			
Library, parks and recreation	54,642			
Economic development	175,417			
Interest on long-term debt	167,385			
Total governmental activities	3,151,016	724,886	1,114	66,466
Business-type activities				
Water and sewer	450,538	173,853		
Total business-type activities	450,538	173,853		
Total primary government	\$ 3,601,554	\$ 898,739	\$ 1,114	\$ 66,466
Component Unit				
Manvel Economic Development Corporation	\$ 10,187			

General revenues:

Taxes:
 Property taxes
 Franchise & hotel occupancy taxes
 Sales taxes
Unrestricted investment earnings
Miscellaneous
Transfers

Total general revenues

Change in net assets
Net assets - beginning
Net assets - ending

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Manvel Economic Development Corporation
\$ (421,632)	\$	\$ (421,632)	
(655,063)		(655,063)	
(884,411)		(884,411)	
(54,642)		(54,642)	
(175,417)		(175,417)	
(167,385)		(167,385)	
<u>(2,358,550)</u>		<u>(2,358,550)</u>	
	(276,685)	(276,685)	
	<u>(276,685)</u>	<u>(276,685)</u>	
<u>\$ (2,358,550)</u>	<u>\$ (276,685)</u>	<u>\$ (2,635,235)</u>	
			<u>\$ (10,187)</u>
\$ 2,047,172	\$	\$ 2,047,172	
376,664		376,664	
595,033		595,033	297,517
8,858	190	9,048	1,863
51,074		51,074	
(368,540)	368,540		
<u>2,710,261</u>	<u>368,730</u>	<u>3,078,991</u>	<u>299,380</u>
351,711	92,045	443,756	289,193
849,959	5,218,646	6,068,605	843,544
<u>\$ 1,201,670</u>	<u>\$ 5,310,691</u>	<u>\$ 6,512,361</u>	<u>\$ 1,132,737</u>

CITY OF MANVEL, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2010

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Current assets:					
Cash and temporary investments	\$ 2,433,441	\$ 132,980	\$ 511,446	\$ 83,453	\$ 3,161,320
Due from other funds	105,844			8,775	114,619
Due from other governments	40,319				40,319
Accounts receivable, less allowance for doubtful accounts	302,593	16,677		7,454	326,724
Total Assets	<u>\$ 2,882,197</u>	<u>\$ 149,657</u>	<u>\$ 511,446</u>	<u>\$ 99,682</u>	<u>\$ 3,642,982</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 338,135	\$	\$ 26,710	\$ 6,259	\$ 371,104
Due to other funds	8,775		104,631	1,213	114,619
Due to developer	605,797				605,797
Other liabilities	137,081				137,081
Deferred revenue	98,517	16,677			115,194
Total Liabilities	<u>1,188,305</u>	<u>16,677</u>	<u>131,341</u>	<u>7,472</u>	<u>1,343,795</u>
FUND BALANCE					
Reserved		132,980	126,466	92,210	351,656
Unreserved	1,693,892		253,639		1,947,531
Total Fund Balances	<u>1,693,892</u>	<u>132,980</u>	<u>380,105</u>	<u>92,210</u>	<u>2,299,187</u>
Total Liabilities and Fund Balances	<u>\$ 2,882,197</u>	<u>\$ 149,657</u>	<u>\$ 511,446</u>	<u>\$ 99,682</u>	<u>\$ 3,642,982</u>

See Notes to Financial Statements.

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

Total fund balance, governmental funds	\$ 2,299,187
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets.	1,940,022
Certain other long-term receivables are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets.	115,194
Deferred issuance costs are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets.	30,159
Some liabilities are not due and payable in the current period and are not included in the fund financial statements, but are included in the governmental activities of the Statement of Net Assets.	
Capital leases	(9,951)
Certificates of obligation	(2,875,000)
General obligation bonds	(235,000)
Compensated absences payable	(44,375)
Accrued interest payable	(18,566)
	<hr/>
Net Assets of Governmental Activities	\$ 1,201,670
	<hr/> <hr/>

See Notes to Financial Statements.

CITY OF MANVEL, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For The Year Ended September 30, 2010

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:					
Property taxes	\$ 1,771,253	\$ 283,302	\$	\$	\$ 2,054,555
Sales and use taxes	595,033				595,033
Franchise taxes	345,834				345,834
Licenses and permits	499,473				499,473
Fines and forfeitures	118,920			7,578	126,498
Earnings on investments	7,126	417	986	329	8,858
Hotel taxes				30,830	30,830
Intergovernmental	80,620				80,620
Other	62,949			74,000	136,949
Total Revenues	3,481,208	283,719	986	112,737	3,878,650
EXPENDITURES:					
Current:					
General government	909,442			80,986	990,428
Public safety	795,160				795,160
Public works	809,950		158		810,108
Library, parks and recreation	54,642				54,642
Economic development	175,417				175,417
Debt service:					
Principal		120,000			120,000
Interest and fees		161,948			161,948
Bond issuance costs					
Capital Outlay	837,352		35,110	15,072	887,534
Total Expenditures	3,581,963	281,948	35,268	96,058	3,995,237
Revenues Over (Under) Expenditures	(100,755)	1,771	(34,282)	16,679	(116,587)
OTHER FINANCING SOURCES (USES)					
Operating transfers out	(368,540)				(368,540)
Total Other Financing Sources (Uses)	(368,540)				(368,540)
Changes in Fund Balance	(469,295)	1,771	(34,282)	16,679	(485,127)
Fund balances - Beginning of Year	2,163,187	131,209	414,387	75,531	2,784,314
Fund Balances - End of Year	\$ 1,693,892	\$ 132,980	\$ 380,105	\$ 92,210	\$ 2,299,187

See Notes to Financial Statements.

CITY OF MANVEL, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2010

Net change in fund balances - total government funds:	\$ (485,127)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlay of \$887,534 exceeded depreciation of \$161,349 in the current period.	726,185
Property Tax Revenues in the statement of activities that do not provide current financial resources are deferred as revenues in the fund statements.	(7,384)
Governmental funds report repayment of long-term debt as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount of repayments made on long-term debt during the current year.	129,334
The issuance of long-term debt provides current financial resources to governmental funds. In contrast, the Statement of Activities reports the amount as long-term debt instead of proceeds.	(5,026)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Increase in accrued compensated absences	(7,134)
Decrease in accrued interest payable	863
Change in net assets of governmental activities	<u>\$ 351,711</u>

See Notes to Financial Statements.

CITY OF MANVEL, TEXAS
STATEMENT OF NET ASSETS
ENTERPRISE FUND
September 30, 2010

ASSETS

Current assets:

Cash and temporary investments	\$ 3,850
Accounts receivable, less allowance for doubtful accounts	14,136
Due from other governments	<u>4,091</u>
Total Current Assets	<u><u>22,077</u></u>

Capital Assets:

Land	175,000
Buildings and equipment, net of accumulated depreciation	<u>5,145,798</u>
Total Capital Assets	<u><u>5,320,798</u></u>
Total Assets	<u><u>5,342,875</u></u>

LIABILITIES AND NET ASSETS

Liabilities:

Current Liabilities:

Accounts payable	17,479
Refundable deposits	<u>14,705</u>
Total Liabilities	<u><u>32,184</u></u>

Net Assets:

Invested in capital assets, net of related debt	5,320,798
Unrestricted	<u>(10,107)</u>
Total Net Assets	<u><u>\$ 5,310,691</u></u>

See Notes to Financial Statements.

CITY OF MANVEL, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS
ENTERPRISE FUND
For The Year Ended September 30, 2010

OPERATING REVENUES

Charges for services	\$ 173,853
Operating Revenues	<u>173,853</u>

OPERATING EXPENSES

Personnel services	71,616
Professional services	7,650
Services	75,221
Supplies	48,047
Repair and maintenance	117,795
Insurance	3,332
Depreciation	126,877
Operating Expenses	<u>450,538</u>
Operating Income (Loss)	(276,685)

NON-OPERATING REVENUES (EXPENSES)

Earning on investments	<u>190</u>
Total Non-Operating Revenues (Expenses)	<u>190</u>

**OPERATING TRANSFERS IN (OUT) AND
CAPITAL CONTRIBUTIONS**

Transfers in	<u>368,540</u>
Total Operating Transfers	<u>368,540</u>
Increase in Net Assets	92,045
Net assets at beginning of year	<u>5,218,646</u>
Net Assets at End of Year	<u><u>\$ 5,310,691</u></u>

See Notes to Financial Statements.

CITY OF MANVEL, TEXAS

**COMBINED STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES
ENTERPRISE FUND**

For the Year ended September 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$	220,658
Payments to suppliers		(331,087)
Net cash provided (used) by operating activities		<u>(110,429)</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Transfer from other funds		101,750
Net cash provided (used) by non-capital financing activities		<u>101,750</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Construction or purchase of assets		(66,374)
Net cash provided (used) by capital and related financing activities		<u>(66,374)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest on investments		190
Net cash provided by investing activities		<u>190</u>

Net increase in cash and cash equivalents (74,863)

Cash and cash equivalents, beginning of year 78,713

Cash and cash equivalents, end of year \$ 3,850

RECONCILIATION OF OPERATING INCOME TO

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:

Operating income (loss)	\$	(276,685)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense		126,877
Changes in current assets and liabilities:		
(Increase) Decrease in accounts receivable		(317)
Increase (Decrease) in due to other funds		(219,473)
Increase (Decrease) in accounts payable and accrued expenses		(7,426)
Increase (Decrease) in customer deposits		(195)

Net cash flows from operating activities \$ (377,219)

See Notes to Financial Statements.

CITY OF MANVEL, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION

The City of Manvel (the “City”) is a political subdivision of the State of Texas and is considered a primary government. An elected Mayor and five members of City Council govern the municipal government. The Mayor, as the official head of City government, presides at all meetings of Council and signs all official documents.

The City provides the following services: public safety, public works, parks and recreation, water and sewer, and general administrative services.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

In conformity with GAAP, the financial statements of component units have been included in the financial reporting entity as discretely presented component units.

Manvel Economic Development Corporation (the “Corporation”)

The mission of the Corporation is to promote economic development within the City and surrounding areas. In 1998, the City's voters authorized a half percent increase in the City's sales tax rate to provide funding for the Corporation. The Board of Directors of the Corporation is appointed and may be terminated by City Council. The Board is comprised of seven directors elected to serve two-year terms. The Corporation is required to prepare an annual budget that is approved by City Council. As a discretely presented component unit, the Corporation is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City. Separate audited financial statements for the Corporation have not been prepared.

Manvel Cultural Education Facilities Finance Corporation (the “MCEFFC”)

The MCEFFC was organized on September 23, 2002 pursuant to the Texas Cultural Education Facilities Finance Corporation Act. The members of the board are appointed by City Council. The MCEFFC does not pass an annual budget and has a September 30 year end. The MCEFFC issues bonds to finance or refinance educational facilities. These bonds are limited obligations of the issuer, payable solely from revenues received by the issuer pursuant to a loan agreement by and between the issuer and the borrower, as further secured by a deed of trust for the borrower on certain real property of the borrower securing payments under such loan agreements. The related loan agreements and bonds payable have not been recorded in the financial statements of the City of Manvel. The only activity reported in the financial statements of the City are fees relating to issuance of the debt obligations. These fees are reported in the City's General Fund.

CITY OF MANVEL, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Reporting Entity (continued)

Manvel Education Facilities Corporation (the “MEFC”)

The MEFC was organized on June 12, 2001 pursuant to the Higher Education Authority Act. The members of the board are appointed by City Council. The MEFC does not pass an annual budget and has a September 30 year end. The MEFC issues bonds to finance or refinance educational facilities. These bonds are limited obligations of the issuer, payable solely from revenues received by the issuer pursuant to a loan agreement by and between the issuer and the borrower, as further secured by a deed of trust for the borrower on certain real property of the borrower securing payments under such loan agreements. The related loan agreements and bonds payable have not been recorded in the financial statements of the City of Manvel. The only activity reported in the financial statements of the City are fees relating to issuance of the debt obligations. These fees are reported in the City’s General Fund.

The financial reporting entity consists of the primary government and other organizations for which the primary government is financially accountable.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

B. Government-Wide and Fund Financial Statements

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

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

CITY OF MANVEL, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Government-Wide and Fund Financial Statements (continued)

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collectible within the current period or soon enough to pay liabilities of the current period. For this purpose the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

General property taxes are recorded as receivables when levied and as revenue in the period for which they were levied and become available. Property taxes receivable have been recorded as deferred revenues at year-end. Property taxes collected within 60 days subsequent to September 30, 2010 have not been recorded as revenue as the amount is not considered material. Franchise taxes and sales taxes relating to underlying transactions that occurred prior to September 30, 2010 have been recorded as receivables and revenue. Licenses and permits and fines and forfeitures are not susceptible to accrual since they are not measurable until received. Interest is recorded when earned.

The City reports the following major governmental funds:

The *General Fund* is used to account for all financial transactions that are not accounted for in another fund. The principal sources of revenue of the General Fund include local property taxes, sales and use taxes, franchise taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general administration, finance, public safety, public works, public health, parks and recreation, and municipal court.

CITY OF MANVEL, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The *Debt Service Fund* is used to account for the accumulation of resources for the retirement of general long-term debt and related costs. The primary source of revenue for the Debt Service Fund is local property taxes.

The *Capital Projects Fund* is used to account for the expenditures of resources accumulated from sales of bonds and related interest earnings for the acquisition and construction of major capital facilities.

The City has one major proprietary fund:

The *Water and Wastewater Enterprise Fund* is used to account for the operations that provide water and wastewater utility services to the public. These services are financed and operated in a manner similar to private business enterprises where the intent of the Council 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. Proprietary fund types follow generally accepted accounting principles prescribed by the Governmental Accounting Standards Board (the GASB), and all Financial Accounting Standards boards standards issued before November 30, 1989. After this date, the City accounts for its proprietary funds as presented by the GASB.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operational expenses for the enterprise fund include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues not meeting this definition are reported as non-operating revenues and expenses.

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

- Invested in capital assets, net of related debt – This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings.

CITY OF MANVEL, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

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

D. Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash-on-hand, demand deposits, and balances in two privately managed public funds investment pools (TexPool and TexSTAR).

E. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Estimated unbilled revenues from the Water and Sewer fund have not been recognized as of the end of the year as they are considered immaterial.

F. Due to and from other funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. These receivables and payables are, for the most part, eliminated from the Government-Wide Statement of Net Assets and are recorded as “due from other funds” or “due to other funds” in the fund financial statements.

G. Capital assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of \$500. All purchased fixed assets are valued at cost where historical records exist. Donated fixed assets are valued at their estimated fair value on the date received. Major road improvements of \$50,000 or more are also recorded as capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements, including public domain, and equipment are capitalized and depreciated over the remaining useful lives of the related fixed assets using the straight line method, as applicable.

CITY OF MANVEL, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Capital assets (continued)

<u>Asset</u>	<u>Estimated Useful Life</u>
Buildings, improvements and roads	10 - 60 years
Machinery and equipment	5 - 7 years
Water and sewer system	55 years

H. Compensated absences

Employees earn vacation based on years of service with the City. Vacation time must be taken in the year in which it is earned. Unused vacation time can be rolled forward to the next year with supervisor approval. Sick leave is accrued at the rate of twelve work days each year of employment and may accumulate until a maximum of thirty-six days have accumulated. In accordance with GAAP, the liability for accumulated compensated absences as of September 30, 2010, has been recorded as a liability in the Government-Wide Statement of Net Assets.

I. General property taxes

Property taxes are levied by October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt and all taxes not paid prior to February 1 are deemed delinquent and are subject to such penalty and interest set forth by the Property Tax Code. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed. The Brazoria County Central Appraisal District (“CAD”) establishes appraised values. Taxes are levied by the Council based on the appraised values received from the CAD. The Brazoria County Tax Assessor/Collector performs billing and collection of tax levies.

J. Debt service

The ad valorem tax rate is allocated each year between the General Fund and the Debt Service Fund. The full amount estimated to be required for debt service on the general obligation debt is provided by the debt service tax together with interest earned in the Debt Service Fund.

K. Restricted assets

Certain proceeds of bonds, as well as other resources set aside for specific purposes, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants or contractual agreements, or as designated by City Council.

CITY OF MANVEL, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Fund equity

In the fund financial statement, the City reserves or designates all or portions of fund equity in the various governmental fund financial statements. The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances for governmental funds represent the amount that has been legally identified for specific purposes. Unreserved retained earnings for proprietary funds represent the net assets available for future operations or distribution. Reserved retained earnings for proprietary funds represent the net assets that have been legally identified for specific purposes.

M. Revenues and expenditures/expenses

In the fund financial statements revenues for governmental funds are recorded when they are determined to be both measurable and available. Generally, tax revenues, fees and non-tax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures for governmental funds are recorded when the related liability is incurred.

Revenues and expenses in the Government-Wide Statement of Activities are recognized in essentially the same manner as used in commercial accounting.

N. Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual amounts could vary from those estimates.

NOTE 3 – CASH AND TEMPORARY INVESTMENTS (CASH EQUIVALENTS)

Authorization for Deposits and Investments

The Texas Public Funds Investment Act (PFIA), as prescribed in Chapter 2256 of the Texas Government Code, regulates deposits and investment transactions of the City.

In accordance with applicable statutes, the City has a depository contract with an area bank (depository) providing for interest rates to be earned on deposited funds and for banking charges the City incurs for banking services received. The City may place funds with the depository in interest and non-interest bearing accounts. State law provides that collateral pledged as security for bank deposits must have a market value of not less than the amount of the deposits and must consist of: (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal and interest on which are unconditionally guaranteed or insured by the State of Texas; and/or (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm

CITY OF MANVEL, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

NOTE 3 – CASH AND TEMPORARY INVESTMENTS (CASH EQUIVALENTS)
(continued)

Authorization for Deposits and Investments (continued)

and having received a rating of not less than “A” or its equivalent. The City’s agent bank is required to pledge securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. At fiscal year end, the bank balance of the City’s deposits was covered by federal depository insurance up to \$250,000 and the balance was covered by collateral pledged in the name of the City and held in a third party depository.

The Council has adopted a written investment policy regarding the investment of City funds as required by the Public Funds Investment Act (Chapter 2256, Texas Government Code). The investments of the City are in compliance with the City’s investment policy. The City’s investment policy authorizes the same investments as State law and fully collateralized certificates of deposit and repurchase agreements, banker’s acceptances, commercial paper, no-load money market funds, and investment pools. The City’s investment policy does not allow investments in obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal.

Deposit and Investment Amounts

The City’s cash and investments are classified as cash and cash equivalents and investments. The cash and cash equivalents include cash on hand, deposits with financial institutions and in two privately managed public funds investment pool accounts (TexPool and TexSTAR).

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

	Primary Government	MEDC
Cash and deposits	\$ 124,658	\$ 2,357
Balances in public funds investment pools		
TexStar	477,159	
TexPool	<u>2,563,353</u>	<u>1,075,181</u>
Totals	<u><u>\$ 3,165,170</u></u>	<u><u>\$ 1,077,538</u></u>

CITY OF MANVEL, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

NOTE 3 – CASH AND TEMPORARY INVESTMENTS (CASH EQUIVALENTS)
(continued)

Investment Risks

Interest Rate Risk

At year end, the City's investments in TexPool and TexSTAR had a weighted average maturity of 30 days and 47 days respectively.

The City uses interest rate risk using the weighted average maturity method for the portfolio.

Concentration of Credit Risk

The City's investment policy does not restrict or specify levels of concentration or diversification within the City's portfolio.

Local Government Investment Pools

As of September 30, 2010, the City's investments included TexPool and TexSTAR Public Funds Investment Pools. The investment pool investments are not evidenced by securities that exist in physical or book entry form and, accordingly, do not have custodial risk.

TexPool policies require that local government deposits be used to purchase investments authorized by the Public Funds Investment Act of 1987, as amended. The Texas State Comptroller of Public Accounts has oversight responsibility for TexPool.

The value of City portions in TexPool and TexSTAR are the same as the value of the shares. These external pooled funds operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The external pooled funds use amortized cost rather than market value to report net assets to compute share price, such funds have daily liquidity. Although TexPool and TexSTAR have weighted average maturities greater than one, the City considers the holdings in these funds to have a one day weighted average maturity.

CITY OF MANVEL, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

NOTE 4 – PROPERTY TAX

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are payable on or before January 31. No penalties or interest shall be collected if payment in full is made by January 31. City property taxes are recognized as current receivables when levied, however such amounts are deferred and not reported as revenues until collections are received. At year end, all property taxes receivable are classified as delinquent. Penalties and interest accrued at September 30 are also recognized as receivables.

Within these guidelines, the tax rate per \$100 of assessed valuation for the year ended September 30, 2010 was \$0.587863. The tax rate to finance general governmental services was set at \$0.506934, and the tax rate for debt service purposes was set at \$0.080929 per \$100 of assessed valuation.

Property taxes receivable as of September 30, 2010 includes penalty and interest on delinquent accounts and an estimated allowance for uncollectible as follows:

Fiscal Year	Taxes	Penalty and Interest	Less Allowance for Uncollectible Accounts	Net Property Taxes Receivable - Governmental Funds
Prior	\$ 7,930	\$ 12,944	\$ (15,500)	\$ 5,374
2001	6,842	8,757	(8,800)	6,799
2002	5,091	5,906	(5,700)	5,297
2003	4,471	4,650	(4,400)	4,721
2004	5,911	5,438	(4,900)	6,449
2005	6,224	4,979	(4,400)	6,803
2006	4,933	3,355	(3,000)	5,288
2007	8,895	4,982	(4,500)	9,377
2008	11,977	5,270	(4,900)	12,347
2009	16,811	5,380	(5,400)	16,791
2010	37,457	7,491	(9,000)	35,948
	<u>\$ 116,542</u>	<u>\$ 69,152</u>	<u>\$ (70,500)</u>	<u>\$ 115,194</u>

CITY OF MANVEL, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

NOTE 5 – RECEIVABLES

Amounts recorded as receivables as of September 30, 2010 for the government’s individual major and non-major funds, including the applicable allowance for uncollectible accounts, are as follows:

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Water and Wastewater</u>	<u>Discretely Presented Component Unit</u>
Receivables:					
Property taxes	\$ 159,017	\$ 26,677	\$	\$	\$
Franchise taxes	85,539				
Sales taxes	110,397				55,199
Other	8,140		7,454	21,136	
Gross receivables	363,093	26,677	7,454	21,136	55,199
Less: allowance for uncollectibles	(60,500)	(10,000)		(7,000)	
Net total receivables	<u>\$ 302,593</u>	<u>\$ 16,677</u>	<u>\$ 7,454</u>	<u>\$ 14,136</u>	<u>\$ 55,199</u>

Deferred Revenues

Delinquent property tax revenue of \$115,194 at September 30, 2010 has been deferred in the fund financial statements until collected. Delinquent tax collections during the first sixty days subsequent to September 30, 2010 have not been recorded as revenue as of September 30, 2010, as the amount is not considered material.

CITY OF MANVEL, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

NOTE 6 – CAPITAL ASSETS

A summary of activity for capital assets for the year ended September 30, 2010 follows:

	Balance 09/30/2009	Additions (Retirements)	Balance 09/30/2010
Governmental activities:			
Capital assets, not being depreciated:			
Land	\$ 618,034	\$ 120,000	\$ 738,034
Construction in progress		66,721	66,721
Total capital assets not being depreciated	<u>618,034</u>	<u>186,721</u>	<u>804,755</u>
Capital assets being depreciated:			
Buildings, improvements and roads	449,082	544,327	993,409
Machinery and equipment	1,243,828	156,486	1,400,314
Total capital assets being depreciated	<u>1,692,910</u>	<u>700,813</u>	<u>2,393,723</u>
Less accumulated depreciation for:			
Building, improvements and roads	(118,051)	(48,749)	(166,800)
Machinery and equipment	(979,056)	(112,600)	(1,091,656)
Total accumulated depreciation	<u>(1,097,107)</u>	<u>(161,349)</u>	<u>(1,258,456)</u>
Total capital assets being depreciated, net	<u>595,803</u>	<u>539,464</u>	<u>1,135,267</u>
Governmental activities capital assets, net	<u>\$ 1,213,837</u>	<u>\$ 726,185</u>	<u>\$ 1,940,022</u>
Business-type activities:			
Capital assets, not being depreciated:			
Land	\$ 175,000	\$	\$ 175,000
Construction in progress			
Total capital assets not being depreciated	<u>175,000</u>		<u>175,000</u>
Capital assets being depreciated:			
Water/sewer system	5,738,455	18,881	5,757,336
Machinery and equipment	25,363	47,493	72,856
Total capital assets being depreciated	<u>5,763,818</u>	<u>66,374</u>	<u>5,830,192</u>
Less accumulated depreciation	(557,517)	(126,877)	(684,394)
Total capital assets being depreciated, net	<u>5,206,301</u>	<u>(60,503)</u>	<u>5,145,798</u>
Business-type activities capital assets, net	<u>\$ 5,381,301</u>	<u>\$ (60,503)</u>	<u>\$ 5,320,798</u>

CITY OF MANVEL, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

NOTE 6 – CAPITAL ASSETS (continued)

Depreciation was charged to functions of the primary government as follows:

Governmental activities:	
General	\$ 18,752
Public safety	67,021
Public works	<u>75,576</u>
	<u>\$ 161,349</u>
Business-type activities:	
Water and Sewer	<u>\$ 126,877</u>

NOTE 7 – LONG-TERM DEBT

The City issues general obligation bonds and certificates of obligation to provide funds for acquisition and construction of major capital facilities. These debt instruments constitute direct obligations of the City, payable from an ad valorem tax levied, within the limits prescribed by law, on taxable property located within the City limits.

During the year ended September 30, 2010, the following changes occurred in long-term liabilities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Capital leases	\$ 19,285	\$	\$ (9,334)	\$ 9,951	\$ 9,951
Certificates of obligation	2,925,000		(50,000)	2,875,000	50,000
Less deferred issuance costs	(35,185)		5,026	(30,159)	
General obligation bonds	305,000		(70,000)	235,000	70,000
Compensated absences payable	37,241	7,134		44,375	28,864
	<u>\$ 3,251,341</u>	<u>\$ 7,134</u>	<u>\$ (124,308)</u>	<u>\$ 3,134,167</u>	<u>\$ 158,815</u>

CITY OF MANVEL, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

NOTE 7 – LONG-TERM DEBT (continued)

The following is a summary of the terms of obligations of certificates of obligation and general obligation bonds outstanding as of September 30, 2010:

<u>Series</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Debt Outstanding</u>
General Obligation Bonds			
General Obligation Refunding Bonds, Series 1998	\$ 810,000	6.50%	\$ 235,000
Certificates of Obligation			
Certificates of Obligation, Series 1998	340,000	6.50%	100,000
Certificates of Obligation, Series 2006 (Water)	2,000,000	5.32%	1,980,000
Certificates of Obligation, Series 2006 (Sewer)	845,000	3.71%	795,000
Capital leases		5.65%	9,951
Total Governmental Activities			<u><u>\$ 3,119,951</u></u>

Annual debt service requirements to retire outstanding general obligation bonds are as follows:

<u>Year ending September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 70,000	\$ 13,000
2012	80,000	8,125
2013	85,000	2,763
Total	<u><u>\$ 235,000</u></u>	<u><u>\$ 23,888</u></u>

CITY OF MANVEL, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

NOTE 7 – LONG-TERM DEBT (continued)

Annual debt service requirements to retire outstanding certificates of obligation are as follows:

Year ending September 30	Governmental Activities	
	Principal	Interest
2011	\$ 50,000	\$ 139,145
2012	55,000	136,392
2013	55,000	133,448
2014	155,000	131,611
2015	165,000	125,045
2016	170,000	117,861
2017	180,000	110,268
2018	190,000	102,031
2019	195,000	93,179
2020	205,000	83,976
2021	215,000	74,081
2022	225,000	63,554
2023	240,000	52,380
2024	245,000	40,271
2025	260,000	27,731
2026	270,000	14,215
Total	<u>\$ 2,875,000</u>	<u>\$ 1,445,188</u>

CITY OF MANVEL, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

NOTE 7 – LONG-TERM DEBT (continued)

Capital Lease Payable

The City has entered into a lease agreement as the lessee for financing equipment for the public works department. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. Approximately \$36,255 has been leased under this agreement as of September 30, 2010.

Annual debt service requirements to retire outstanding capital leases are as follows:

Year ending September 30	Governmental Activities	
	Principal	Interest
2011	\$ 9,951	\$ 657
Total	\$ 9,951	\$ 657

Conduit (No-Commitment Debt)

The MCEFFC and MEFC issue bonds to finance or refinance educational facilities. These bonds are limited obligations of the issuer, payable solely from revenues received by the issuer pursuant to a loan agreement by and between the issuer and the borrower, as further secured by a deed of trust for the borrower on certain real property of the borrower securing payments under such loan agreements. The related loan agreements and bonds payable have not been recorded in the financial statements of the City of Manvel.

NOTE 8 – INTERFUND TRANSACTIONS

The following is a summary of interfund receivables as of September 30, 2010:

	Interfund	
	Receivable	Payable
General Fund	\$ 105,844	\$ 8,775
Debt Service Fund		
Capital Projects Fund		104,631
Non-Major Governmental Funds	8,775	1,213
Totals	\$ 114,619	\$ 114,619

CITY OF MANVEL, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

NOTE 8 – INTERFUND TRANSACTIONS (continued)

The amount payable to the General Fund from the Enterprise Fund is due to insufficient revenue collected by the Enterprise Fund.

During the year ended September 30, 2010, the City made the following transfers for the following reasons:

	<u>Transfer in</u>	<u>Transfers Out</u>	<u>Purpose</u>
General Fund	\$	\$ 368,540	To fund operations and purchase capital assets
Enterprise Fund	368,540		To fund operations and purchase capital assets
Totals	<u>\$ 368,540</u>	<u>\$ 368,540</u>	

NOTE 9 – EMPLOYMENT RETIREMENT SYSTEM

The City provides pension benefits for all of its full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 1,117 currently administered by TMRS, an agent multiple-employer public employee retirement system. Each of the municipalities has an annual, individual actuarial valuation performed. All assumptions for the December 31, 2009 valuations are contained in the 2009 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P.O. Box 149153, Austin, Texas 78714-9153.

Benefits depend upon the sum of the employee’s contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount 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 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 which is a theoretical amount which, when added to the employee’s accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee’s salary had always been the average of his salary in the last three years that are one year before the effective date.

CITY OF MANVEL, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

NOTE 9 – EMPLOYMENT RETIREMENT SYSTEM (continued)

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.

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

Deposit Rate: 5%

Matching Ratio (City to Employee): 1 to 1

A member is vested after: 5 years

Members can retire at certain ages, based on the years of service with the City.

The Service Retirement Eligibilities for the City (expressed as Age/Years of Service) are:

5 yrs/age 60, 25yrs/any age

Updated Service Credit: 0%

Annuity Increase (to retirees): 0% of CPI

Contributions

Under the state law governing TMRS, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period. The projected unit credit actuarial cost method is used for determining the City contribution rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance 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, 2008 valuation is effective for rates beginning January 2010).

CITY OF MANVEL, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

NOTE 9 – EMPLOYMENT RETIREMENT SYSTEM (continued)

Annual Pension Cost

The City’s annual pension cost was equal to the City’s required and actual contributions. Three-year trend information for the City’s TMRS plan follows:

Fiscal Year	<u>2009</u>	<u>2008</u>	<u>2007</u>
Annual required contributions	\$ 22,401	\$ 31,850	\$ 30,269
Actual contributions made	\$ 22,401	\$ 31,850	\$ 30,269
Percentage of contributions made	100%	100%	100%
Net pension obligation	\$ 0	\$ 0	\$ 0

Required Contribution Rates

The required contribution rates for fiscal year 2010 were determined as part of the December 21, 2007 and 2008 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2009 also follows:

Valuation Date	12/31/2009	12/31/2008	12/31/2007
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
GASB 25 Equivalent Single Amortization Period	25 years: closed period	24 years: closed period	25 years: closed period
Amortization Period for new Gains/Losses	25 years	25 years	25 years
Asset Valuation Method	10-year Smoothed Market	Amortized Cost	Amortized Cost
Actuarial Assumptions:			
Investment Rate of Return *	7.50%	7.50%	7.00%
Projected Salary Increases *	Varies by age and service	Varies by age and service	Varies by age and service
* Includes Inflation at Cost-of-Living Adjustments	3.00%	3.00%	3.00%
	0.00%	0.00%	0.00%

CITY OF MANVEL, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

NOTE 9 – EMPLOYMENT RETIREMENT SYSTEM (continued)

The funded status as of December 21, 2009, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2009	\$606,559	\$612,936	99.0%	\$6,377	\$961,398	0.7%

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 10 – RISK MANAGEMENT

General Liability

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City’s risk management program encompasses various means of protecting the City against loss by obtaining property, casualty, and liability coverage through commercial insurance carriers and from participation in a risk pool. The participation of the City in the risk pool is limited to the payment of premiums. There has not been any significant reduction in insurance coverage from the previous year.

Worker’s Compensation

The City is a member of the Texas Municipal League (TML) Workers’ Compensation Intergovernmental Risk Pool, an unincorporated association of political subdivision of the State of Texas. The company is not intended to operate as an insurance company but rather a contracting mechanism by which the City provides self-insurance benefits to its employees. The fund contracts with a third party administrator for administration, investigation, and adjustment services in the handling of claims. Premiums are based on the estimated City payroll by risk factor and rates. The premiums are adjusted by the City’s experience modifier. All loss contingencies, including claims incurred but not reported, if any, are recorded and accounted for by the TML Pool.

NOTE 11 – TEXAS WATER BOARD

In fiscal year 2005, the City applied to the Texas Water Development Board (the “Board”) for financial assistance for the construction of Wastewater System improvements. The Board approved the application for financial assistance in the amount of \$845,000. The City sold Combination Tax and Revenue

CITY OF MANVEL, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

NOTE 11 – TEXAS WATER BOARD (continued)

Certificates of Obligation, Series 2005 in the amount of \$845,000 for the wastewater improvements. The Board was the sole purchaser of the City's bonds.

NOTE 12 – NEW RODEO 288

The City entered into an Amended and Restated Development Agreement with New Rodeo 288, Ltd. (the "Developer"), and Brazoria County Municipal Utility District No. 29 (the "District") dated September 10, 2007. The City also entered into an Economic Development Agreement with New Rodeo 288, Ltd. dated September 10, 2007, and an Interlocal Agreement with Brazoria County Municipal Utility District No. 29 dated September 10, 2007. The Agreements empower the City to provide economic development incentives in accordance with Chapter 380, Texas Local Government Code, and to provide to the District a property tax rebate once the District has sold bonds.

On or before August 15, 2008, the City agreed to create the Economic Development Fund and to deposit into such fund annually during the term of the Agreement the calculated annual payment as provided by the terms of the agreements. The Agreement pursuant to Chapter 380 has a term of 25 years.

The City is required to make payments to the Economic Development Fund by August 15 each year. The first payment was made on August 15, 2008. As of August 15, 2010, the balance in the fund is \$605,797, which consists of payments from the City of \$603,916 and interest earnings of \$1,881.

NOTE 13 – COURT TECHNOLOGY FUND

The Court Technology Fund has a negative fund balance of \$1,152 due to the purchase of technical equipment and software used by the municipal court. In the past, revenues have not been sufficient to cover these costs.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MANVEL, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year Ended September 30, 2010

	2010			
	Budgeted			Variance with Final Budget Positive/ (Negative)
	Original Adopted	Final Amended	Actual	
REVENUES				
Property taxes	\$ 1,721,250	\$ 1,726,250	\$ 1,771,253	\$ 45,003
Sales and use taxes	660,000	660,000	595,033	(64,967)
Franchise taxes	265,000	265,000	345,834	80,834
Licenses and permits	260,550	260,550	499,473	238,923
Fines and forfeitures	163,700	163,700	118,920	(44,780)
Earnings on investments	18,000	18,000	7,126	(10,874)
Intergovernmental	11,100	11,100	80,620	69,520
Other	17,100	37,100	62,949	25,849
Total Revenues	3,116,700	3,141,700	3,481,208	339,508
EXPENDITURES				
Current:				
General government	770,169	870,169	909,442	(39,273)
Public safety	921,378	921,378	795,160	126,218
Public works	820,135	962,946	809,950	152,996
Library, parks and recreation	58,518	58,518	54,642	3,876
Economic development	396,667	396,667	175,417	221,250
Capital Outlay	83,333	633,333	837,352	(204,019)
Total Expenditures	3,050,200	3,843,011	3,581,963	261,048
Revenues Over (Under) Expenditures	66,500	(701,311)	(100,755)	600,556
Other Financing Sources (Uses)				
Operating transfers in				
Operating transfers (out)	(66,500)	(98,800)	(368,540)	(269,740)
Total Other Financing Sources (Uses)	(66,500)	(98,800)	(368,540)	(269,740)
Changes in fund balance		(800,111)	(469,295)	330,816
Fund balance, beginning of year	2,163,187	2,163,187	2,163,187	
Fund Balance, End of Year	\$ 2,163,187	\$ 1,363,076	\$ 1,693,892	\$ 330,816

CITY OF MANVEL, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY BUDGETARY INFORMATION
Year ended September 30, 2010

A. Legal Compliance – Budgets

Prior to September 1, the departments and agencies of the City transmit their estimates of their budgetary requirements to the Mayor. The Council may revise, alter, increase or decrease the items of the budget, provided that when it shall increase the total proposed expenditures, it shall also increase the total anticipated income. The Council approves the budget plan prior to September 30. One or more public hearings are conducted to obtain taxpayer comments. City Council members may transfer unencumbered appropriated balances, or portion thereof, from one department to another. During the year, Council members made four separate amendments to the original budget.

CITY OF MANVEL, TEXAS
SUPPLEMENTARY PENSION INFORMATION
Year ended September 30, 2010

Texas Municipal Retirement System (unaudited)

Schedule of Funding Progress

	<u>12/31/2009</u>	<u>12/31/2008</u>	<u>12/31/2007</u>
Actuarial Value of Assets	\$ 606,559	\$ 526,680	\$ 470,167
Actuarial Accrued Liability (AAL)	612,936	535,857	483,712
Percentage funded	98.96%	98.29%	97.20%
Underfunded (Overfunded) AAL (UAAL)	\$ 6,377	\$ 9,177	\$ 13,545
Annual covered payroll	1,055,271	968,656	865,344
UAAL as a percentage of covered payroll	1%	1%	2%
Annual required contribution	\$ 22,401	\$ 31,850	\$ 30,269
Percentage of Contributions made	100%	100%	100%
Net Pension Obligation			

The City's annual covered payroll and annual pension costs are actuarially valued on a calendar year basis. Because the City makes all of the annually required contributions, no net pension obligation exists.

OTHER SUPPLEMENTARY INFORMATION

CITY OF MANVEL, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2010

SPECIAL REVENUE

	<u>Court Security</u>	<u>Court Technology</u>	<u>Hotel Taxes</u>	<u>Developer Fees</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS					
Current assets:					
Cash and investments	\$ 10,781	\$ 61	\$ 31,846	\$ 40,765	\$ 83,453
Hotel taxes receivable			7,454		7,454
Due from other funds	7,473			1,302	8,775
Total Assets	<u>\$ 18,254</u>	<u>\$ 61</u>	<u>\$ 39,300</u>	<u>\$ 42,067</u>	<u>\$ 99,682</u>
LIABILITIES					
Accounts payable	\$	\$	\$	\$ 6,259	\$ 6,259
Due to other funds		1,213			1,213
Total Liabilities		<u>1,213</u>		<u>6,259</u>	<u>7,472</u>
FUND BALANCE					
Reserved for other projects	18,254	(1,152)	39,300	35,808	92,210
Unreserved					
Total Fund Balance	<u>18,254</u>	<u>(1,152)</u>	<u>39,300</u>	<u>35,808</u>	<u>92,210</u>
Total Liabilities and Fund Balance	<u>\$ 18,254</u>	<u>\$ 61</u>	<u>\$ 39,300</u>	<u>\$ 42,067</u>	<u>\$ 99,682</u>

CITY OF MANVEL, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2010

SPECIAL REVENUE

	<u>Court Security</u>	<u>Court Technology</u>	<u>Hotel Taxes</u>	<u>Developer Fees</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES					
Fines and forfeitures	\$ 3,251	\$ 4,327	\$	\$	\$ 7,578
Hotel taxes			30,830		30,830
Interest on investments	104	1	41	183	329
Other				74,000	74,000
Total Revenues	<u>\$ 3,355</u>	<u>\$ 4,328</u>	<u>\$ 30,871</u>	<u>\$ 74,183</u>	<u>\$ 112,737</u>
EXPENDITURES					
Current:					
General government	\$ 3,066	\$ 2,337	\$	\$ 75,583	\$ 80,986
Public works					
Debt service:					
Principal					
Interest and fees					
Capital Outlay	14,361	711			15,072
Total Expenditures	<u>17,427</u>	<u>3,048</u>		<u>75,583</u>	<u>96,058</u>
Changes in Fund Balance	(14,072)	1,280	30,871	(1,400)	16,679
Beginning of Year	<u>32,326</u>	<u>(2,432)</u>	<u>8,429</u>	<u>37,208</u>	<u>75,531</u>
Fund Balance, End of Year	<u>\$ 18,254</u>	<u>\$ (1,152)</u>	<u>\$ 39,300</u>	<u>\$ 35,808</u>	<u>\$ 92,210</u>