

ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS }

COUNTY OF HARRIS }

I, Chris Swedlund _____ of the
(Name of Duly Authorized District Representative)
East Aldine Management District

(Name of District)

hereby swear, or affirm, that the district named above has reviewed and approved at a meeting of the Board of Directors of the District on the 20th day of July, 2010, its annual audit report for the fiscal year or period ended December 31, 2009 and that copies of the annual audit report have been filed in the district office, located at

P. O. Box 22167 – Houston, TX 77227-2167

(Address of District)

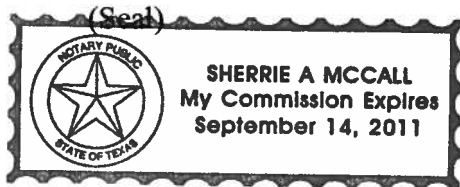
The annual filing affidavit and the attached copy of the audit report are being submitted to the Texas Commission on Environmental Quality in satisfaction of the annual filing requirements of Texas Water Code Section 49.194.

Date: July 29, 2010 .

By: 
(Signature of District Representative)

Chris Swedlund, Auditor
(Typed Name & Title of above District Representative)

Sworn to and subscribed to before me this the 29th day of July, 2010.




(Signature of Notary)

My Commission Expires On: September 14, 2011.
Notary Public in the State of Texas.

TEXAS WATER CODE SECTION 49.194
Filing of Audits, Affidavits, And Financial Reports

- (a) After the board has approved the audit, it shall submit a copy of the report to the executive director for filing within 135 days after the close of the district's fiscal year.
- (b) If the board refuses to approve the annual audit report, the board shall submit a copy of the report to the executive director for filing within 135 days after the close of the district's fiscal year, accompanied by a statement from the board explaining the reasons for its failure to approve the report.
- (c) Copies of the audit, the annual financial dormancy affidavit, or annual financial report described in Sections 49.197 and 49.198 shall be filed annually in the office of the district.
- (d) Each district shall file with the executive director an annual filing affidavit in a format prescribed by the executive director, executed by a duly authorized representative of the board, stating that all copies of the annual audit report, annual financial dormancy affidavit, or annual financial report have been filed under this section.
- (e) The annual filing affidavit shall be submitted with the applicable annual document when it is submitted to the executive director for filing as prescribed by this subchapter.
- (f) The executive director shall file with the attorney general the names of any districts that do not comply with the provisions of this subchapter.

THE ANNUAL FILING AFFIDAVIT IS PRINTED ON THE OTHER SIDE

Please review the affidavit, making sure it has been fully completed, signed, and notarized. Attach the affidavit to the audit report before mailing. Submit the completed affidavit and audit report to:

Reports & Supervision Team – MC 152
TCEQ – Water Utilities Division
P.O. Box 13087
Austin, Texas 78711-3087

EAST ALDINE MANAGEMENT DISTRICT
HARRIS COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2009

EAST ALDINE MANAGEMENT DISTRICT
HARRIS COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2009

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-8
STATEMENT OF NET ASSETS	9
STATEMENT OF ACTIVITIES	10
GOVERNMENTAL FUNDS BALANCE SHEET	11-12
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS	13
GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	14-15
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	16
COMPONENT UNIT BALANCE SHEET	17
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – COMPONENT UNIT	18
NOTES TO BASIC FINANCIAL STATEMENTS	19-32
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL-GENERAL FUND	34
SUPPLEMENTARY INFORMATION – REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE	
NOTES REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE (Included in the notes to basic financial statements)	
SERVICES AND RATES (NOT APPLICABLE)	
GENERAL FUND EXPENDITURES	36-37
INVESTMENTS	38
CHANGES IN TAXES RECEIVABLE (NOT APPLICABLE)	
LONG-TERM DEBT SERVICE REQUIREMENTS	39-41
CHANGE IN LONG-TERM BOND DEBT	42-43
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES GENERAL FUND AND DEBT SERVICE FUND - FIVE YEARS	44-47
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS	48-49

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Board of Directors
East Aldine Management District
Harris County, Texas

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit and each major fund of East Aldine Management District (the "District"), as of and for the year ended December 31, 2009, which collectively comprise the District's basic financial statements as listed in the preceding table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted as promulgated within 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the component unit and each major fund of the District as of December 31, 2009, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Board of Directors
East Aldine Management District

The Management's Discussion and Analysis on pages 3 through 8 and the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund on page 34 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 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 District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

McCall Gibson Swedlund Barfoot PLLC

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants

July 20, 2010

**EAST ALDINE MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

Our discussion and analysis of East Aldine Management District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2009. Please read it in conjunction with the District's financial statements, which begin on page 9.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The basic financial statements include: (1) government-wide financial statements, (2) the fund financial statements, (3) component unit financial statements and (4) the notes to the financial statements. This report also includes other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The government-wide financial statements are prepared utilizing the economic resources measurement focus and the accrual basis of accounting. The Statement of Net Assets on page 9 presents information on all of the District'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 District is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The Statement of Activities on page 10 presents information showing how the District's net assets changed during the most recent fiscal year. All of the revenues and expenses are taken into account as soon as the underlying event giving rise to the item 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.

In the Statement of Net Assets and the Statement of Activities, the District is divided into two kinds of activities:

- Governmental Activities - Most of the District's basic services are reported here. Sales tax revenues finance most of these activities.
- Component Unit – The District includes one separate legal entity in its report – the Aldine Water and Sewer Authority. Although legally separate, this component unit is included because the District is financially accountable for it.

**EAST ALDINE MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

FUND FINANCIAL STATEMENTS

The basic financial statements also include 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 District has three governmental fund types. The General Fund accounts for resources not accounted for in another fund, sales tax revenues and general expenditures. The Debt Service Fund accounts for the financial resources accumulated for servicing bond debt. The Capital Projects Fund accounts for financial resources segregated for acquisition or construction of facilities and related costs.

Governmental funds are reported in the Governmental Funds Balance Sheet on pages 11 and 12 and in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances on pages 14 and 15. The focus in the fund statements provides a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of the District and the commitment of spendable resources for the near-term.

Because the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets on page 13 and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities on page 16 explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 19 through 32 in this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI"). A budgetary comparison schedule is included as RSI for the General Fund.

**EAST ALDINE MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities by \$3,809,881 as of December 31, 2009.

The following is a comparative analysis of government-wide changes in net assets:

	Summary of the Changes in the Statement of Net Assets		
	2009	2008	Change Positive (Negative)
Current and Other Assets	\$ 18,817,010	\$ 4,397,257	\$ 14,419,753
Capital Assets (Net of Accumulated Depreciation)	<u>1,597,937</u>	<u>302,912</u>	<u>1,295,025</u>
Total Assets	<u>\$ 20,414,947</u>	<u>\$ 4,700,169</u>	<u>\$ 15,714,778</u>
Long-Term Liabilities	\$ 15,495,000	\$ 2,725,000	\$ (12,770,000)
Other Liabilities	<u>1,110,066</u>	<u>236,943</u>	<u>(873,123)</u>
Total Liabilities	<u>\$ 16,605,066</u>	<u>\$ 2,961,943</u>	<u>\$ (13,643,123)</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	\$ (5,498,811)	\$ 191,053	\$ (5,689,864)
Restricted	1,912,801	402,492	1,510,309
Unrestricted	<u>7,395,891</u>	<u>1,144,681</u>	<u>6,251,210</u>
Total Net Assets	<u>\$ 3,809,881</u>	<u>\$ 1,738,226</u>	<u>\$ 2,071,655</u>

**EAST ALDINE MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following table provides a summary of the District's operations for the years ended December 31, 2009 and December 31, 2008. During the current fiscal year, the District's net assets increased by \$2,071,655.

	Summary of Changes in the Statement of Activities		
	2009	2008	Change Positive (Negative)
Revenues:			
Sales Tax Revenue	\$ 3,370,052	\$ 3,540,248	\$ (170,196)
Other Revenues	<u>859,786</u>	<u>88,380</u>	<u>771,406</u>
Total Revenues	\$ 4,229,838	\$ 3,628,628	\$ 601,210
Expenses for Services	<u>2,182,440</u>	<u>1,549,189</u>	<u>(633,251)</u>
Excess (Deficiency) of Revenues Over Expenses	\$ 2,047,398	\$ 2,079,439	\$ (32,041)
Transfer to (from) Other Governmental Units	34,841	(3,148,291)	3,183,132
Loss on Disposal of Assets	<u>(10,584)</u>	<u> </u>	<u>(10,584)</u>
Change in Net Assets	\$ 2,071,655	\$ (1,068,852)	\$ 3,140,507
Net Assets, Beginning of Year	<u>1,738,226</u>	<u>2,807,078</u>	<u>(1,068,852)</u>
Net Assets, End of Year	<u><u>\$ 3,809,881</u></u>	<u><u>\$ 1,738,226</u></u>	<u><u>\$ 2,071,655</u></u>

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of December 31, 2009, were \$17,666,929, an increase of \$13,449,434 from the prior year.

The General Fund fund balance increased by \$2,957,142, primarily due to a transfer from the Capital Projects Fund.

The Debt Service Fund fund balance increased by \$1,676,140, primarily due to a transfer from the General Fund.

The Capital Projects Fund fund balance increased by \$8,816,152, primarily due to the issuance of the Series 2009 Bonds.

**EAST ALDINE MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the current fiscal year. Actual revenues were \$68,060 less than budgeted revenues. Actual expenditures were \$41,504 less than budgeted expenditures. See the budget to actual comparison on page 34.

CAPITAL ASSETS

The District's investment in capital assets as of December 31, 2009, amounts to \$1,597,937 (net of accumulated depreciation). This investment in capital assets includes office equipment and fixtures, leasehold improvements, as well as construction in progress.

<u>Capital Assets At Year-End Net of Accumulated Depreciation</u>	
Land	\$ 94,168
Construction in Progress	1,276,257
Office Equipment & Fixtures	12,269
Leasehold Improvements	<u>215,243</u>
Total Net Capital Assets	<u>\$ 1,597,937</u>

Additional information on the District's capital assets can be found in Note 7 of this report.

LONG-TERM DEBT ACTIVITY

At the end of the current fiscal year, the District had total bond debt payable of \$16,090,000.

The changes in the debt position of the District during the fiscal year ended December 31, 2009, are summarized as follows:

Bond Debt Payable – January 1, 2009	\$ 2,845,000
Plus: Bonds Issued	13,365,000
Less: Bond Principal Paid	<u>(120,000)</u>
Bond Debt Payable – December 31, 2009	<u>\$16,090,000</u>

The District's Series 2005 and Series 2009 Bonds carry an underlying rating of "A" by Standard and Poor's. The Series 2005 Bonds have an insured rating of "BB-" from Standard and Poor's by virtue of bond insurance issued by Radian Asset Assurance, Inc. The Series 2009 Bonds have an issued rating of "AAA" from Standard and Poor's by virtue of bond insurance issued by Assured Guaranty. The above ratings reflect all changes during the fiscal year ended December 31, 2009.

**EAST ALDINE MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to East Aldine Management District, P. O. Box 22167, Houston, Texas 77227-2167.

EAST ALDINE MANAGEMENT DISTRICT
STATEMENT OF NET ASSETS
DECEMBER 31, 2009

	Primary Government Governmental Activities	Discretely Presented Component Unit Aldine Water and Sewer Authority
ASSETS		
Cash, Note 5	\$ 6,793,345	\$ 18,120
Investments, Note 5	9,993,470	
Receivables:		
Sales Taxes, Note 6	266,216	
Grant Proceeds, Note 8	253,183	
Accrued Interest	5,482	
From Other Governmental Unit	18,120	
Other	486,276	
Prepaid Costs	83,318	
Unamortized Bond Issuance Costs	672,784	
Unamortized Bond Discount	244,816	
Land, Note 7	94,168	
Construction in Progress, Note 7	1,276,257	
Capital Assets (Net of Accumulated Depreciation), Note 7	227,512	
TOTAL ASSETS	\$ 20,414,947	\$ 18,120
LIABILITIES		
Accounts Payable	\$ 232,481	\$
Accrued Interest Payable	244,111	
Due to Other Governmental Unit		18,120
Unamortized Bond Premium	38,474	
Long-Term Liabilities:		
Due Within One Year, Note 3	595,000	
Due After One Year, Note 3	15,495,000	
TOTAL LIABILITIES	\$ 16,605,066	\$ 18,120
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	\$ (5,498,811)	\$
Restricted For:		
Capital Projects	29,240	
Debt Service	1,883,561	
Unrestricted	7,395,891	
TOTAL NET ASSETS	\$ 3,809,881	\$ -0-

The accompanying notes to basic financial statements are an integral part of this report.

EAST ALDINE MANAGEMENT DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009

	Primary Government Governmental Activities	Discretely Presented Component Unit Aldine Water and Sewer Authority
REVENUES		
Sales Tax Revenue, Note 6	\$ 3,370,052	\$
Grant Revenue, Note 8	319,338	
Investment Revenues	54,172	
Miscellaneous Revenues	486,276	
TOTAL REVENUES	\$ 4,229,838	\$ -0-
EXPENSES		
Service Operations:		
Professional Fees	\$ 119,679	\$
Contracted Services	112,176	
Public Health, Safety and Security	724,084	
Neighborhood Clean-Up and Beauty	287,794	
Economic and Community Development	320,039	
Environmental and Urban Design	11,525	
Transportation and Mobility	48,680	
Depreciation	26,544	
Other	94,298	1,827
Debt Service:		
Bond Interest	437,621	
TOTAL EXPENSES	\$ 2,182,440	\$ 1,827
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 2,047,398	\$ (1,827)
SPECIAL ITEMS		
Transfer (to) from Other Governmental Unit, Note 10	\$ 34,841	\$ (34,841)
Loss on Disposal of Assets	(10,584)	
TOTAL SPECIAL ITEMS	\$ 24,257	\$ (34,841)
CHANGE IN NET ASSETS	\$ 2,071,655	\$ (36,668)
NET ASSETS - JANUARY 1, 2009	1,738,226	36,668
NET ASSETS - DECEMBER 31, 2009	\$ 3,809,881	\$ -0-

The accompanying notes to basic financial
statements are an integral part of this report.

**EAST ALDINE MANAGEMENT DISTRICT
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2009**

	General Fund	Debt Service Fund
ASSETS		
Cash, Note 5	\$ 923,942	\$ 1,459
Investments, Note 5	5,528,439	2,127,370
Receivables:		
Sales Taxes, Note 6	266,216	
Grant Proceeds, Note 8	253,183	
Accrued Interest	5,482	
From Other Funds, Note 14		
From Other Governmental Unit	18,120	
Other		
Prepaid Costs	83,318	
TOTAL ASSETS	\$ 7,078,700	\$ 2,128,829
LIABILITIES		
Accounts Payable	\$ 88,075	\$
Due to Other Funds, Note 14	267,520	1,157
TOTAL LIABILITIES	\$ 355,595	\$ 1,157
FUND BALANCES		
Reserved for Debt Service:		
For Debt Service Reserve, Note 4	\$	\$ 1,236,100
For Future Debt Service Obligations		891,572
Reserved for Authorized Construction:		
Bond Proceeds		
Net Investment Revenues		
Reserved for Prepaid Costs	83,318	
Reserved for Community Development, Note 12	719	
Unreserved – Undesignated	6,639,068	
TOTAL FUND BALANCES	\$ 6,723,105	\$ 2,127,672
TOTAL LIABILITIES AND FUND BALANCES	\$ 7,078,700	\$ 2,128,829

The accompanying notes to basic financial statements are an integral part of this report.

Capital Projects Fund	Primary Government Totals
\$ 5,867,944 2,337,661 268,677 486,276 <hr/> \$ 8,960,558	\$ 6,793,345 9,993,470 266,216 253,183 5,482 268,677 18,120 486,276 83,318 <hr/> \$ 18,168,087
<hr/> \$ 144,406 <hr/> \$ 144,406	<hr/> \$ 232,481 268,677 <hr/> \$ 501,158
\$ 8,786,912 29,240 <hr/> \$ 8,816,152 <hr/> \$ 8,960,558	\$ 1,236,100 891,572 8,786,912 29,240 83,318 719 6,639,068 <hr/> \$ 17,666,929 <hr/> \$ 18,168,087

The accompanying notes to basic financial statements are an integral part of this report.

**EAST ALDINE MANAGEMENT DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2009**

Total Fund Balances – Governmental Funds		\$ 17,666,929
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Unamortized bond issuance costs and bond discounts in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.		917,600
Land used in governmental activities is not a financial resource and therefore is not reported as an asset in the governmental funds.		94,168
Construction in progress in governmental activities is not a financial resource and therefore is not reported as an asset in the governmental funds.		1,276,257
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.		227,512
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the governmental funds.		(244,111)
Unamortized bond premiums in governmental activities are not financial resources and therefore are not reported as liabilities in the governmental funds.		(38,474)
Certain liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. These liabilities at year end consist of:		
Bonds Payable Within One Year	\$ (595,000)	
Bonds Payable After One Year	<u>(15,495,000)</u>	<u>(16,090,000)</u>
Total Net Assets – Governmental Activities		<u>\$ 3,804,881</u>

The accompanying notes to basic financial statements are an integral part of this report.

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**EAST ALDINE MANAGEMENT DISTRICT
GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	General Fund	Debt Service Fund
REVENUES		
Sales Tax Revenue, Note 6	\$ 3,370,052	\$
Grant Revenues		
Investment Revenues	21,888	3,044
Miscellaneous Revenues		
TOTAL REVENUES	\$ 3,391,940	\$ 3,044
EXPENDITURES		
Service Operations:		
Professional Fees	\$ 87,940	\$
Contracted Services	111,676	500
Public Health, Safety and Security	724,084	
Neighborhood Clean-Up and Beauty	287,794	
Economic and Community Development	320,039	
Environmental and Urban Design	11,525	
Transportation and Mobility	48,680	
Other	94,152	45
Capital Outlay	55,895	
Debt Service:		
Bond Issuance Costs		
Bond Principal		120,000
Bond Interest		214,213
TOTAL EXPENDITURES	\$ 1,741,785	\$ 334,758
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 1,650,155	\$ (331,714)
OTHER FINANCING SOURCES (USES) AND SPECIAL ITEMS		
Transfer In	\$ 3,280,000	\$ 2,007,854
Transfer Out	(2,007,854)	
Transfer from Component Unit, Note 10	34,841	
Bond Proceeds, Note 3		
Bond Discount		
Bond Premium		
TOTAL OTHER FINANCING SOURCES (USES) AND SPECIAL ITEMS	\$ 1,306,987	\$ 2,007,854
NET CHANGE IN FUND BALANCES	\$ 2,957,142	\$ 1,676,140
FUND BALANCES – JANUARY 1, 2009	3,765,963	451,532
FUND BALANCES – DECEMBER 31, 2009	\$ 6,723,105	\$ 2,127,672

The accompanying notes to basic financial
statements are an integral part of this report.

Capital Projects Fund	Primary Government Totals
\$	\$ 3,370,052
319,338	319,338
29,240	54,172
<u>486,276</u>	<u>486,276</u>
\$ <u>834,854</u>	\$ <u>4,229,838</u>
\$ 31,739	\$ 119,679
	112,176
	724,084
	287,794
	320,039
	11,525
	48,680
101	94,298
1,276,257	1,332,152
583,512	583,512
	120,000
	<u>214,213</u>
\$ <u>1,891,609</u>	\$ <u>3,968,152</u>
\$ (1,056,755)	\$ 261,686
\$	\$ 5,287,854
(3,280,000)	(5,287,854)
	34,841
13,365,000	13,365,000
(251,639)	(251,639)
<u>39,546</u>	<u>39,546</u>
\$ <u>9,872,907</u>	\$ <u>13,187,748</u>
\$ 8,816,152	\$ 13,449,434
	<u>4,217,495</u>
\$ <u>8,816,152</u>	\$ <u>17,666,929</u>

The accompanying notes to basic financial statements are an integral part of this report.

**EAST ALDINE MANAGEMENT DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009**

Net Change in Fund Balances - Total Governmental Funds	\$ 13,449,434
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report bond principal payments as expenditures. However, in the statement of net assets bond principal payments are reported as decreases in long-term liabilities.	120,000
Governmental funds report bond proceeds as other financing sources. However, issued bonds increase long-term debt in the Statement of Net Assets.	(13,365,000)
Governmental funds report bond issuance costs as expenditures when incurred. Bond discounts and bond premiums are reported as other financing use. In the Statement of Net Assets, the bond issuance costs, the bond discount and the bond premium are amortized over the life of the bonds and the amortized portion is recorded in the Statement of Activities.	795,605
Governmental funds report capital expenditures in the period purchased. However, in the Statement of Net Assets, capital assets are increased by new purchases.	1,332,152
Governmental funds report interest expenditures on bonds as expenditures in the year paid. However, in the Statement of Net Assets, interest is accrued on bonds through fiscal year end.	(223,408)
Governmental funds do not account for depreciation. However, in the Statement of Net Assets, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(26,544)
Governmental funds do not account for assets disposed of. However, in the Statement of Net Assets, disposal of assets are recorded, net of accumulated depreciation, with the loss recorded in the Statement of Activities.	<u>(10,584)</u>
Change in Net Assets - Governmental Activities	<u>\$ 2,071,655</u>

The accompanying notes to basic financial statements are an integral part of this report.

**EAST ALDINE MANAGEMENT DISTRICT
 COMPONENT UNIT BALANCE SHEET
 DECEMBER 31, 2009**

	Aldine Water and Sewer Authority
ASSETS	
Cash, Note 5	\$ 18,120
	<u>\$ 18,120</u>
TOTAL ASSETS	<u>\$ 18,120</u>
LIABILITIES	
Due to Other Governmental Unit	\$ 18,120
FUND BALANCE	
Unreserved	\$
	<u>\$ -0-</u>
TOTAL FUND BALANCE	<u>\$ -0-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 18,120</u>

The accompanying notes to basic financial statements are an integral part of this report.

**EAST ALDINE MANAGEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - COMPONENT UNIT
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Aldine Water and Sewer Authority</u>
REVENUES	
Miscellaneous Revenue	\$ <u>-0-</u>
EXPENDITURES	
Service Operations:	
Other	\$ <u>1,827</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ <u>(1,827)</u>
OTHER FINANCING SOURCES (USES)	
Transfers to Other Governmental Unit	\$ <u>(34,841)</u>
NET CHANGE IN FUND BALANCE	\$ 36,668
FUND BALANCE – JANUARY 1, 2009	<u>36,668</u>
FUND BALANCE – DECEMBER 31, 2009	<u><u>\$ -0-</u></u>

The accompanying notes to basic financial
statements are an integral part of this report.

EAST ALDINE MANAGEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 1. CREATION OF DISTRICT

The Aldine Community Improvement District (the "District") was created by the Texas Legislature under provisions of House Bill No. 741, of the 77th Legislature, effective June 17, 2001, codified as Chapter 3817, Texas Special District Local Laws Code (formerly Subchapter K, of Chapter 376, Texas Local Government Code) and as amended in 2005 by House Bill No. 3550, of the 79th Legislature. On September 16, 2003, the District changed its name to the Aldine Improvement District. On April 17, 2007, the District changed its name to East Aldine Management District. The District was created as a special district under Article III, Sections 52 and 52-A and Article XVI, Section 59 of the Texas Constitution. Pursuant to the provisions of the Act creating the District, the District is empowered to promote, develop, encourage, and maintain employment, commerce, transportation, housing, tourism, recreation, arts entertainment, economic development, safety, and the public welfare in the District. The Board of Directors held its first meeting on June 25, 2001, and sold its first bonds on July 21, 2005.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board. In addition, the accounting records of the District are maintained generally in accordance with the *Water District Financial Management Guide* published by the Commission.

The Governmental Accounting Standards Board has established the criteria for determining whether or not a given entity is a component unit. The criteria are: (1) is the potential component unit a legally separate entity, (2) does the primary government appoint a voting majority of the potential component unit's board, (3) is the primary government able to impose its will on the potential component unit, (4) is there a financial benefit or burden relationship. The District was created as an independent municipality.

Based on the previously discussed criteria, the District's basic financial statements include the Aldine Water and Sewer Authority (Authority), as a component unit of the District. The Authority was incorporated on January 18, 2005, as a not-for-profit corporation for the specific public purpose of aiding, assisting, and acting on behalf on the District in the performance of its governmental functions; specifically, to provide water, wastewater and drainage services to the East Aldine area. The Authority may issue bonds with the consent of the District. The Authority is managed by a board of directors consisting of five members who serve four year terms. The District has sole authority to appoint the directors of the Authority. The assets are managed by the board of directors. The financial records are maintained by a consultant for the board of directors. Separate financial statements for the Authority are not available. See also Note 10. The Authority had ceased operations as of December 31, 2009

EAST ALDINE MANAGEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation

These financial statements have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34-Basic Financial Statements and Management's Discussion and Analysis-for State and Local Governments.

GASB Statement No. 34 established standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Assets and a Statement of Activities. It requires the classification of net assets into three components: Invested in Capital Assets, Net of Related Debt; Restricted; and Unrestricted. These classifications are defined as follows:

- Invested in Capital Assets, Net of Related Debt – This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted Assets – This component of net assets consists of external constraints placed on the use of net assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional 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."

When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first.

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the District as a whole. The Statement of Net Assets is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Assets.

EAST ALDINE MANAGEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements (Continued)

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenue and expense of the government-wide Statement of Activities.

Fund Financial Statements

The District's fund financial statements include a Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances.

Governmental Funds

The District has three major governmental funds.

General Fund - To account for resources not required to be accounted for in another fund, sales tax revenues and general expenditures.

Debt Service Fund - To account for the financial resources accumulated for servicing bond debt.

Capital Projects Fund - To account for financial resources segregated for acquisition or construction of facilities and related costs.

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenue reported in governmental funds to be available if they are collectable within sixty (60) days after year end. Also, under the modified accrual basis of accounting, expenditures are recorded the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

**EAST ALDINE MANAGEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Amounts transferred from one fund to another fund are reported as an other financing source or use. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis.

Capital Assets

Capital assets, which include office equipment and fixtures, as well as leasehold improvements, are reported in the government-wide Statement of Net Assets. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as an expenditure in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Interest costs, including developer interest, engineering fees and certain other costs are capitalized as part of the asset.

Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Office Equipment and Fixtures	3
Leasehold Improvements	Life of Lease

Budgeting

In compliance with governmental accounting principles, the Board of Directors annually adopts an unappropriated budget for the General Fund. The budget was not amended during the current fiscal year.

Pensions

A pension plan has not been established. The District does not have employees, except that the Internal Revenue Service has determined that the directors are considered to be employees for federal payroll tax purposes only.

EAST ALDINE MANAGEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Assets and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net assets on the Statement of Net Assets.

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances are included on the Governmental Funds Balance Sheet as follows:

Reserved:

To indicate fund equity which is legally segregated for a specific future use.

Unreserved:

Designated - To indicate fund equity for which the District has made tentative plans.

Undesignated - To indicate fund equity which is available for use in future periods.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount 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 during the reporting period. Actual results could differ from those estimates.

NOTE 3. BONDS PAYABLE

On June 16, 2009, the District sold of its \$13,365,000 Series 2009 Bonds as approved by the Texas Commission on Environmental Quality. Proceeds of the bond sale were to be used to fund facility construction projects, including the East of U.S. 59 water distribution and wastewater collection, North Houston Heights water and wastewater, and transportation and mobility

EAST ALDINE MANAGEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 3. BONDS PAYABLE (Continued)

projects. Additional proceeds were used to cover issuance costs of the bonds. The District was required to escrow \$9,123,000 of the bond proceeds. On October 12, 2009, \$3,280,000 of the escrowed funds in the Capital Projects Fund was released from escrow for the purpose of reimbursing the General Fund for its payment in a prior year for the North Houston Heights water and wastewater project. The assets acquired have been conveyed to a neighboring utility district which will provide service to the District's residents.

	Series 2005	Series 2009
Amount Outstanding - December 31, 2009	\$ 2,725,000	\$ 13,365,000
Interest Rates	4.50% - 5.00%	3.00% - 4.75%
Maturity Dates – Serially Beginning/Ending	February 15, 2010/2025	February 15, 2010/2029
Interest Payment Dates	February 15/August 15	February 15/August 15
Callable Dates	February 15, 2014*	February 15, 2018*

* Or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. Series 2005 term bonds due February 15, 2016, February 15, 2018, February 15, 2020, February 15, 2022 and February 15, 2025 are subject to mandatory redemption by lot or other customary method at a price of par plus accrued interest on February 15 in the years and amounts as reflected in the debt service schedules. Series 2009 term bonds due February 15, 2029 are subject to mandatory redemption by lot or other customary method at a price of par plus accrued interest on February 15 in the years and amounts as reflected in the debt service schedules.

The following is a summary of transactions regarding bonds payable for the year ended December 31, 2009:

Bond Debt Payable – January 1, 2009	\$ 2,845,000
Add: Bond Issue – Series 2009	13,365,000
Less: Bond Principal Paid – Series 2005	<u>(120,000)</u>
Bond Debt Payable – December 31, 2009	<u>\$ 16,090,000</u>
Bond Debt Payable –	
Due Within One Year	\$ 595,000
Due After One Year	<u>15,495,000</u>
Bond Debt Payable – December 31, 2009	<u>\$ 16,090,000</u>

EAST ALDINE MANAGEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 3. BONDS PAYABLE (Continued)

As of December 31, 2009, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2010	\$ 595,000	\$ 641,100	\$ 1,236,100
2011	615,000	620,713	1,235,713
2012	635,000	599,312	1,234,312
2013	655,000	577,213	1,232,213
2014	675,000	554,413	1,229,413
2015-2019	3,740,000	2,399,084	6,139,084
2020-2024	4,535,000	1,590,966	6,125,966
2025-2029	<u>4,640,000</u>	<u>545,281</u>	<u>5,185,281</u>
	<u>\$ 16,090,000</u>	<u>\$ 7,528,082</u>	<u>\$ 23,618,082</u>

The bonds are payable from the proceeds of the 1% sales and use tax collected within the District.

NOTE 4. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS

- A. The Series 2009 bond resolution calls for the establishment of a Reserve Fund requirement to secure payment of all bonds outstanding, including the Series 2005 bonds. The Reserve Fund requirement is \$1,236,100, which is the lesser of (i) the maximum annual debt service requirement or (ii) the maximum amount in a reasonably required reserve fund that can be invested without restriction to yield. As of December 31, 2009, the District has established an account in which the Reserve Fund requirement has been deposited.
- B. The Series 2005 and 2009 bond resolutions state, that on or before the last business day of each month any of the bonds remain outstanding, the District is required to transfer to the Debt Service Fund, in approximately equal monthly installments, an amount that will be sufficient to accumulate the amount required to pay the next interest and principal payments on the outstanding bonds. The resolutions state that monies from pledged revenue shall be applied first to the Debt Service Fund for payment of debt service on all outstanding bonds. If on any debt service payment date the amount in the Debt Service Fund is insufficient to make the required payment, the District shall apply amounts from the Reserve Fund to the extent necessary to make such payment. During the current fiscal year, the District transferred \$2,007,654 from the General Fund to the Debt Service Fund for the purpose of funding the required reserve and making debt service payments.

**EAST ALDINE MANAGEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 4. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS
(Continued)

C. The Series 2005 and 2009 bond resolutions states that the District will provide continuing disclosure of certain financial information and operating data to each nationally recognized municipal securities information repository and the state information depository. This information, along with the audited annual financial statements, is to be provided within six (6) months after the end of each fiscal year.

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was \$7,783,543 and the bank balance was \$6,919,454. Of the bank balance, \$501,459 was covered by federal depository insurance and the balance was covered by collateral pledged in the name of the District and held in a third party depository.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet, the Component Unit Balance Sheet and the Statement of Net Assets at December 31, 2009, as listed below:

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Total</u>
GENERAL FUND	\$ 923,942	\$ 972,078	\$ 1,896,020
DEBT SERVICE FUND	1,459		1,459
CAPITAL PROJECTS FUND	5,867,944		5,867,944
COMPONENT UNIT	<u>18,120</u>	<u> </u>	<u>18,120</u>
TOTAL DEPOSITS	<u>\$ 6,811,465</u>	<u>\$ 972,078</u>	<u>\$ 7,783,543</u>

EAST ALDINE MANAGEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest District funds without express written authority from the Board of Directors.

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. Authorized investments are summarized as follows: (1) obligations of the United States or its agencies and instrumentalities, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies and instrumentalities, (5) certain A rated or higher obligations of states, agencies, counties, cities, and other political subdivisions of any state, (6) bonds issued, assumed or guaranteed by the State of Israel, (7) insured or collateralized certificates of deposit, (8) certain fully collateralized repurchase agreements secured by delivery, (9) certain bankers' acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

The District invests in TexSTAR, an external investment pool that is not SEC-registered. First Southwest Asset Management, Inc. and JPMorgan Chase manage the daily operations of TexSTAR. The fair value of the District's position in the pool is the same as the value of pool shares.

**EAST ALDINE MANAGEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of December 31, 2009, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities in Years			
		Less Than 1	1-5	6-10	More Than 10
<u>GENERAL FUND -</u>					
TexSTAR	\$ 4,556,361	\$ 4,556,361	\$	\$	\$
Certificates of Deposit	972,078	972,078			
<u>DEBT SERVICE FUND-</u>					
TexSTAR	2,127,370	2,127,370			
<u>CAPITAL PROJECTS</u>					
<u>FUND -</u>					
TexSTAR	2,337,661	2,337,661			
Total Investments	<u>\$ 9,993,470</u>	<u>\$ 9,993,470</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Credit Risk. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2009, the District's investment in TexSTAR was rated AAAM by Standard and Poor's.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in TexSTAR to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value.

Restrictions

All cash and investments of the Debt Service Fund are restricted for the payment of debt service and the cost of assessing and collecting taxes.

All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

EAST ALDINE MANAGEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 6. SALES AND USE TAX

In accordance with Chapter 3817, Texas Special Districts Local Laws Code, as amended, the District may levy a sales and use tax if authorized by a majority of the qualified voters of the District. The sales and use tax is to be used for the purpose to promote, develop, encourage, and maintain employment commerce, transportation, housing, tourism, recreation, arts, entertainment, economic development, safety, and the public welfare in the District.

On August 11, 2001, the voters of the District approved the collection of a one (1%) percent sales and use tax. On November 13, 2001, the District entered into a contract with the Comptroller of Public Accounts of the State of Texas to administer and collect the sales and use tax on the District's behalf. During the current fiscal year, the District recorded sales tax revenues in the amount of \$3,370,052 and a receivable of \$266,216 at year end.

NOTE 7. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2009:

	<u>January 1, 2009</u>	<u>Net Change</u>	<u>December 31, 2009</u>
Capital Assets Not Being Depreciated			
Land and Land Improvements	\$ 94,168		\$ 94,168
Construction in Progress		<u>1,276,257</u>	<u>1,276,257</u>
Total Capital Assets Not Being Depreciated	<u>\$ 94,168</u>	<u>\$ 1,276,257</u>	<u>\$ 1,370,425</u>
Capital Assets at Historical Costs Subject to Depreciation			
Office Equipment and Fixtures	\$ 22,164		\$ 22,164
Leasehold Improvements	<u>319,913</u>	<u>37,594</u>	<u>357,507</u>
Total Capital Assets at Historical Costs Subject to Depreciation	<u>\$ 342,077</u>	<u>\$ 37,594</u>	<u>\$ 379,671</u>
Less Accumulated Depreciation			
Office Equipment and Fixtures	\$ 8,465	\$ 1,430	\$ 9,895
Leasehold Improvements	<u>124,868</u>	<u>17,396</u>	<u>142,264</u>
Total Accumulated Depreciation	<u>\$ 133,333</u>	<u>\$ 18,826</u>	<u>\$ 152,159</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 208,744</u>	<u>\$ 18,768</u>	<u>\$ 227,512</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 302,912</u>	<u>\$ 1,295,025</u>	<u>\$ 1,597,937</u>

EAST ALDINE MANAGEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 8. TEXAS WATER DEVELOPMENT BOARD GRANTS

During the current fiscal year, the District received a grant from the Texas Water Development Board (“the Board”) in an amount not to exceed \$450,000 for the purpose of planning an in-depth cost analysis of alternatives for the construction of a transmission line to supply drinking water to its customers. The District requests reimbursement from the Board for qualified expenditures it makes pursuant to the grant agreement. At December 31, 2009, the District had incurred \$319,338 for costs it expects to be reimbursed for under the grant agreement, \$66,155 of which was received during the current fiscal year. The remaining \$253,183 is reflected as a grant receivable.

NOTE 9. SUBLEASE AGREEMENT

On May 23, 2003, the District entered into a sublease agreement with Aldine Communities Together, Inc. (“ACT”). On January 1, 2002, ACT had previously entered into a lease agreement for a 4,601 square foot storefront space being used as a Police Store Front. The original lease agreement was for a five year period from February 1, 2002 to January 31, 2007. In April 2003, the lease was extended ten (10) years and will run through January 31, 2017. The lease amount is \$24 per year. The lease also included a provision for a \$31.50 monthly charge for water service. All provisions of the original lease will now be applicable to the District. The District entered into the sublease in order to assist ACT in carrying out its organizational purpose and to provide funding and professional services to accomplish the renovation and expansion of the Police Store Front facilities.

NOTE 10. ALDINE WATER AND SEWER AUTHORITY

During the 2004 fiscal year, the District authorized the creation of the Aldine Water and Sewer Authority (the “Authority”), a non-profit corporation, for the purpose of aiding, assisting, and acting on behalf of the District in the performance of its governmental functions to promote the common good and general welfare of the area included within the District and neighboring areas. Specifically, the Authority is created for the purpose of providing water, wastewater and drainage services to the East Aldine area. The Authority was created pursuant to Subchapter D, Chapter 431 of Texas Transportation Code. The Authority was created as a local government corporation.

The Authority has a board of directors, consisting of five persons. The board is appointed by the board of the District. Any director may be removed from office at any time, with or without cause, by the District.

**EAST ALDINE MANAGEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 10. ALDINE WATER AND SEWER AUTHORITY (Continued)

On February 21, 2005, the District entered into an agreement with the Authority. In accordance with the agreement, all purposes, powers and functions of the District have been delegated to the Authority for the purpose of providing water, wastewater and drainage services to the East Aldine area. The agreement also allows the Authority to incur debts and obligations for purposes for which it was established. The term of the agreement is forty (40) years, however, the District may dissolve the Authority at its discretion at any time, with or without cause. As of December 31, 2009, the Authority activities have ceased. During the current fiscal year, the Authority transferred \$34,841 to the District.

NOTE 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters. The District carries commercial insurance for its fidelity bonds and participated in the Texas Municipal League Intergovernmental risk Pool (TML) to provide general liability, automobile, errors and omissions, law enforcement and workers compensation coverage. The District, along with other participating entities, contributes annual amounts determined by TML's management. As claims arise they are submitted and paid by TML. During the fiscal year ended December 31, 2009, the District contributed \$7,275 to the fund for this insurance coverage. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 12. ALDINE COMMUNITY DEVELOPMENT FUND

On February 21, 2006, the District created the Aldine Community Development Fund (the "ACD Fund") as a separate district fund for the purpose of accepting monies and other donations and disbursing funds to approved entities and individuals meeting the requirements set forth in the District's ACD Fund Disbursement Guidelines. The District created the Aldine Community Development Committee, comprised of no fewer than 3 board members of the District, that will meet monthly to evaluate request for funds, evaluate eligibility for funding, and make recommendations to the Board for disbursements from the ACD Fund. The ACD Fund has been combined with the General Fund and shown as a reserve as of December 31, 2009, of \$719.

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EAST ALDINE MANAGEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 13 OTHER RECEIVABLE

In prior years, the District contributed \$3,150,000 to Harris County to fund their portion of the North Houston Heights Water and Sewer Improvements Project. Subsequent to year end, the cost of the project has been recalculated and the District has overpaid its share of the project by approximately \$486,276. Because the project was originally paid for in a prior fiscal year, such amount has been recorded as Miscellaneous Revenues and as Other Receivable.

NOTE 14. INTERFUND PAYABLES AND RECEIVABLES

As of December 31, 2009, the District had the following interfund liabilities: the General Fund owed the Capital Projects Fund \$267,520 for grant revenue receivable recorded in the amount of 319,338, less bond issuance costs paid by the General Fund in the amount of \$51,818 and the Debt Service Fund owed the Capital Projects \$1,157 for the over transfer of proceeds from the Series 2009 bond sale.

EAST ALDINE MANAGEMENT DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2009

EAST ALDINE MANAGEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Sales Tax Revenue	\$ 3,400,000	\$ 3,370,052	\$ (29,948)
Investment Revenues	<u>60,000</u>	<u>21,888</u>	<u>(38,112)</u>
TOTAL REVENUES	<u>\$ 3,460,000</u>	<u>\$ 3,391,940</u>	<u>\$ (68,060)</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 33,000	\$ 87,940	\$ (54,940)
Contracted Services	31,855	111,676	(79,821)
Public Health, Safety and Security	735,746	724,084	11,662
Neighborhood Clean-Up and Beauty	317,616	287,794	29,822
Economic and Community Development	546,036	320,039	225,997
Environmental and Urban Design	13,407	11,525	1,882
Transportation and Mobility	79,629	48,680	30,949
Other	26,000	94,152	(68,152)
Capital Outlay	<u> </u>	<u>55,895</u>	<u>(55,895)</u>
TOTAL EXPENDITURES	<u>\$ 1,783,289</u>	<u>\$ 1,741,785</u>	<u>\$ 41,504</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 1,676,711</u>	<u>\$ 1,650,155</u>	<u>\$ (26,556)</u>
OTHER FINANCING SOURCES (USES)			
Transfer In	\$	\$ 3,280,000	\$ 3,280,000
Transfer Out	(1,556,618)	(2,007,854)	(451,236)
Transfer (to) from Component Unit	<u>(514,864)</u>	<u>34,841</u>	<u>549,705</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ (2,071,482)</u>	<u>\$ 1,306,987</u>	<u>\$ 3,378,469</u>
NET CHANGE IN FUND BALANCE	\$ (394,771)	\$ 2,957,142	\$ 3,351,913
FUND BALANCE – JANUARY 1, 2009	<u>3,765,963</u>	<u>3,765,963</u>	<u> </u>
FUND BALANCE – DECEMBER 31, 2009	<u>\$ 3,371,192</u>	<u>\$ 6,723,105</u>	<u>\$ 3,351,913</u>

See accompanying independent auditor's report.

EAST ALDINE MANAGEMENT DISTRICT
SUPPLEMENTARY INFORMATION – REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE
DECEMBER 31, 2009

**EAST ALDINE MANAGEMENT DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2009**

PERSONNEL EXPENDITURES (Including Benefits)	\$ <u>-0-</u>
PROFESSIONAL FEES:	
Audit	\$ 11,500
Legal	<u>76,440</u>
TOTAL PROFESSIONAL FEES	\$ <u>87,940</u>
PURCHASED SERVICES FOR RESALE:	
Public Health, Safety and Security	\$ 724,084
Neighborhood Cleanup and Beauty	287,794
Economic and Community Development	320,039
Environmental and Urban Design	11,525
Transportation and Mobility	<u>48,680</u>
TOTAL PURCHASED SERVICES FOR RESALE	\$ <u>1,392,122</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 7,800
District Administrator	<u>103,876</u>
TOTAL CONTRACTED SERVICES	\$ <u>111,676</u>
UTILITIES:	
Electricity	<u>\$ -0-</u>
REPAIRS AND MAINTENANCE	<u>\$ -0-</u>
ADMINISTRATIVE EXPENDITURES:	
Insurance	\$ 9,018
Other	<u>85,134</u>
TOTAL ADMINISTRATIVE EXPENDITURES	\$ <u>94,152</u>

See accompanying independent auditor's report.

**EAST ALDINE MANAGEMENT DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2009**

CAPITAL OUTLAY:	
Capital Assets	\$ 55,895
Expenditures not Capitalized	<u> </u>
TOTAL CAPITAL OUTLAY	<u>\$ 55,895</u>
FIRE FIGHTING	<u>\$ -0-</u>
PARKS AND RECREATION	<u>\$ -0-</u>
OTHER EXPENDITURES	<u>\$ -0-</u>
TOTAL EXPENDITURES	<u>\$ 1,741,785</u>

Number of persons employed by the District	<u>-0-</u>	Full-Time	<u>-0-</u>	Part-Time
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See accompanying independent auditor's report.

**EAST ALDINE MANAGEMENT DISTRICT
INVESTMENTS
DECEMBER 31, 2009**

<u>Funds</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
TexSTAR	10106-1111-000	Varies	Daily	\$ 4,556,361	\$
Certificate of Deposit	3300041224	2.10%	8/5/10	240,000	2,044
Certificate of Deposit	100604	1.78%	9/3/10	246,090	336
Certificate of Deposit	4022600	2.55%	8/5/10	240,000	2,487
Certificate of Deposit	4087573	1.60%	8/5/10	<u>245,988</u>	<u>615</u>
TOTAL GENERAL FUND				<u>\$ 5,528,439</u>	<u>\$ 5,482</u>
<u>DEBT SERVICE FUND</u>					
TexSTAR	10106-3333-000	Varies	Daily	\$ 889,894	\$
TexSTAR	10106-6233-000	Varies	Daily	<u>1,237,476</u>	<u> </u>
TOTAL DEBT SERVICE FUND				<u>\$ 2,127,370</u>	<u>\$ -0-</u>
<u>CAPITAL PROJECTS FUND</u>					
TexSTAR	10106-2005-000	Varies	Daily	<u>2,337,661</u>	<u>\$ -0-</u>
TOTAL – ALL FUNDS				<u>\$ 9,993,470</u>	<u>\$ 5,482</u>

See accompanying independent auditor's report.

**EAST ALDINE MANAGEMENT DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2009**

SERIES - 2005

Due During Fiscal Years Ending December 31	Principal Due February 15	Interest Due February 15/ August 15	Total
2010	\$ 125,000	\$ 122,563	\$ 247,563
2011	130,000	116,500	246,500
2012	135,000	109,875	244,875
2013	140,000	103,000	243,000
2014	145,000	95,875	240,875
2015	150,000	88,875	238,875
2016	155,000	82,013	237,013
2017	160,000	74,925	234,925
2018	170,000	67,500	237,500
2019	175,000	59,738	234,738
2020	185,000	51,637	236,637
2021	190,000	43,200	233,200
2022	200,000	34,425	234,425
2023	210,000	25,200	235,200
2024	220,000	15,525	235,525
2025	235,000	5,287	240,287
2026			
2027			
2028			
2029			
TOTAL	<u>\$ 2,725,000</u>	<u>\$ 1,096,138</u>	<u>\$ 3,821,138</u>

See accompanying independent auditor's report.

**EAST ALDINE MANAGEMENT DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2009**

S E R I E S - 2 0 0 9

Due During Fiscal Years Ending December 31	Principal Due February 15	Interest Due February 15/ August 15	Total
2010	\$ 470,000	\$ 518,538	\$ 988,538
2011	485,000	504,213	989,213
2012	500,000	489,437	989,437
2013	515,000	474,213	989,213
2014	530,000	458,538	988,538
2015	550,000	442,337	992,337
2016	565,000	425,259	990,259
2017	585,000	406,925	991,925
2018	605,000	386,831	991,831
2019	625,000	364,681	989,681
2020	650,000	340,525	990,525
2021	675,000	314,431	989,431
2022	705,000	286,391	991,391
2023	735,000	256,231	991,231
2024	765,000	223,400	988,400
2025	800,000	188,188	988,188
2026	840,000	150,763	990,763
2027	880,000	110,437	990,437
2028	920,000	67,687	987,687
2029	965,000	22,919	987,919
TOTAL	<u>\$ 13,365,000</u>	<u>\$ 6,431,944</u>	<u>\$ 19,796,944</u>

See accompanying independent auditor's report.

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**EAST ALDINE MANAGEMENT DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2009**

**ANNUAL REQUIREMENTS
FOR ALL SERIES**

Due During Fiscal Years Ending December 31	Principal Due February 15	Interest Due February 15/ August 15	Total
2010	\$ 595,000	\$ 641,100	\$ 1,236,100
2011	615,000	620,713	1,235,713
2012	635,000	599,312	1,234,312
2013	655,000	577,213	1,232,213
2014	675,000	554,413	1,229,413
2015	700,000	531,212	1,231,212
2016	720,000	507,272	1,227,272
2017	745,000	481,850	1,226,850
2018	775,000	454,331	1,229,331
2019	800,000	424,419	1,224,419
2020	835,000	392,163	1,227,163
2021	865,000	357,631	1,222,631
2022	905,000	320,816	1,225,816
2023	945,000	281,431	1,226,431
2024	985,000	238,925	1,223,925
2025	1,035,000	193,475	1,228,475
2026	840,000	150,763	990,763
2027	880,000	110,437	990,437
2028	920,000	67,687	987,687
2029	965,000	22,919	987,919
TOTAL	<u>\$ 16,090,000</u>	<u>\$ 7,528,082</u>	<u>\$ 23,618,082</u>

See accompanying independent auditor's report.

**EAST ALDINE MANAGEMENT DISTRICT
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED DECEMBER 31, 2009**

Description	Original Bonds Issued	Bonds Outstanding January 1, 2009
East Aldine Management District Sales Tax Revenue Bonds – Series 2005	\$ 3,195,000	\$ 2,845,000
East Aldine Management District Sales Tax Revenue Bonds – Series 2009	<u>13,365,000</u>	<u> </u>
TOTAL	<u>\$ 16,560,000</u>	<u>\$ 2,845,000</u>
Bond Authority:	Tax Bonds	Refunding Bonds
Amount Authorized by Voters	\$ -0-	\$ -0-
Amount Issued	<u>-0-</u>	<u>-0-</u>
Remaining to be Issued	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>
Debt Service Fund cash, investments and cash with paying agent balances as of December 31, 2009:		<u><u>\$ 2,128,829</u></u>
Average annual debt service payment (principal and interest) for remaining term of all bond debt:		<u><u>\$ 1,180,904</u></u>

For interest rates, interest payment dates and maturity dates, see Note 3.

See accompanying independent auditor's report.

Current Year Transactions

<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding December 31, 2009</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
\$	\$ 120,000	\$ 128,075	\$ 2,725,000	Wells Fargo Bank, N.A. Houston, TX
<u>13,365,000</u>	<u> </u>	<u>86,138</u>	<u>13,365,000</u>	Wells Fargo Bank, N.A. Houston, TX
<u>\$13,365,000</u>	<u>\$ 120,000</u>	<u>\$ 214,213</u>	<u>\$ 16,090,000</u>	

See accompanying independent auditor's report.

**EAST ALDINE MANAGEMENT DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS**

	<u>Amounts</u>		
	<u>2009</u>	<u>2008</u>	<u>2007</u>
REVENUES			
Sales Tax Revenue	\$ 3,370,052	\$ 3,540,248	\$ 3,447,249
Investment Revenues	<u>21,888</u>	<u>80,640</u>	<u>181,706</u>
TOTAL REVENUES	<u>\$ 3,391,940</u>	<u>\$ 3,620,888</u>	<u>\$ 3,628,955</u>
EXPENDITURES			
Professional Fees	\$ 87,940	\$ 31,309	\$ 27,401
Contracted Services	111,676	31,750	29,300
Public Health, Safety and Security	724,084	644,579	320,885
Neighborhood Cleanup and Beauty	287,794	281,210	252,491
Economic and Community Development	320,039	322,513	214,605
Environmental and Urban Design	11,525	15,015	13,650
Transportation and Mobility	48,680	30,504	104,348
Other	94,152	27,037	22,008
Capital Outlay	<u>55,895</u>	<u>14,294</u>	<u>15,700</u>
TOTAL EXPENDITURES	<u>\$ 1,741,785</u>	<u>\$ 1,398,211</u>	<u>\$ 1,000,388</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 1,650,155</u>	<u>\$ 2,222,677</u>	<u>\$ 2,628,567</u>
OTHER FINANCING SOURCES (USES)			
Transfer In	\$ 3,280,000	\$	\$
Transfer Out	(2,007,854)	(251,225)	(256,190)
Transfer (to) from Component Unit	<u>34,841</u>	<u>(3,148,291)</u>	<u>(420,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ 1,306,987</u>	<u>\$ (3,399,516)</u>	<u>\$ (676,190)</u>
NET CHANGE IN FUND BALANCE	\$ 2,957,142	\$ (1,176,839)	\$ 1,952,377
BEGINNING FUND BALANCE	<u>3,765,963</u>	<u>4,942,802</u>	<u>2,990,425</u>
ENDING FUND BALANCE	<u>\$ 6,723,105</u>	<u>\$ 3,765,963</u>	<u>\$ 4,942,802</u>

See accompanying independent auditor's report.

		Percent of Total Revenues				
<u>2006</u>	<u>2005</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ 2,160,140	\$ 1,650,460	99.4%	97.8%	95.0%	95.1%	98.5%
<u>110,971</u>	<u>25,423</u>	<u>0.6%</u>	<u>2.2</u>	<u>5.0</u>	<u>4.9</u>	<u>1.5</u>
<u>\$ 2,271,111</u>	<u>\$ 1,675,883</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
\$ 41,615	\$ 34,969	2.6%	0.9%	0.8%	1.8%	2.1%
29,882	36,000	3.3	0.9	0.8	1.3	2.1
232,295	112,416	21.3	17.8	8.8	10.2	6.7
191,938	105,877	8.5	7.8	7.0	8.5	6.3
242,062	158,290	9.4	8.9	5.9	10.7	9.4
13,000	8,400	0.3	0.4	0.4	0.6	0.5
80,079	32,118	1.4	0.8	2.9	3.5	1.9
20,486	13,410	2.8	0.7	0.6	0.9	0.8
<u>94,168</u>	<u> </u>	<u>1.7</u>	<u>0.4</u>	<u>0.4</u>	<u>4.1</u>	<u> </u>
<u>\$ 945,525</u>	<u>\$ 501,480</u>	<u>51.3%</u>	<u>38.6%</u>	<u>27.6%</u>	<u>41.6%</u>	<u>29.8%</u>
<u>\$ 1,325,586</u>	<u>\$ 1,174,403</u>	<u>48.7%</u>	<u>61.4%</u>	<u>72.4%</u>	<u>58.4%</u>	<u>70.2%</u>
\$	\$ 154,622					
(266,365)	(415,823)					
<u>(380,000)</u>	<u>(170,000)</u>					
\$ (646,365)	\$ (431,201)					
\$ 679,221	\$ 743,202					
<u>2,311,204</u>	<u>1,568,002</u>					
<u>\$ 2,990,425</u>	<u>\$ 2,311,204</u>					

See accompanying independent auditor's report.

**EAST ALDINE MANAGEMENT DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS**

	Amounts		
	2009	2008	2007
REVENUES			
Investment Revenues	\$ 3,044	\$ 7,740	\$ 15,640
EXPENDITURES			
Tax Collection Expenditures	\$	\$	\$
Debt Service Principal	120,000	120,000	115,000
Debt Service Interest and Fees	<u>214,758</u>	<u>133,975</u>	<u>139,263</u>
TOTAL EXPENDITURES	<u>\$ 334,758</u>	<u>\$ 253,975</u>	<u>\$ 254,263</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (331,714)</u>	<u>\$ (246,235)</u>	<u>\$ (238,623)</u>
OTHER FINANCING SOURCES (USES)			
Transfer In	<u>\$ 2,007,854</u>	<u>\$ 251,225</u>	<u>\$ 256,190</u>
NET CHANGE IN FUND BALANCE	\$ 1,676,140	\$ 4,990	\$ 17,567
BEGINNING FUND BALANCE	<u>451,532</u>	<u>446,542</u>	<u>428,975</u>
ENDING FUND BALANCE	<u><u>\$ 2,127,672</u></u>	<u><u>\$ 451,532</u></u>	<u><u>\$ 446,542</u></u>

See accompanying independent auditor's report.

		Percent of Total Revenues					
2006	2005	2009	2008	2007	2006	2005	
\$ 12,417	\$ 3,606	100.0%	100.0%	100.0%	100.0%	100.0%	
\$ 15	\$ 15	%	%	%	0.1%	0.4%	
115,000		3,942.2	1,550.4	735.3	926.1		
<u>144,438</u>	<u>9,768</u>	<u>7,055.1</u>	<u>1,730.9</u>	<u>890.4</u>	<u>1,163.2</u>	<u>270.9</u>	
\$ 259,453	\$ 9,783	10,997.3%	3,281.3%	1,625.7%	2,089.4%	271.3%	
\$ (247,036)	\$ (6,177)	<u>(10,897.3)%</u>	<u>(3,181.3)%</u>	<u>(1,525.7)%</u>	<u>(1,989.4)%</u>	<u>(171.3)%</u>	
\$ 266,365	\$ 415,823						
\$ 19,329	\$ 409,646						
<u>409,646</u>	<u> </u>						
<u>\$ 428,975</u>	<u>\$ 409,646</u>						

See accompanying independent auditor's report.

**EAST ALDINE MANAGEMENT DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
DECEMBER 31, 2009**

District Mailing Address - East Aldine Management District
P. O. Box 22167
Houston, TX 77227-2167

District Telephone Number - (713) 541-0447

Board Members	Term of Office (Appointed)	Fees of Office for the year ended December 31, <u>2009</u>	Expense Reimbursements for the year ended December 31, <u>2009</u>	<u>Position</u>
Clyde Bailey	06/07 06/11	\$ -0-	\$ -0-	1
John Broussard	06/07 06/11	\$ -0-	\$ -0-	2
Reyes Garcia, Jr.	06/07 06/11	\$ -0-	\$ -0-	3
William Townsend	06/07 06/11	\$ -0-	\$ -0-	4
Deborah Foster	06/07 06/11	\$ -0-	\$ -0-	5
Bob Beasley	06/09 06/13	\$ -0-	\$ -0-	6
Gerald Overturff	06/09 06/13	\$ -0-	\$ -0-	7
Gilbert Hoffman	06/09 06/13	\$ -0-	\$ -0-	8
Virginia Bazan	06/09 06/13	\$ -0-	\$ -0-	9

See accompanying independent auditor's report.

**EAST ALDINE MANAGEMENT DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
DECEMBER 31, 2009**

<u>Consultants:</u>	<u>Date Hired</u>	<u>Fees for the year ended December 31, 2009</u>	<u>Title</u>
Hawes Hill Calderon, LLP P. O. Box 22167 Houston, TX 77227-2167	10/16/01	\$ 405,651	Administrator (1)
Allen Boone Humphries Robinson LLP 3200 Southwest Freeway, Suite 2600 Houston, TX 77027	08/19/03	\$ 197,713	Attorney
McCall Gibson Swedlund Barfoot PLLC Certified Public Accountants 13100 Wortham Center Drive, Suite 235 Houston, TX 77065-5610	10/19/02	\$ 11,500	Auditor
Roland, Fry & Warren, LLC 1525 Lakeville Drive, Suite 121 Kingwood, TX 77339	07/22/03	\$ 8,596	Bookkeeper
Water Engineers, Inc. 17230 Huffmeister Road Cypress, TX 77429-1643	10/23/02	\$ 23,888	Engineer
Montgomery & Associates 480 N. Sam Houston Parkway East Suite 100 Houston, TX 77060	02/18/03	\$ 897,055	Engineer
First Southwest Company 1021 Main Street, Suite 2200 Houston, TX 77002-4102	05/20/03	\$ 105,482	Financial Advisor
Jack Roland 1525 Lakeville Drive, Suite 121 Kingwood, TX 77339	07/20/04	\$ -0-	Investment Officer

(1) Provides Personnel for Various Positions

David W. Hawes – Executive Director
Richard Cantu – Director of Services
Scott Bean – Infrastructure Director and Executive Director Aldine Water and Sewer Authority
Gretchen Larson – Business and Economic Director
Roy Hill – Community Liaison

See accompanying independent auditor's report.