

**CITY OF  
COLLEYVILLE, TEXAS**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**YEAR ENDED SEPTEMBER 30, 2012**

Prepared by  
Finance Department

Terry Leake  
Assistant City Manager/Chief Financial Officer

Karen Hines  
Finance Manager



**CITY OF COLLEYVILLE, TEXAS**

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# **INTRODUCTORY SECTION**

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Integrity ★ Service ★ Innovation

February 5, 2013

To the Citizens of the City of Colleyville:

The Comprehensive Annual Financial Report of the City of Colleyville (the "City") for the fiscal year ended September 30, 2012, is hereby submitted. Responsibility for both the accuracy of the data, and completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position, results of operations and cash flows of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

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

**PROFILE OF THE GOVERNMENT**

On January 10, 1956, the City of Colleyville was incorporated and adopted a home-rule charter on January 15, 1977. It has a council-manager form of government with policy making and legislative authority vested in a governing body consisting of a mayor and six council members. The mayor and council are responsible for passing ordinances, adopting the budget, appointing board and committee members, and hiring the City Manager. The City Manager is responsible for carrying out the policies and ordinances of the mayor and council, overseeing the day-to-day operations of the City, and appointing department heads. The mayor and six council members are elected on an at large, non-partisan basis for three year terms. The three year terms are staggered so that the Mayor and City council persons from Place 1 and 2 are elected in year one, City Council persons from Places 3 and 4 are elected in year two, and City Council persons from Places 5 and 6 are elected in year three.

The City provides a full range of municipal services. These services include police and fire protection, municipal court, streets, drainage utility, leisure services (parks and recreation, Colleyville Center and library), water and sewer, engineering /community development, and general administrative services. Based upon the criterion set forth in generally accepted accounting principles, the following organizations are includable within the City's reporting entity:

<u>Entity</u>	<u>Method of Inclusion</u>
Colleyville Economic Development Corporation (CEDC)	Blended
Colleyville Crime Control and Prevention District	Blended
Colleyville Tax Investment Financing Reinvestment Zone Zone Number One (TIF)	Discretely Presented

The City Charter of the City of Colleyville establishes the fiscal year as October 1 through September 30. The Charter requires the City Manager to submit a proposed budget and accompanying budget message to the City Council each year and the proposed budget is presented to the City Council at a budget work session. After public hearings at two consecutive regular City Council meetings, the Council may adopt the proposed budget, with or without amendment. The budget ordinance is to be adopted no later than the 30th day of September and requires an affirmative vote of a majority of the Council. The City maintains budgetary control by adopting an annual operating budget for the General Fund, Debt Service Fund, Drainage Utility Fund, and Water and Sewer Enterprise Fund. Detail control is maintained at the line item level by encumbering available funds at the time a purchase order is written. Encumbrances lapse at fiscal year end, but can be re-appropriated through a budget amendment during the following fiscal year. The City Manager is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the City Council.

**LOCAL ECONOMY**

The City of Colleyville is a residential-oriented community located 11 miles northeast of the City of Fort Worth, 22 miles northwest of Dallas and 5 miles west of Dallas/Fort Worth International Airport in Northeast Tarrant County. Relocations of residents to the City continued in Fiscal Year 2012, as did commercial development. During the fiscal year, the City issued 155 residential building permits and the average square footage of a residence was almost five thousand square feet. Also, there was the redevelopment of existing commercial properties and two corporate relocations during the fiscal year.

The Parks and Recreation Master Plan, which was adopted in November 2011, provides for the construction of inter-connected trail segments throughout the City, with a major segment of the Cotton Belt Trail which opened in April 2012 and provided connectivity to the western portion of the trail which runs through the Cities of Hurst and North Richland Hills. Major transportation projects were the initial phases of construction of Phase I of State Highway 26 / Colleyville Boulevard and the roundabout at the Pleasant Run and John McCain Road intersection.

**For the Future.** In October 2012, the Colleyville joined with the bordering City of Keller to form the first joint Municipal Court in the State of Texas under recently enacted legislation, which brings financial savings to both cities. Major transportation projects will be the completion of Phase I of State Highway 26 / Colleyville Boulevard and the roundabout at the Jackson Road and Cheek Sparger Road intersection.

### **LONG-TERM FINANCIAL PLANNING**

In Fiscal Year 2005, the City Council adopted a Fund Balance Policy requiring a ninety day reserve for fund balance in both the General Fund and the Utility Fund. In Fiscal Year 2011, the policy was updated to reflect the designations of non-spendable, restricted, committed, assigned and unassigned as required by GASB 54. At the end of Fiscal Year 2012, both the General Fund and the Utility Fund have a fund balance in excess of the required ninety day reserve. Amount in excess of the reserve may be used to fund one-time capital expenditures.

As a part of the Fiscal Year 2008 budget process, the Mayor and Council and City Staff embarked upon developing a multi-year streets capital improvements program. Additionally, the Council appointed a citizen committee that reviewed street infrastructure needs and financing opportunities. Their recommendations were incorporated into an infrastructure program that was approved by Council in Fiscal Year 2008. Improvements included in the plan, which were completed during Fiscal Year 2012, were the reconstruction of streets in the Shadowwood and Woodland Hills neighborhoods.

In Fiscal Year 2010, the City Council adopted a strategic plan, which incorporated strategic points to achieve the City's vision. In August 2012, Council affirmed and slightly modified the strategic points to the following:

- Make a long-term commitment to economic development and promote a more diversified tax base
- Fostering excellence in core service delivery
- Protect and preserve Colleyville's neighborhoods
- Deliver sustainable government
- Brand Colleyville with a unique identity

In the area of sustainable government, a long-term Information Systems Management Strategic Plan was adopted as was the Parks and Recreation Master Plan. There two plans identify annual improvements over the next five years and accompanied by funding sources. In the Fiscal Year 2011 budget, a transition was made to performance based budgeting, with links to specific performance indicators to measure the efficiency and effectiveness of service delivery.

## **AWARDS AND ACKNOWLEDGEMENTS**

**Awards.** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Colleyville for its comprehensive annual financial report for the fiscal year ended September 30, 2011. This was the twenty-second consecutive year the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

In addition, the City also received the GFOA's Distinguished Budget Presentation award for its annual budget dated October 1, 2011. In order to qualify for this award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

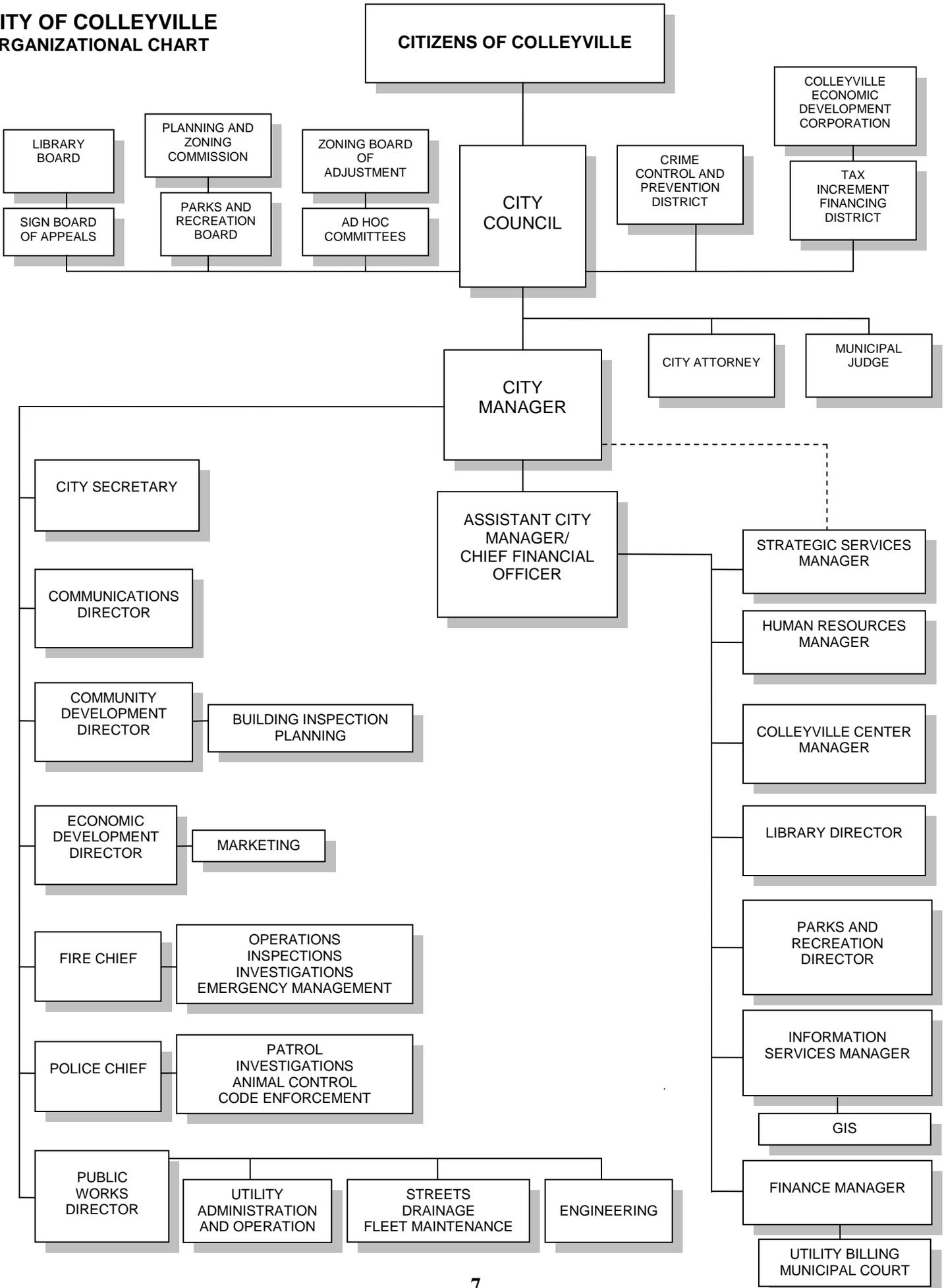
**Acknowledgements.** The preparation of this report could not be accomplished on a timely basis without the dedicated endeavors of the entire staff of the Finance Department. We would like to express our sincere appreciation to all employees who contributed to the preparation. Additionally, we would also like to thank the Mayor, City Council, and City Manager for their support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

Terry Leake  
Assistant City Manager / Chief Financial Officer

Karen Hines  
Finance Manager

**CITY OF COLLEYVILLE  
ORGANIZATIONAL CHART**



# Certificate of Achievement for Excellence in Financial Reporting

Presented to  
City of Colleyville  
Texas

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

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



*Christopher P. Morrell*

President

*Jeffrey R. Enen*

Executive Director

**CITY OF COLLEYVILLE, TEXAS**

**HOME RULE, COUNCIL – MANAGER  
FORM OF GOVERNMENT**

**CITY OFFICIALS**

**YEAR ENDED SEPTEMBER 30, 2012**

David Kelly  
Mayor

Carol Wollin  
Councilmember, Place 1

Michael Muhm  
Councilmember, Place 2

Stan Hall  
Councilmember, Place 3

Jody Short  
Councilmember, Place 4

Tom Hart  
Mayor Pro Tem and  
Councilmember, Place 5

Mike Taylor  
Councilmember, Place 6

Jennifer Fadden  
City Manager

Terry Leake  
Assistant City Manager/Chief Financial Officer

Karen Hines  
Finance Manager

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# **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 17 through 24 and the Schedule of Funding Progress for the Texas Municipal Retirement on page 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

*Pattillo, Brown & Hill, L.L.P.*

January 25, 2013

# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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## Management's Discussion and Analysis

As management of the City of Colleyville, we offer readers of the City's financial statement this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3 – 6 of this report.

### FINANCIAL HIGHLIGHTS

- The assets of the City of Colleyville exceeded its liabilities as of September 30, 2012, by \$166,314,101 (net assets). Of this amount, \$31,891,957 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City's total net assets increased by \$4,872,818.
- As of the close of the current fiscal year, the City of Colleyville's governmental funds reported combined ending fund balances of \$32,751,471. Of this amount, \$11,762,625 is unassigned fund balance available for use within the City's fund designation and fiscal policies.
- As of September 30, 2012, unreserved, unassigned fund balance for the General Fund was \$11,762,625 or 60.2% of the total General Fund budgeted expenditures and other financing uses.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of 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, which begin on page 26 of this report, 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 City's net assets changed during the fiscal year. All changes in net assets are reported when 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 the future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from 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, Community Development and Engineering, Fire and Rescue, Leisure Services, Maintenance, Municipal Court, Police, and Streets and Drainage. The business-type activities of the City include Water and Wastewater, and Drainage Utility.

**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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the City can be divided into two categories – governmental funds and proprietary funds.

**Governmental Funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses 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 funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Beginning on page 30 of this report, information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in 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 Enterprise Funds to account for the Water and Wastewater and Drainage Utility Funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements which begin on page 36 of this report provide separate information for the Water and Wastewater and Drainage Utility Enterprise Funds since these are considered to be major funds of the City.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 41 – 68 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report also presents combining fund statements and schedules that further support the information in the financial statements. The combining fund statements and schedules for nonmajor funds are presented immediately following the notes to the financial statements beginning on page 74 of this report.

## GOVERNMENTAL-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of government’s financial position. In the case of the City of Colleyville, assets exceeded liabilities by \$166,314,101 as of September 30, 2012.

The largest portion of the City’s net assets (\$121,607,696) reflects its investments in capital assets (e.g., land, building, equipment, improvements, construction in progress and infrastructure), less any outstanding debt used to acquire those assets. The City uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### CITY OF COLLEYVILLE’S NET ASSETS

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 34,369,593	\$ 30,839,307	\$ 14,059,010	\$ 12,450,135	\$ 48,428,603	\$ 43,289,442
Capital assets	102,809,761	103,873,376	42,530,273	43,974,948	145,340,034	147,848,324
Total assets	<u>137,179,354</u>	<u>134,712,683</u>	<u>56,589,283</u>	<u>56,425,083</u>	<u>193,768,637</u>	<u>191,137,766</u>
Other liabilities	3,616,684	3,667,849	2,628,997	2,561,102	6,245,681	6,228,951
Long-term liabilities	17,976,515	19,269,475	3,232,340	4,198,057	21,208,855	23,467,532
Total liabilities	<u>21,593,199</u>	<u>22,937,324</u>	<u>5,861,337</u>	<u>6,759,159</u>	<u>27,454,536</u>	<u>29,696,483</u>
Net assets:						
Invested in capital assets,						
net of related debt	83,211,988	83,166,142	38,395,708	38,892,098	121,607,696	122,058,240
Restricted	12,814,448	10,771,624	-	662,050	12,814,448	11,433,674
Unrestricted	<u>19,559,719</u>	<u>17,837,593</u>	<u>12,332,238</u>	<u>10,111,776</u>	<u>31,891,957</u>	<u>27,949,369</u>
Total net assets	<u>\$ 115,586,155</u>	<u>\$ 111,775,359</u>	<u>\$ 50,727,946</u>	<u>\$ 49,665,924</u>	<u>\$ 166,314,101</u>	<u>\$ 161,441,283</u>

A portion of the City’s net assets (\$12,814,448) represents resources that are subject to external restriction on how they may be used. The remaining balance (\$31,891,957) of unrestricted net assets may be used to meet the City’s ongoing obligation to citizens and creditors in accordance with the City’s fund designation and fiscal policies.

As of September 30, 2012, the City has positive balances in all three categories of net assets, both for the City as a whole, as well as for its governmental and business-type activities separately. The increase of \$3,810,796 in net assets relating to governmental activities is primarily due to an increase in sales tax, an increase in building permit revenues as well as reductions in General Fund expenditures. The increase in net assets of business type activities is related to water sales occurring during the end of an almost two year period of extreme drought conditions, which began at the start of the prior fiscal year.

**Analysis of the City's Operations** – The following table provides a summary of the City's operations for the year ended September 30, 2012. Governmental activities increased the City of Colleyville's net assets by \$3,810,795, accounting for all of the total growth in net assets. Business-type activities contributed an increase to the City's net assets of \$1,062,022.

### CITY OF COLLEYVILLE'S CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 3,466,371	\$ 3,821,848	\$ 14,952,923	\$ 15,258,507	\$ 18,419,294	\$ 19,080,355
Operating grants and contributions	490,069	822,056	-	-	490,069	822,056
Capital grants and contributions	381,308	405,347	169,464	168,365	550,772	573,712
General revenues:						
Ad valorem taxes	12,414,457	12,414,948	-	-	12,414,457	12,414,948
Sales taxes	5,495,730	5,056,597	-	-	5,495,730	5,056,597
Franchise taxes	2,207,463	2,031,268	-	-	2,207,463	2,031,268
Other taxes	65,808	80,731	-	-	65,808	80,731
Investment earnings	108,192	95,822	4,084	38,674	112,276	134,496
Miscellaneous	74,041	55,454	-	-	74,041	55,454
Gain on sale of capital assets	147,969	-	-	-	147,969	-
Total revenues	<u>24,851,408</u>	<u>24,784,071</u>	<u>15,126,471</u>	<u>15,465,546</u>	<u>39,977,879</u>	<u>40,249,617</u>
Expenses:						
General government	3,125,214	2,715,154	-	-	3,125,214	2,715,154
Community development and engineering	1,397,839	1,402,669	-	-	1,397,839	1,402,669
Fire and rescue	4,321,929	4,421,496	-	-	4,321,929	4,421,496
Leisure services	4,124,619	4,191,960	-	-	4,124,619	4,191,960
Maintenance	400,306	412,512	-	-	400,306	412,512
Municipal court	319,445	303,839	-	-	319,445	303,839
Police	4,579,570	4,878,055	-	-	4,579,570	4,878,055
Streets and drainage	3,073,530	3,657,591	-	-	3,073,530	3,657,591
Water and wastewater	-	-	12,258,587	12,009,187	12,258,587	12,009,187
Drainage	-	-	723,994	742,160	723,994	742,160
Interest on long-term debt	780,029	849,390	-	-	780,029	849,390
Total expenses	<u>22,122,480</u>	<u>22,832,666</u>	<u>12,982,581</u>	<u>12,751,347</u>	<u>35,105,061</u>	<u>35,584,013</u>
Increases in net assets before transfers	2,728,928	1,951,405	2,143,890	2,714,199	4,872,818	4,665,604
Transfers	<u>1,081,868</u>	<u>858,879</u>	<u>( 1,081,868)</u>	<u>( 858,879)</u>	<u>-</u>	<u>-</u>
Change in net assets	3,810,796	2,810,284	1,062,022	1,855,320	4,872,818	4,665,604
Net assets, beginning	<u>111,775,359</u>	<u>108,965,075</u>	<u>49,665,924</u>	<u>47,810,604</u>	<u>161,441,283</u>	<u>156,775,679</u>
Net assets, ending	<u>\$ 115,586,155</u>	<u>\$ 111,775,359</u>	<u>\$ 50,727,946</u>	<u>\$ 49,665,924</u>	<u>\$ 166,314,101</u>	<u>\$ 161,441,283</u>

## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

**Governmental funds** – The focus of the City of Colleyville'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.

At the end of the current fiscal year, the City of Colleyville's governmental funds reported combined ending fund balances of \$32,751,471. Approximately 36% of this total amount (\$11,762,625) constitutes unassigned fund balance. The remainder of the fund balance (\$20,988,846) is reserved to indicate that is not available for new spending because it has already been committed to pay for encumbrances or debt service or to provide for other items. Refer to page 30 of this report for a more detailed presentation of governmental fund balances.

In the General Fund, the City's original budgeted revenues exceeded expenditures by \$15,573. While there was a budget adjustment in Fiscal Year 2012, the expense was offset by additional revenues; the final budgeted decrease in fund balance was \$984,427. The actual increase to fund balance for the General Fund was \$1,776,504 for fiscal year 2012, primarily due to greater than anticipated revenues from sales taxes, franchise taxes, building permits and reductions to overall departmental expenditures.

**Proprietary funds** – The City's proprietary fund statements beginning on page 36 of this report provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the respective major proprietary funds are Water and Wastewater (\$11,042,613), and Drainage Utility (\$1,289,625). The Water and Wastewater fund experienced an increase in total net assets of \$865,334 during Fiscal Year 2012 due to increased water sales caused by the extreme drought and summer weather conditions. The Drainage Utility fund's net assets increased by \$196,688, due to increased service charge revenue and reductions to expenditures.

**Governmental Activities** – There was a slight decrease in revenues comes from the Charges for Services category, primarily due to the City receiving a one-time signing bonus of over \$.7 million for a gas lease on City-owned property in FY 2011 which did not recur in FY 2012. Revenue increases came primarily from an increase in both license and permit revenues due to an increase in the issuance of residential building permits and an increase in sales tax collections due to improving economic conditions. The property tax base decreased approximately \$2.5 million, due to the revaluation of property, however the current year tax collection rate was over 99.37% of the levy.

There was a two percent one-time lump sum salary payment to employees included in the Fiscal Year 2012 budget, funded primarily from the cost decrease in health insurance premiums. Additionally, there was the addition of one police officer and two firefighters and the elimination of a building clerk position. The City's computer and communications infrastructure were upgraded by the city-wide replacement of the phone system and the centralized virtual environment in a computer data center. The General Fund continued funding in the amount of \$1 million in the Street department for the street overlay budget, which will overlay approximately five miles of city streets.

**Business-type Activities** – The City has two enterprise operations, the Water and Wastewater Fund and the Drainage Utility Fund. Total operating revenues of the Water and Sewer fund were \$14,034,600 for the fiscal year. Water sales decreased due to the extreme drought and record setting days in excess of 100 degrees in the summer of 2011, which occurred in FY 2011. A slight offset to the decrease in

revenue due to lower usage is from a rate increase in December 2011, which passed through a rate increase from the Trinity River Authority, the City's provider of treated water. Wastewater sales increased primarily due to higher residential usage during the winter usage period, which sets residential wastewater charges due to the frequency of irrigation that occurs during the summer months and the pass through of the rate increase from Trinity River Authority, who also treats the City's wastewater. The coverage ratio for debt for this fund was 3.40 for the fiscal year, exclusive of transfers. The slight increase in the Drainage Utility Fund's revenues was due to new residential and commercial construction.

Increases in the Water and Wastewater Fund expenses relate to the increase in cost of purchased water and treatment of wastewater from Trinity River Authority. The Authority's rate increase relates to higher cost for electricity, debt issuance for plant expansion and rehabilitation of aging infrastructure, replacement of system-wide aging infrastructure and compliance with federal water and wastewater mandates.

**General Fund Budgetary Highlights** – The City made revisions to the original appropriations approved by the City Council. Overall, these changes resulted in an increase from the original budget of \$1,100,000. The budget amendment was for the funding in the amount of \$200,000 for an update to the Master Plan, \$300,000 to fund City facility maintenance and repairs, and \$600,000 for a transfer to capital projects for the funding of future street rehabilitation projects. Also, included in the budget amendment was the transfer of unspent street resurfacing appropriations to the Capital Projects fund for future street projects. The increases to the original budget were offset by the receipt of higher than anticipated sales tax and permit revenues.

The General Fund's overall budgeted revenue increased by \$582,492. Major increases were in property taxes due to the declining allocation of the rate to repayment of debt and an increase in sales tax revenue due to improving economic conditions. Also, revenue increases were derived from the increase in the transfer from the Utility Fund for the administrative and franchise that is based upon prior year's operating revenues due to the extreme drought condition in Fiscal Year 2011.

Refer to the General Fund Statement of Revenue, Expenditures and Changes in Fund Balances – Budget and Actual on page 35 of this report for a detailed presentation of the actual General Fund operations compared to both the original and final budget for fiscal year 2011.

## **CAPITAL ASSETS**

The City of Colleyville's investment in capital assets for its governmental and business-type activities as of September 30, 2012, amounts to \$145,340,034 (net of accumulated depreciation). This investment in capital assets includes land, building, equipment, improvements other than buildings, infrastructure, and construction work in progress. Major capital asset events occurring during the current fiscal year included the following:

- Capitalized approximately \$.7 million in park improvements with the completion of the Phase II of the Cotton Belt Trail;
- Capitalized approximately \$.25 million in street improvements and contributions; and
- Capitalized approximately \$.6 million in water and wastewater system projects and contributions including the new water lines on State Highway 26 and the renewal of waterlines in the Shadowwood and Woodland Hills neighborhood.

## CITY OF COLLEYVILLE'S CAPITAL ASSETS AT YEAR-END

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Land	\$ 9,293,654	\$ 9,293,654	\$ 313,057	\$ 313,057	\$ 9,606,711	\$ 9,606,711
Buildings and improvements	45,603,909	44,880,314	53,922	53,922	45,657,831	44,934,236
Equipment	10,225,015	9,390,361	1,509,282	1,595,394	11,734,297	10,985,755
Infrastructure/water distribution sewer collection	77,197,694	76,959,884	69,054,295	68,457,511	146,251,989	145,417,395
Construction in progress	1,741,624	1,178,455	512,948	718,330	2,254,572	1,896,785
Less: accumulated depreciation	( 41,252,135)	( 37,829,292)	( 28,913,231)	( 27,163,266)	( 70,165,366)	( 64,992,558)
Total capital assets	<u>\$ 102,809,761</u>	<u>\$ 103,873,376</u>	<u>\$ 42,530,273</u>	<u>\$ 43,974,948</u>	<u>\$ 145,340,034</u>	<u>\$ 147,848,324</u>

Additional information on the City's capital assets can be found in Note 4, pages 55 – 57 of this report.

## DEBT ADMINISTRATION

At the end of the current fiscal year, the City of Colleyville had total bonded debt, notes payable and capital lease obligations of \$23,833,852. Of this amount, \$9,975,000 represents bonded debt backed by the full faith and credit of the government, \$7,954,732 represents bonds secured by sales tax revenues, \$2,850,000 represents bonds secured solely by water and sewer revenues, and \$1,345,000 represents bonds secured solely by drainage utility system revenues. The City's capitalized lease obligations of \$1,709,120 pertain to the prior year lease purchase of a fire pumper truck and mid-mount aerial platform fire apparatus. In FY 2012, there was an additional lease purchase, in the amount of \$894,534, entered into for the upgrade of the City's trunked radio system tower and equipment to the federally mandated digital public safety communications system standard.

### OUTSTANDING DEBT AT YEAR-END BONDS, NOTES AND CAPITALIZED LEASE OBLIGATIONS PAYABLE

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
General obligation bonds and certificates of obligation	\$ 9,975,000	\$ 11,510,000	\$ -	\$ -	\$ 9,975,000	\$ 11,510,000
Sales tax revenue bonds	7,954,732	8,271,278	-	-	7,954,732	8,271,278
Revenue bonds payable	-	-	4,195,000	5,150,000	4,195,000	5,150,000
Capitalized lease obligations	<u>1,709,120</u>	<u>972,170</u>	<u>-</u>	<u>-</u>	<u>1,709,120</u>	<u>972,170</u>
	<u>\$ 19,638,852</u>	<u>\$ 20,753,448</u>	<u>\$ 4,195,000</u>	<u>\$ 5,150,000</u>	<u>\$ 23,833,852</u>	<u>\$ 25,903,448</u>

The City's General Obligation, Tax and Water Works and Sewer System Certificates of Obligation, and Water Works and Sewer System Revenue Bond ratings are listed below.

	<u>Fitch ICBA</u>	<u>Standard &amp; Poor's</u>
General Obligation Bonds	AAA	AAA
Water Revenue Bonds	AAA	AA+

During Fiscal Year 2012, the City retained its existing bond ratings during the biannual ratings surveillance process conducted by the rating agencies. Most of the City's Bonds are insured, thus holding a AAA credit rating from both Fitch Ratings and Standard & Poor's. Additional information on the City of Colleyville's long term-debt can be found in footnote 4 on pages 58 – 63 of this report.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The General Fund budget including transfers in for Fiscal Year 2013 is based on a projected revenue increase of 10.7% as compared to the Fiscal Year 2012 budget. There is a 3.6% increase projected in General Fund property tax revenue, due to a declining portion of the tax rate committed to debt service repayment increasing the amount allocated to the General Fund. This is the largest revenue source and comprises 57% of General Fund revenues. The total tax rate for Fiscal Year 2013 is \$.3559, which is unchanged since Fiscal Year 2008. Approximately 14% of General Fund revenues are sales taxes, budgeted at a 3.8% increase over the Fiscal Year 2012 budget, due to improving economic conditions. Another revenue increase (\$130,391) is in the area of licenses and permits due to the increase in residential building permit issuance. There is a utilization of \$1,000,000 surplus fund balance in the adopted Fiscal Year 2013 General Fund budget for the over \$1.4 million increase in the street rehabilitation budget. Additionally, there is a utilization of \$450,000 of fund balance in the adopted Fiscal Year 2013 Debt Service budget for the first year lease payment on the radio tower and equipment due to the current level of existing fund balance.

There is a \$1,280 one-time lump sum salary payment to employees included in the Fiscal Year 2013 budget, funded in part from the cost decrease in health insurance premiums. Additionally, there was the addition of one police officer, two positions in the Municipal Court due to the regionalization of Municipal Court with the bordering City of Keller, addition of a Systems Administrator in the Information Systems Management Department. The level of funding for street maintenance and rehabilitation was increased from \$1 million to over \$2.4 million to address needs on the City's streets.

Slight revenue growth in the Water and Wastewater Fund will come from additional residential and commercial customers. There was an in-house water and wastewater rate study update completed in Fiscal Year 2012 that reviewed tiered rate options for increasing cost for increased usage by tier and incorporated passing through projected Trinity River Authority (TRA) rate increases to maintain the financial stability of the Water and Wastewater Fund in future years. In September 2012, City Council adopted the tiered water rates to encourage conservation, and those rates became effective December 1, 2012.

## **REQUEST FOR INFORMATION**

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact Terry Leake, Assistant City Manager / Chief Financial Officer, at 100 Main Street, Colleyville, Texas 76034, or call (817) 503-1115.

# **BASIC FINANCIAL STATEMENTS**

# CITY OF COLLEYVILLE, TEXAS

## STATEMENT OF NET ASSETS

SEPTEMBER 30, 2012

	Governmental Activities	Business-type Activities
<b>ASSETS</b>		
Cash and equivalents	\$ 17,759,089	\$ 7,531,008
Investments	14,961,647	3,879,079
Receivables (net of allowances for uncollectibles of \$341,247)		
Accounts	64,481	2,397,933
Property taxes	228,806	-
Due from other governments	1,012,815	-
Prepaid expenses	131,043	-
Other assets	-	108,778
Inventories	1,621	137,618
Deferred charges	190,574	-
Accrued interest	19,517	4,594
Capital assets:		
Land	9,293,654	313,057
Buildings and improvements	45,603,909	53,922
Equipment	10,225,015	1,509,282
Infrastructure/water distribution/sewer collection	77,197,694	69,054,295
Construction in progress	1,741,624	512,948
Less: accumulated depreciation	( 41,252,135)	( 28,913,231)
Total capital assets	102,809,761	42,530,273
Total assets	137,179,354	56,589,283
<b>LIABILITIES</b>		
Accounts payable	531,405	1,021,891
Accrued liabilities	350,656	53,531
Unearned revenues	976	-
Accrued interest payable	119,060	25,798
Advances from developers	193,105	73,396
Escrow funds	-	26,613
Customer deposits	68,147	434,574
Noncurrent liabilities:		
Due within one year	2,353,335	993,194
Due in more than one year	17,976,515	3,232,340
Total liabilities	21,593,199	5,861,337
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	83,211,988	38,395,708
Restricted:		
Debt service	1,159,092	-
Court security and technology	91,637	-
Grant programs	21,116	-
Leisure services	207,736	-
Economic development	1,998,845	-
Streets and drainage	8,192,568	-
Police	1,143,454	-
Unrestricted	19,559,719	12,332,238
Total net assets	\$ 115,586,155	\$ 50,727,946

**The accompanying notes are an integral part of these financial statements.**

<u>Total</u>	<u>Component Units</u>
\$ 25,290,097	\$ 14,289,331
18,840,726	888,750
2,462,414	-
228,806	-
1,012,815	-
131,043	-
108,778	-
139,239	-
190,574	83,767
24,111	1,137
9,606,711	1,800,940
45,657,831	-
11,734,297	-
146,251,989	4,551,672
2,254,572	-
( 70,165,366)	( 144,075)
<u>145,340,034</u>	<u>6,208,537</u>
<u>193,768,637</u>	<u>21,471,522</u>
1,553,296	112,940
404,187	-
976	-
144,858	18,131
266,501	-
26,613	-
502,721	-
3,346,529	540,000
<u>21,208,855</u>	<u>4,335,260</u>
<u>27,454,536</u>	<u>5,006,331</u>
121,607,696	1,333,277
1,159,092	-
91,637	-
21,116	-
207,736	-
1,998,845	-
8,192,568	-
1,143,454	-
<u>31,891,957</u>	<u>15,131,914</u>
<u>\$ 166,314,101</u>	<u>\$ 16,465,191</u>

**CITY OF COLLEYVILLE, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government</b>				
Governmental activities:				
General government	\$ 3,125,214	\$ 28,408	\$ 2,263	\$ -
Community development	1,397,839	1,146,518	-	-
Fire and rescue	4,321,929	335,307	10,562	-
Leisure services	4,124,619	520,433	375,402	16,668
Maintenance	400,306	-	-	-
Municipal court	319,445	1,015,804	-	-
Police	4,579,570	81,056	98,642	-
Streets and drainage	3,073,530	338,845	3,200	364,640
Interest on long-term debt	780,029	-	-	-
Total governmental activities	<u>22,122,480</u>	<u>3,466,371</u>	<u>490,069</u>	<u>381,308</u>
Business-type activities:				
Water and wastewater	12,258,587	14,034,600	-	169,464
Drainage	723,994	918,323	-	-
Total business-type activities	<u>12,982,581</u>	<u>14,952,923</u>	<u>-</u>	<u>169,464</u>
Total primary government	<u>\$ 35,105,061</u>	<u>\$ 18,419,294</u>	<u>\$ 490,069</u>	<u>\$ 550,772</u>
<b>Component unit</b>				
Tax increment financing	\$ 236,992	\$ -	\$ -	\$ -
Total component unit	<u>\$ 236,992</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**General revenues:**

Taxes:
Property taxes, levied for general purposes
Property taxes, levied for debt service
TIF taxes
Sales taxes
Franchise taxes
Other taxes
Investment earnings
Miscellaneous
Gain on sale of capital assets
Transfers
Total general revenues and transfers
Change in net assets
Net assets - beginning
Net assets - ending

**The accompanying notes are an integral part of these financial statements.**

Net (Expense) Revenue and Changes in Net Assets

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$( 3,094,543)	\$ -	\$( 3,094,543)	\$ -
( 251,321)	-	( 251,321)	-
( 3,976,060)	-	( 3,976,060)	-
( 3,212,116)	-	( 3,212,116)	-
( 400,306)	-	( 400,306)	-
696,359	-	696,359	-
( 4,399,872)	-	( 4,399,872)	-
( 2,366,845)	-	( 2,366,845)	-
( 780,029)	-	( 780,029)	-
( 17,784,732)	-	( 17,784,732)	-
-	1,945,477	1,945,477	-
-	194,329	194,329	-
-	2,139,806	2,139,806	-
( 17,784,732)	2,139,806	( 15,644,926)	-
-	-	-	( 236,992)
-	-	-	( 236,992)
10,766,534	-	10,766,534	-
1,647,923	-	1,647,923	-
-	-	-	4,310,889
5,495,730	-	5,495,730	-
2,207,463	-	2,207,463	-
65,808	-	65,808	-
108,192	4,084	112,276	27,837
74,041	-	74,041	-
147,969	-	147,969	-
1,081,868	( 1,081,868)	-	-
21,595,528	( 1,077,784)	20,517,744	4,338,726
3,810,796	1,062,022	4,872,818	4,101,734
111,775,359	49,665,924	161,441,283	12,363,457
\$ 115,586,155	\$ 50,727,946	\$ 166,314,101	\$ 16,465,191

**CITY OF COLLEYVILLE, TEXAS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2012**

	General	Capital Projects	Debt Service
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,534,467	\$ 5,764,203	\$ 1,238,856
Investments	8,420,044	2,578,466	-
Receivables (net of allowances for uncollectibles)			
Accounts	64,481	-	-
Taxes	190,066	-	38,740
Due from other governments	520,638	10,791	556
Inventories	1,621	-	-
Accrued interest	9,509	4,406	-
Prepaid items	131,043	-	-
Total assets	\$ 13,871,869	\$ 8,357,866	\$ 1,278,152
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 460,896	\$ 33,128	\$ -
Accrued liabilities	341,295	-	-
Deferred revenue	245,495	-	38,740
Advances from developers	47,211	132,170	-
Customer deposits	68,147	-	-
Total liabilities	1,163,044	165,298	38,740
Fund balances:			
Non-spendable:			
Inventories	1,621	-	-
Prepaid items	131,043	-	-
Restricted:			
Streets and drainage	-	8,192,568	-
Debt service	-	-	1,239,412
Court security and technology	-	-	-
Grant programs	-	-	-
Leisure services	-	-	-
Economic development	-	-	-
Police	-	-	-
Committed:			
Strategic incentives	295,198	-	-
Sales tax incentives	518,338	-	-
Leisure services	-	-	-
Capital projects	-	-	-
Assigned:			
Capital projects	-	-	-
Recycling	-	-	-
Leisure services	-	-	-
Unassigned	11,762,625	-	-
Total fund balances	12,708,825	8,192,568	1,239,412
Total liabilities and fund balances	\$ 13,871,869	\$ 8,357,866	\$ 1,278,152

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

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

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

Net assets of governmental activities

**The accompanying notes are an integral part of these financial statements.**

<u>Other Governmental</u>	<u>Total Governmental Funds</u>
\$ 6,221,563	\$ 17,759,089
3,963,137	14,961,647
-	64,481
-	228,806
480,830	1,012,815
-	1,621
5,602	19,517
-	<u>131,043</u>
<u>\$ 10,671,132</u>	<u>\$ 34,179,019</u>
\$ 37,381	\$ 531,405
9,361	350,656
-	284,235
13,724	193,105
-	<u>68,147</u>
<u>60,466</u>	<u>1,427,548</u>
-	1,621
-	131,043
-	8,192,568
-	1,239,412
91,637	91,637
21,116	21,116
207,736	207,736
1,998,845	1,998,845
1,143,454	1,143,454
-	295,198
-	518,338
845,670	845,670
5,347,390	5,347,390
944,957	944,957
1,730	1,730
8,131	8,131
-	<u>11,762,625</u>
<u>10,610,666</u>	<u>32,751,471</u>
<u>\$ 10,671,132</u>	
	102,809,761
	473,833
	<u>( 20,448,910)</u>
	<u>\$ 115,586,155</u>

**CITY OF COLLEYVILLE, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>
<b>REVENUES</b>			
Taxes	\$ 15,942,603	\$ -	\$ 1,654,744
Fees and fines	990,507	-	-
Licenses and permits	1,113,123	-	-
Intergovernmental	-	116,159	-
Charges for services	1,030,439	-	-
Capital improvement fees	-	322,498	-
Donations	-	-	-
Investment earnings	61,626	13,956	2,803
Miscellaneous	67,703	-	6,338
Total revenues	<u>19,206,001</u>	<u>452,613</u>	<u>1,663,885</u>
<b>EXPENDITURES</b>			
Current:			
General government	2,460,764	-	-
Community development and engineering	1,253,068	-	-
Fire and rescue	3,873,140	-	-
Leisure services	2,640,392	-	-
Maintenance	394,830	-	-
Municipal court	249,787	-	-
Police	3,839,766	6,847	-
Streets and drainage	1,150,488	238,482	-
Debt service:			
Principal	-	-	1,692,585
Interest and other charges	-	-	426,006
Capital outlay	<u>1,567,281</u>	<u>286,174</u>	<u>-</u>
Total expenditures	<u>17,429,516</u>	<u>531,503</u>	<u>2,118,591</u>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>			
<b>OVER (UNDER) EXPENDITURES</b>	<u>1,776,485</u>	<u>( 78,890)</u>	<u>( 454,706)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Capital lease	894,534	-	-
Sale of capital assets	147,969	-	-
Transfers in	1,081,868	1,843,352	505,211
Transfers out	<u>( 2,124,352)</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>19</u>	<u>1,843,352</u>	<u>505,211</u>
<b>NET CHANGE IN FUND BALANCES</b>	1,776,504	1,764,462	50,505
<b>FUND BALANCES, BEGINNING</b>	<u>10,932,321</u>	<u>6,428,106</u>	<u>1,188,907</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 12,708,825</u>	<u>\$ 8,192,568</u>	<u>\$ 1,239,412</u>

**The accompanying notes are an integral part of these financial statements.**

<u>Other Governmental</u>	<u>Total Governmental Funds</u>
\$ 2,637,665	\$ 20,235,012
61,392	1,051,899
17,303	1,130,426
7,897	124,056
-	1,030,439
-	322,498
406,789	406,789
32,165	110,550
15,000	89,041
<u>3,178,211</u>	<u>24,500,710</u>
292,693	2,753,457
143,191	1,396,259
15,085	3,888,225
409,516	3,049,908
-	394,830
69,297	319,084
458,097	4,304,710
-	1,388,970
315,000	2,007,585
331,588	757,594
661,660	2,515,115
<u>2,696,127</u>	<u>22,775,737</u>
482,084	1,724,973
-	894,534
-	147,969
463,153	3,893,584
( 687,364)	( 2,811,716)
( 224,211)	2,124,371
257,873	3,849,344
<u>10,352,793</u>	<u>28,902,127</u>
\$ <u>10,610,666</u>	\$ <u>32,751,471</u>

**CITY OF COLLEYVILLE, TEXAS**

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

Amounts reported for governmental activities in the Statement of Activities (pages 28 - 29) are different because:

Net change in fund balances - total governmental funds:	\$ 3,849,344
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	( 1,323,570)
The net effect of transactions involving capital assets is to increase net assets.	259,955
Revenues, in the statement of activities, that do not provide current financial resources, are not reported as revenues in the funds.	( 45,752)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.	1,109,461
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.	<u>( 38,642)</u>
Change in net assets of governmental activities	<u>\$ 3,810,796</u>

**The accompanying notes are an integral part of these financial statements.**

**CITY OF COLLEYVILLE, TEXAS**

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 15,132,335	\$ 15,132,335	\$ 15,942,603	\$ 810,268
License and permits	595,567	595,567	1,113,123	517,556
Fines and forfeitures	890,124	890,124	990,507	100,383
Charges for services	871,413	871,413	1,030,439	159,026
Investment earnings	35,001	35,001	61,626	26,625
Other	45,300	45,300	67,703	22,403
Total revenues	<u>17,569,740</u>	<u>17,569,740</u>	<u>19,206,001</u>	<u>1,636,261</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,621,780	2,621,780	2,460,764	161,016
Community development and engineering	1,284,190	1,284,190	1,253,068	31,122
Fire and rescue	3,894,755	3,894,755	3,873,140	21,615
Leisure services	2,808,744	2,808,744	2,640,392	168,352
Maintenance	432,361	432,361	394,830	37,531
Municipal court	252,014	252,014	249,787	2,227
Police	4,199,748	4,199,748	3,839,766	359,982
Streets and drainage	2,113,942	2,113,942	1,150,488	963,454
Capital outlay	422,962	422,962	1,567,281	( 1,144,319)
Total expenditures	<u>18,030,496</u>	<u>18,030,496</u>	<u>17,429,516</u>	<u>600,980</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 460,756)</u>	<u>( 460,756)</u>	<u>1,776,485</u>	<u>2,237,241</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	901,829	901,829	1,081,868	180,039
Transfers out	( 541,000)	( 1,541,000)	( 2,124,352)	( 583,352)
Sale of capital assets	3,000	3,000	147,969	144,969
Capital lease	-	-	894,534	894,534
Total other financing sources and uses	<u>363,829</u>	<u>( 636,171)</u>	<u>19</u>	<u>636,190</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>( 96,927)</u>	<u>( 1,096,927)</u>	<u>1,776,504</u>	<u>2,873,431</u>
<b>FUND BALANCE, BEGINNING</b>	<u>10,932,321</u>	<u>10,932,321</u>	<u>10,932,321</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 10,835,394</u>	<u>\$ 9,835,394</u>	<u>\$ 12,708,825</u>	<u>\$ 2,873,431</u>

**The notes to the financial statements are an integral part of this statement.**

# CITY OF COLLEYVILLE, TEXAS

## STATEMENT OF NET ASSETS

### PROPRIETARY FUNDS

SEPTEMBER 30, 2012

	Enterprise Funds		
	Water and Wastewater	Drainage Utility	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 6,453,846	\$ 1,077,162	\$ 7,531,008
Investments	3,759,265	119,814	3,879,079
Accounts receivable, net of allowances	2,289,496	108,437	2,397,933
Other assets	84,327	24,451	108,778
Inventories	137,618	-	137,618
Total current assets	<u>12,724,552</u>	<u>1,329,864</u>	<u>14,054,416</u>
Non-current assets:			
Accrued interest receivable	4,495	99	4,594
Capital assets:			
Land and improvements	313,057	-	313,057
Buildings	53,922	-	53,922
Utility system	64,925,931	4,128,364	69,054,295
Equipment and furniture	1,043,707	465,575	1,509,282
Construction in progress	471,456	41,492	512,948
Less accumulated depreciation	( 27,781,140)	( 1,132,091)	( 28,913,231)
Total non-current assets	<u>39,031,428</u>	<u>3,503,439</u>	<u>42,534,867</u>
Total assets	<u>51,755,980</u>	<u>4,833,303</u>	<u>56,589,283</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	1,015,816	6,075	1,021,891
Accrued liabilities	44,637	8,894	53,531
Accrued interest payable	18,019	7,779	25,798
Advances from developers	73,396	-	73,396
Escrow funds	26,613	-	26,613
Customer deposits	434,574	-	434,574
Compensated absences	14,676	3,518	18,194
Revenue bonds payable	765,000	210,000	975,000
Total current liabilities	<u>2,392,731</u>	<u>236,266</u>	<u>2,628,997</u>
Non-current liabilities:			
Compensated absences	58,703	14,072	72,775
Revenue bonds payable	2,031,012	1,128,553	3,159,565
Total non-current liabilities	<u>2,089,715</u>	<u>1,142,625</u>	<u>3,232,340</u>
Total liabilities	<u>4,482,446</u>	<u>1,378,891</u>	<u>5,861,337</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	36,230,921	2,164,787	38,395,708
Restricted for debt service	-	-	-
Unrestricted	11,042,613	1,289,625	12,332,238
Total net assets	<u>\$ 47,273,534</u>	<u>\$ 3,454,412</u>	<u>\$ 50,727,946</u>

**The accompanying notes are an integral part of these financial statements.**

**CITY OF COLLEYVILLE, TEXAS**

**STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS**

**PROPRIETARY FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	Enterprise Funds		
	Water and Wastewater	Drainage Utility	Total
<b>OPERATING REVENUES</b>			
Metered water sales	\$ 10,150,129	\$ -	\$ 10,150,129
Wastewater service charges	2,965,143	-	2,965,143
Drainage service charges	-	904,574	904,574
Other charges and services	865,763	13,749	879,512
Miscellaneous	53,565	-	53,565
Total operating revenues	14,034,600	918,323	14,952,923
<b>OPERATING EXPENSES</b>			
Personnel services	1,577,921	386,186	1,964,107
Maintenance and contractual services	8,625,914	112,162	8,738,076
Materials and supplies	191,682	33,357	225,039
Depreciation and amortization	1,734,865	128,750	1,863,615
Total operating expenses	12,130,382	660,455	12,790,837
<b>OPERATING INCOME</b>	1,904,218	257,868	2,162,086
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest and investment revenues	1,725	2,359	4,084
Interest expense and fiscal charges	( 77,947)	( 51,244)	( 129,191)
Loss on disposal of property	( 50,258)	( 12,295)	( 62,553)
Total non-operating revenues (expenses)	( 126,480)	( 61,180)	( 187,660)
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	1,777,738	196,688	1,974,426
Capital contributions	169,464	-	169,464
Transfers out	( 1,081,868)	-	( 1,081,868)
<b>CHANGE IN NET ASSETS</b>	865,334	196,688	1,062,022
<b>TOTAL NET ASSETS, BEGINNING</b>	46,408,200	3,257,724	49,665,924
<b>TOTAL NET ASSETS, ENDING</b>	\$ 47,273,534	\$ 3,454,412	\$ 50,727,946

The accompanying notes are an integral part of these financial statements.

**CITY OF COLLEYVILLE, TEXAS**

**STATEMENT OF CASH FLOWS**

**PROPRIETARY FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	Enterprise Funds		
	Water and Wastewater	Drainage Utility	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 14,241,059	\$ 917,635	\$ 15,158,694
Cash paid to suppliers for goods and services	( 8,820,161)	( 140,316)	( 8,960,477)
Cash paid to employees for services	( 1,570,936)	( 386,148)	( 1,957,084)
Net cash provided by operating activities	3,849,962	391,171	4,241,133
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers out	( 1,081,868)	-	( 1,081,868)
Net cash used for noncapital financing activities	( 1,081,868)	-	( 1,081,868)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	( 270,752)	-	( 270,752)
Principal paid on debt	( 750,000)	( 205,000)	( 955,000)
Interest paid on debt	( 77,947)	( 51,244)	( 129,191)
Net cash used for capital and related financing activities	( 1,098,699)	( 256,244)	( 1,354,943)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
(Purchase) sale of investments	( 101,485)	( 256)	( 101,741)
Earnings on investments	1,725	2,359	4,084
Net cash provided (used) by investing activities	( 99,760)	2,103	( 97,657)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,569,635	137,030	1,706,665
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	4,884,211	940,132	5,824,343
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	\$ 6,453,846	\$ 1,077,162	\$ 7,531,008

(continued)

**CITY OF COLLEYVILLE, TEXAS**

**STATEMENT OF CASH FLOWS**

**PROPRIETARY FUNDS**

**(Continued)**

**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	Enterprise Funds		
	Water and Wastewater	Drainage Utility	Totals
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income	\$ 1,904,218	\$ 257,868	\$ 2,162,086
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and amortization expense	1,734,865	128,750	1,863,615
Changes in assets and liabilities:			
Decrease (increase) in assets:			
Accounts receivable	199,659	( 688)	198,971
Inventory	( 10,053)	-	( 10,053)
Accrued interest receivable	( 2,760)	( 16)	( 2,776)
Other assets	( 21,172)	-	( 21,172)
Increase (decrease) in liabilities:			
Accounts payable	36,888	4,164	41,052
Accrued liabilities	5,556	( 1,743)	3,813
Compensated absences payable	1,429	1,781	3,210
Customer deposits	6,800	-	6,800
Accrued interest payable	( 5,468)	1,055	( 4,413)
Net cash provided by operations	<u>\$ 3,849,962</u>	<u>\$ 391,171</u>	<u>\$ 4,241,133</u>
Noncash investing, capital, and financing activities:			
Contributions of capital assets	\$ 169,464	\$ -	\$ 169,464

**The notes to the financial statements are an integral part of this statement.**

**CITY OF COLLEYVILLE, TEXAS**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2012**

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ <u>23,904</u>
Total assets	\$ <u><u>23,904</u></u>
<b>LIABILITIES</b>	
Due to other agencies and individuals	\$ <u>23,904</u>
Total liabilities	\$ <u><u>23,904</u></u>

**The accompanying notes are an integral part of these financial statements.**

# CITY OF COLLEYVILLE, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Colleyville Home Rule Charter was adopted by the voters at an election held on January 15, 1977. The City operates under a Council-Manager form of government.

The accounting policies of the City of Colleyville, Texas (the "City") conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant of such policies:

#### A. Reporting Entity

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each directly presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government. Each blended component unit has a September 30 year-end.

Blended Component Unit – The Colleyville Economic Development Corporation (CEDC) was incorporated on September 3, 1996, as a nonprofit industrial development corporation under the Development Corporation Act of 1979 ("Act"). The CEDC operates under a seven (7) member Board of Directors appointed by the City Council. Each of the directors shall be a resident of the City. The Corporation is organized exclusively for the purposes of benefiting and accomplishing public purposes of and to act on behalf of, the City, and the specific purposes for which the Corporation is organized. This includes municipal park improvements, the purchase of land and improvements for additional neighborhood parks, the construction of a community center and library. Although it is legally separate from the City, the CEDC is reported as if it were part of the primary government, because CEDC is financing public improvements and the City is the primary beneficiary of the services provided.

(continued)

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### A. Reporting Entity (Continued)

Blended Component Unit – Colleyville Crime Control and Prevention District (the District) was formed under Chapter 363 of the Texas Local Government Code, the Crime Control and Prevention District Act. The District is organized to act on behalf of the City for financing, development of crime control throughout the City. The District is governed by a seven-member board consisting of all members of the City Council. The District is reported as a part of the primary government because it provides services entirely for the City.

Discretely Presented Component Unit – Colleyville Tax Increment Financing Reinvestment Zone Number One (the TIF) was formed to make public improvements, under the authority of the Tax Increment Financing Act. The TIF is governed by a nine-member board consisting of five members appointed by the City Council and one member each appointed by the four other participating taxing entities. The primary government appoints a voting majority of the unit's governing body and the City has a potential economic benefit from this unit. Therefore, the TIF is presented in the accompanying financial statements as a discretely presented component unit. Complete financial statements for the TIF may be obtained from the City of Colleyville Finance Department, 100 Main Street, Colleyville, Texas 76034.

### B. Government-wide Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the 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 revenue, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenue* includes 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 function or segment. Taxes and other items not properly included among program revenue are reported instead as *general revenue*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

(continued)

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 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 and fiduciary fund financial statements, except for Agency Funds, which have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue 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* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

### **GOVERNMENTAL FUNDS**

**Governmental Funds** are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related liabilities (except those accounted for in the proprietary fund type) are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following are the City's governmental fund types:

The City reports the following major governmental funds:

The **General Fund** – is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

The **Debt Service Fund** – is used to account for the acquisition of resources for, and the payment of, general long-term debt principal and interest, and related costs.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

*GOVERNMENTAL FUNDS* (Continued)

The Capital Projects Fund – is used to account for financial resources to be used for the acquisition or construction of general major capital facilities. Financing is provided primarily by the sale of general obligation bonds and developer contributions.

Additionally, the City also reports the following fund type:

The Special Revenue Fund – accounts for the revenues and expenditures associated with a special project or purpose.

*PROPRIETARY FUNDS*

*Proprietary Funds* are used to account for activities that are similar to those often found in the private sector. The measurement focus is upon determination of net income and capital maintenance.

The City reports the following major proprietary funds:

The Water and Wastewater Fund – is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. This fund is used to account for water and wastewater operations.

The Drainage Utility Fund – is used to account for the establishment and maintenance of drainage facilities within the municipal boundaries of the City. All activities necessary to provide such facilities are accounted for in this fund, included but not limited to, administration, operations, maintenance, billing and collections.

(continued)

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

#### *FIDUCIARY FUNDS*

Agency Fund – *Fiduciary Funds* are used to account for assets held by the City in a trustee capacity or as an agent on behalf of others. Agency funds are custodial in nature and do not present results of operations or have a measurement focus. The City has two agency funds: Employee Activity and the Sesquicentennial Fund. These funds are held for the benefit of City employees and to benefit the City's historical purposes.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and Enterprise Funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and wastewater function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

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 as program revenue. Likewise, general revenue includes all taxes.

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

### D. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Enterprise Fund considers all highly liquid investments (investments with original maturities less than 90 days, including restricted assets) to be cash equivalents.

(continued)

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### E. Investments

In accordance with GASB Statement No. 31, the City's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments, which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes.

### F. Receivables and Payables

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 30 days comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to one percent of outstanding property taxes at September 30, 2012.

Property taxes are levied on October 1 and attach as an enforceable lien on property as of January 1. Statements are mailed on October 1, or as soon thereafter as possible, and are due upon receipt. All unpaid taxes become delinquent if not paid before February 1 of the following year.

### G. Inventories

Inventories in the Enterprise Fund are valued at cost (first-in, first-out method).

### H. Capital Assets

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

(continued)

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### H. Capital Assets (Continued)

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	15 - 50
Improvements	20 - 50
Equipment	5 - 10
Infrastructure (streets and drainage)	50
Water distribution/sewer collection	5 - 40

### I. Other Assets – Enterprise Fund

Other assets consist of expenses incurred in connection with the issuance of certain outstanding revenue bonds. Such charges are amortized on a straight-line basis over the lives of the bonds.

### J. Compensated Absences

City employees are granted vacation and sick pay in varying amounts. In the event of termination, an employee is paid for all accumulated, unused vacation. Vacation pay is accrued as it vests to the employee. Sick pay is recorded when paid or upon retirement when a maximum of 90 days is paid. The accrued sick pay is not recorded, as the City's policy is not to compensate employees upon separation of services with the City, except for retirement, and such amounts are not considered material. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

### K. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

In the fund financial statements, the face amount of debt issued is reported as other financing sources for the governmental fund types.

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as an other financing source. Issuance costs, even if withheld from the actual net proceeds received, are reported as expenditures. For proprietary fund types, bond premiums and discounts, as well as issuance costs, are charged to current operations rather than being deferred and amortized due to the relatively immaterial effect on the basic financial statements taken as a whole.

**(continued)**

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### L. Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by board resolution of the City Council, the City's highest level of decision making authority. These amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City's Assistant City Manager/Chief Financial Officer.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

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

### M. Minimum Unassigned Fund Balance

It is the goal of the City to achieve and maintain an unassigned fund balance in the General Fund equal to three months of that year's budgeted expenditures for both the General and Utility Funds. The City Council may declare a fiscal emergency and withdraw any amount of the unassigned General and Utility Funds' balances for purposes of addressing the fiscal emergency. Any such action must also provide for necessary appropriations to restore the designated fund balance to the balance within a three-year period.

(continued)

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**N. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**O. Estimates**

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

**P. Risk Management**

Insurance coverage for property, liability and workers' compensation is provided by the Texas Municipal League Intergovernmental Risk Pool, a state insurance pool. Contributions to the Risk Pool for workers' compensation are based on the City's past claims history. The Risk Pool is self-sustaining through members' contributions and maintains insurance to limit risk of loss with an external insurance company. Settlement claims have not exceeded aggregate limits in the past three fiscal years.

2. **RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets**

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains, "Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this \$(20,448,910) difference are as follows:

Bonds payable	\$( 17,888,653)
Capital leases payable	( 1,709,120)
Accrued interest payable	( 119,060)
Compensated absences	<u>( 732,077)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$( 20,448,910)</u>

(continued)

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS  
(Continued)

**Explanation of Certain Differences Between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities**

The governmental fund statement of revenue, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental fund* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$(1,323,570) difference are as follows:

Capital outlay	\$ 2,515,115
Depreciation expense	<u>( 3,838,685)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ ( 1,323,570)</u>

Another element of that reconciliation states, “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this \$(45,752) difference are as follows:

Property taxes	\$( 51,554)
Ambulance revenue	6,536
Adjudicated fines	<u>( 734)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$( 45,752)</u>

Another element of that reconciliation states, “The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.” Neither transaction, however, has any effect on net assets. The details of this \$1,109,461 difference are as follows:

Principal payments and refundings	\$ 2,003,995
Issuance of debt	<u>( 894,534)</u>
Net adjustment to reduce <i>fund balance -total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$ 1,109,461</u>

Another element of that reconciliation states, “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.” The details of this \$(38,642) difference are as follows:

Compensated absences	\$( 19,797)
Accrued interest	12,916
Deferred charges	<u>( 31,761)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$( 38,642)</u>

### **3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

#### **A. Budgetary Information**

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

- (1) Prior to September 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- (2) Public hearings are conducted to obtain taxpayer comments.
- (3) Prior to September 30, the budget is legally enacted through passage of an ordinance.
- (4) The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
- (5) Formal budgetary integration is employed as a management control device during the year for the General, Debt Service, and Enterprise Funds. Budgetary control is maintained at the fund level.

Internal budgets are prepared and reviewed by the City Council for expenditures of Special Revenue Funds. These budgeted expenditures are not formally adopted by the City Council. No budgets were prepared for revenue of these funds for the year ended September 30, 2012.

- (6) Budgets for the General and the Debt Service Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Formal budgeted amounts are as amended by the City Council for the General, Debt Service and Enterprise Funds.
- (7) Budgetary data for the Capital Projects Fund has not been presented in the accompanying basic financial statements, as such funds are budgeted over the life of the respective project and not on an annual basis. Accordingly, formal budgetary integration of the Capital Projects Fund is not employed and comparison of actual results of operations to budgetary data for such fund is not presented.
- (8) Budgetary data for the Enterprise and Drainage Utility Funds has not been presented since the reporting on such budgets is not legally required.

#### **Expenditures Over Appropriations**

General Fund expenditures in the capital outlay function exceeded appropriations by \$1,144,319. This overage was funded by under spending in other functions.

#### 4. DETAILED NOTES ON ALL FUNDS

##### Deposits and Investments

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
LOGIC	\$ 23,768,758	48
U. S. Treasuries and Agencies	<u>19,718,651</u>	368
Total fair value	<u>\$ 43,487,409</u>	

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U. S. Treasury, certain U. S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

The City's investment pools are 2a7-like pools. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

**Interest Rate Risk.** In accordance with its investment policy, the government manages its exposure to declines in fair market values by limiting the average dollar weighted maturity of its investment portfolios to a maximum of 540 days.

(continued)

4. **DETAILED NOTES ON ALL FUNDS** (Continued)

**Deposits and Investments** (Continued)

**Custodial Credit Risk.** In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. As of September 30, 2012, the City’s entire \$12,395,786 deposit balance was covered by FDIC insurance.

**Credit Risk.** It is the City’s policy to limit its investments to investment types with an investment quality rating not less than A or its equivalent by a nationally recognized statistical rating organization. The City’s investment pools are rated as follows by Standard & Poor’s Investors Service.

LOGIC	AAAm
U. S. Treasuries and Agencies	AA+

**Receivables**

Receivables as of year-end for the government’s individual major funds, nonmajor funds and enterprise funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds				Enterprise Funds		Total
	General	Capital Projects	Debt Service	Nonmajor Funds	Water and Wastewater	Drainage Utility	
Receivables:							
Accounts	\$ 416,005	\$ -	\$ -	\$ -	\$ 2,324,124	\$ 108,437	\$ 2,848,566
Taxes	190,066	-	38,740	-	-	-	228,806
Due from other governments	520,638	10,791	556	480,830	-	-	1,012,815
Accrued interest	9,509	4,406	-	5,602	4,495	99	24,111
Gross receivables	1,136,218	15,197	39,296	486,432	2,328,619	108,536	4,114,298
Less: allowance for uncollectibles	( 351,524)	-	-	-	( 34,628)	-	( 386,152)
Net total receivables	\$ 784,694	\$ 15,197	\$ 39,296	\$ 486,432	\$ 2,293,991	\$ 108,536	\$ 3,728,146

(continued)

**4. DETAILED NOTES ON ALL FUNDS (Continued)**

**Receivables** (Continued)

Governmental funds report *deferred revenue* in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
General fund		
Delinquent property taxes receivable	\$ 190,066	\$ -
Ambulance charges for services	40,104	-
Municipal court fines	14,349	-
Other	<u>-</u>	<u>976</u>
Total general fund	<u>244,519</u>	<u>976</u>
Debt service fund		
Delinquent property taxes receivable	<u>38,740</u>	<u>-</u>
Total debt service fund	<u>38,740</u>	<u>-</u>
Total governmental funds	<u>\$ 283,259</u>	<u>\$ 976</u>

The City’s property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real property and certain personal property located in the City. Tax liens attach as of January 1. The assessed value, net of exemptions, upon which the fiscal 2012 levy was based, was \$3,730,446,941.

Property taxes are limited by the Texas constitution to \$2.50 per \$100 of assessed valuation and by City Charter to \$1.50 per \$100 valuation. Also, the tax rate set per budget year shall not result in property tax revenue increase greater than seven percent of the total property tax revenue collected in the preceding budget year, adjusted for new construction, unless authorized by the voters of the City at a special election. The combined tax rate to finance general governmental service and debt service for the year ended September 30, 2012, was \$.3559 per \$100 of assessed valuation.

Taxes are due by January 31 following the levy date. Tax collections, including related penalties and interest, was \$12,466,011 for the year ended September 30, 2012. Property taxes receivable at September 30, 2012, were \$228,806.

The appraisal of property within the City is the responsibility of a countywide appraisal district as required by legislation passed by the Texas Legislature. The appraisal district is required under such legislation to assess all property within the appraisal district on the basis of 100% of its appraised value and is prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every three years; however, the City may, at its own expense, require annual reviews of appraised values. The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action.

(continued)

**4. DETAILED NOTES ON ALL FUNDS (Continued)**

**Capital Assets**

Capital asset activity for the year ended September 30, 2012, was as follows:

**Primary Government**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 9,293,654	\$ -	\$ -	\$ 9,293,654
Construction in progress	<u>1,178,455</u>	<u>1,275,384</u>	<u>( 712,215)</u>	<u>1,741,624</u>
Total assets not being depreciated	<u>10,472,109</u>	<u>1,275,384</u>	<u>( 712,215)</u>	<u>11,035,278</u>
Capital assets, being depreciated:				
Buildings and improvements	44,880,314	723,595	-	45,603,909
Machinery and equipment	9,390,361	1,250,496	( 415,842)	10,225,015
Infrastructure	<u>76,959,884</u>	<u>237,810</u>	<u>-</u>	<u>77,197,694</u>
Total capital assets being depreciated	<u>131,230,559</u>	<u>2,211,901</u>	<u>( 415,842)</u>	<u>133,026,618</u>
Less accumulated depreciation:				
Buildings and improvements	( 11,571,600)	( 1,448,200)	-	( 13,019,800)
Machinery and equipment	( 6,630,979)	( 845,931)	415,842	( 7,061,068)
Improvements other than buildings	<u>( 19,626,713)</u>	<u>( 1,544,554)</u>	<u>-</u>	<u>( 21,171,267)</u>
Total accumulated depreciation	<u>( 37,829,292)</u>	<u>( 3,838,685)</u>	<u>415,842</u>	<u>( 41,252,135)</u>
Total capital assets being depreciated, net	<u>93,401,267</u>	<u>( 1,626,784)</u>	<u>-</u>	<u>91,774,483</u>
Governmental activities capital assets, net	<u>\$ 103,873,376</u>	<u>\$ ( 351,400)</u>	<u>\$ ( 712,215)</u>	<u>\$ 102,809,761</u>

**(continued)**

#### 4. DETAILED NOTES ON ALL FUNDS (Continued)

##### Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 313,057	\$ -	\$ -	\$ 313,057
Construction in progress	718,330	62,017	( 267,399)	512,948
Total assets not being depreciated	<u>1,031,387</u>	<u>62,017</u>	<u>( 267,399)</u>	<u>826,005</u>
Capital assets, being depreciated:				
Buildings and improvements	53,922	-	-	53,922
Machinery and equipment	1,595,394	48,812	( 134,924)	1,509,282
Improvements other than buildings	<u>68,457,511</u>	<u>596,784</u>	<u>-</u>	<u>69,054,295</u>
Total capital assets being depreciated	<u>70,106,827</u>	<u>645,596</u>	<u>( 134,924)</u>	<u>70,617,499</u>
Less accumulated depreciation:				
Buildings and improvements	( 47,706)	( 622)	-	( 48,328)
Machinery and equipment	( 2,415,862)	( 97,613)	72,371	( 2,441,104)
Improvements other than buildings	<u>( 24,699,698)</u>	<u>( 1,724,101)</u>	<u>-</u>	<u>( 26,423,799)</u>
Total accumulated depreciation	<u>( 27,163,266)</u>	<u>( 1,822,336)</u>	<u>72,371</u>	<u>( 28,913,231)</u>
Total capital assets being depreciated, net	<u>42,943,561</u>	<u>( 1,176,740)</u>	<u>( 62,553)</u>	<u>41,704,268</u>
Business-type activities capital assets, net	<u>\$ 43,974,948</u>	<u>\$( 1,114,723)</u>	<u>\$( 329,952)</u>	<u>\$ 42,530,273</u>
<b>Component unit:</b>				
Capital assets, not being depreciated:				
Infrastructure	<u>\$ 4,453,810</u>	<u>\$ 97,862</u>	<u>\$ -</u>	<u>\$ 4,551,672</u>
Total assets not being depreciated	<u>4,453,810</u>	<u>97,862</u>	<u>-</u>	<u>4,551,672</u>
Capital assets, being depreciated:				
Improvements other than buildings	<u>\$ 1,800,940</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,800,940</u>
Total capital assets being depreciated	<u>1,800,940</u>	<u>-</u>	<u>-</u>	<u>1,800,940</u>
Less accumulated depreciation:				
Improvements other than buildings	<u>\$( 108,057)</u>	<u>\$( 36,018)</u>	<u>\$ -</u>	<u>\$( 144,075)</u>
Total accumulated depreciation	<u>( 108,057)</u>	<u>( 36,018)</u>	<u>-</u>	<u>( 144,075)</u>
Total capital assets being depreciated, net	<u>1,692,883</u>	<u>( 36,018)</u>	<u>-</u>	<u>1,656,865</u>
Component unit capital assets, net	<u>\$ 6,146,693</u>	<u>\$ 61,844</u>	<u>\$ -</u>	<u>\$ 6,208,537</u>

(continued)

**4. DETAILED NOTES ON ALL FUNDS (Continued)**

**Capital Assets** (Continued)

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

Governmental activities:	
General government	\$ 380,115
Fire and rescue	429,304
Leisure services	1,071,260
Maintenance	5,029
Police	269,989
Streets and drainage	<u>1,682,988</u>
Total depreciation expense - governmental activities	<u>\$ 3,838,685</u>
Business-type activities:	
Water and wastewater	\$ 1,697,816
Drainage utility	<u>124,520</u>
Total depreciation expense - business-type activities	<u>\$ 1,822,336</u>

**Construction Commitments**

The government has active construction projects as of September 30, 2012. The major projects are listed as follows:

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
John McCain/Pleasant Run intersection improvements	<u>\$ 232,127</u>	<u>\$ 741,590</u>
Total	<u>\$ 232,127</u>	<u>\$ 741,590</u>

**Interfund Transfers**

The composition of interfund balances as of September 30, 2012, is as follows:

**Interfund Transfers**

	<u>Transfer In</u>				<u>Total</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Nonmajor Government Funds</u>	
Transfer Out:					
General	\$ -	\$ 1,843,352	\$ -	\$ 281,000	\$ 2,124,352
Nonmajor governmental	-	-	505,211	182,153	687,364
Water and wastewater	<u>1,081,868</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,081,868</u>
Total Transfers Out	<u>\$ 1,081,868</u>	<u>\$ 1,843,352</u>	<u>\$ 505,211</u>	<u>\$ 463,153</u>	<u>\$ 3,893,584</u>

(continued)

**4. DETAILED NOTES ON ALL FUNDS (Continued)**

**Interfund Transfers** (Continued)

The transfer of \$1,081,868 from the Utility Fund to the General Fund represents the 2012 Administrative transfer and the franchise fee based on gross water and wastewater revenue of the prior year's audited financial statements. The transfer of \$2,124,352 from the General Fund to the Capital Projects and nonmajor governmental funds represents transfers for capital replacement. The transfer of \$505,211 from the Crime District to the Debt Service Fund is for the repayment of debt. All principal and interest is paid from the Debt Service Fund's bank account.

**Long-term Liabilities**

**General Obligation Bonds**

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. The original amount of general obligation bonds issued in prior years was \$34,030,000.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	3.64% - 4.2%	\$ <u>17,905,000</u>
		\$ <u><u>17,905,000</u></u>

(continued)

4. **DETAILED NOTES ON ALL FUNDS** (Continued)

**Long-term Liabilities** (Continued)

**General Obligation Bonds** (Continued)

Long-term liability activity for the year ended September 30, 2012, was as follows:

	Balance September 30, 2011	Additions	Retirements	Balance September 30, 2012	Amounts Due Within One Year
<b><u>Governmental activities</u></b>					
General obligation bonds and certificates of obligation	\$ 11,510,000	\$ -	\$ 1,535,000	\$ 9,975,000	\$ 1,300,000
Premium on bonds	5,905	-	656	5,249	-
Deferred loss on refunding	( 52,119)	-	( 5,791)	( 46,328)	-
Sales tax revenue bonds	8,271,278	-	316,546	7,954,732	330,000
Capital lease obligations	972,170	894,534	157,584	1,709,120	576,920
Compensated absences	<u>712,280</u>	<u>440,201</u>	<u>420,404</u>	<u>732,077</u>	<u>146,415</u>
Total governmental activities	<u>21,419,514</u>	<u>1,334,735</u>	<u>2,424,399</u>	<u>20,329,850</u>	<u>2,353,335</u>
<b><u>Business-type activities</u></b>					
Revenue bonds and certificates of obligation	5,150,000	-	955,000	4,195,000	975,000
Premium on bonds	99,756	-	9,976	89,780	-
Loss on refunding	( 166,906)	-	( 16,691)	( 150,215)	-
Compensated absences	<u>87,759</u>	<u>51,887</u>	<u>48,677</u>	<u>90,969</u>	<u>18,194</u>
Total business-type activities	<u>5,170,609</u>	<u>51,887</u>	<u>996,962</u>	<u>4,225,534</u>	<u>993,194</u>
Total primary government	<u>\$ 26,590,123</u>	<u>\$ 1,386,622</u>	<u>\$ 3,421,361</u>	<u>\$ 24,555,384</u>	<u>\$ 3,346,529</u>
<b><u>Component unit</u></b>					
Tax increment financing fund revenue bonds	\$ 5,295,000	\$ -	\$ 530,000	\$ 4,765,000	\$ 540,000
Bond premium	167,804	-	20,976	146,828	-
Loss on refunding	( 41,792)	-	( 5,224)	( 36,568)	-
Total component unit	<u>\$ 5,421,012</u>	<u>\$ -</u>	<u>\$ 545,752</u>	<u>\$ 4,875,260</u>	<u>\$ 540,000</u>

For the governmental activities, compensated absences are generally liquidated by the General Fund.

(continued)

**4. DETAILED NOTES ON ALL FUNDS (Continued)**

**Long-term Liabilities (Continued)**

Governmental activities long-term liabilities at September 30, 2012, consisted of the following:

General obligation bonds and certificates of obligation serviced by property tax revenue:

\$4,895,000 Series 2006 General Obligation Refunding bonds due in annual installments of \$25,000 to \$540,000 through February 15, 2019; interest at 3.64%.	\$ 3,455,000
\$4,575,000 Series 2007 General Obligation Bonds due in annual installments of \$50,000 to \$555,000 through February 15, 2027; interest at 4.00% to 5.00%.	4,375,000
\$2,945,000 Series 2011 General Obligation Refunding Bonds due in annual installments of \$135,000 to \$800,000 through February 15, 2020; interest at 2.00% to 4.00%.	<u>2,145,000</u>
Total General Obligation Bonds and Certificates of Obligation	\$ <u>9,975,000</u>
\$9,570,000 Series 2005 Colleyville Economic Development Corporation Refunding and Improvement Sales Tax Revenue Bonds due in annual installments of \$20,000 to \$635,000 through February 15, 2029; interest at 4.10%	\$ 7,930,000
Unamortized gain on refunding	<u>24,732</u>
Total Revenue Bonds	\$ <u>7,954,732</u>

The funds utilized for the repayment of long-term liabilities for governmental activities are the Debt Service Fund, the Crime District Fund and the Colleyville Economic Development Corporation.

(continued)

**4. DETAILED NOTES ON ALL FUNDS (Continued)**

**Long-term Liabilities** (Continued)

The City's defeased debt as of September 30, 2012, was \$12,419,035.

Business-type activities long-term liabilities at September 30, 2012, consisted of the following:

Water and Wastewater Fund:

\$1,710,000 Series 2004 Waterworks and Wastewater System Refunding Bonds due in annual installments of \$150,000 to \$195,000 through January 1, 2014; interest at 3.73%.	\$ 380,000
\$3,120,000 Series 2010 Waterworks and Wastewater System Refunding Bonds due in annual installments of \$155,000 to \$580,000 through January 1, 2018; interest at 2.00% - 3.00%.	<u>2,470,000</u>
Total Water and Wastewater Fund	<u>\$ 2,850,000</u>

Drainage Utility Fund:

\$1,550,000 Series 2011 Waterworks and Wastewater System Refunding Bonds due in annual installments of \$105,000 to \$225,000 through February 15, 2021; interest at 3.47%.	\$ <u>1,345,000</u>
Total Drainage Utility Fund	<u>\$ 1,345,000</u>
Total Business-type activities	<u>\$ 4,195,000</u>

The ordinances authorizing the issuance of Waterworks and Wastewater System Revenue Bonds created the Interest and Sinking Fund and Reserve Fund. The gross revenue of the waterworks and wastewater system, after deduction of reasonable expenses of operations and maintenance, are pledged to such funds in amounts equal to the total annual principal and interest requirements of the bonds and amounts required to maintain the Reserve Fund. At September 30, 2012, the City was in compliance with these requirements.

(continued)

**4. DETAILED NOTES ON ALL FUNDS (Continued)**

**Long-term Liabilities** (Continued)

The City's component unit, the Tax Increment Financing District, long-term liabilities at September 30, 2012, consisted of the following:

Tax Increment Financing District

\$5,255,000 Series 2011 Refunding Bonds due in installments of \$490,000 to \$665,000 beginning in 2012 through February 15, 2020; interest at 2.0% to 4.0%.

\$ 4,765,000

Total Tax Increment Financing District \$ 4,765,000

**Governmental Activities**

September 30,	General Obligation Bonds and Certificates of Obligation		Revenue Bonds	
	Principal	Interest	Principal	Interest
2013	\$ 1,300,000	\$ 338,134	\$ 330,000	\$ 318,365
2014	1,015,000	305,948	340,000	304,630
2015	740,000	278,384	355,000	290,383
2016	770,000	251,258	375,000	275,418
2017	795,000	223,179	390,000	259,735
2018-2022	2,830,000	736,016	2,195,000	1,041,708
2023-2027	2,525,000	262,500	2,700,000	541,610
2028-2030	-	-	1,245,000	51,558
	<u>\$ 9,975,000</u>	<u>\$ 2,395,419</u>	<u>\$ 7,930,000</u>	<u>\$ 3,083,407</u>

**Business-type Activities**

September 30,	Revenue Bonds	
	Principal	Interest
2013	\$ 975,000	\$ 105,852
2014	995,000	79,704
2015	685,000	57,947
2016	450,000	42,446
2017	460,000	28,291
2018-2022	<u>630,000</u>	<u>36,244</u>
	<u>\$ 4,195,000</u>	<u>\$ 350,484</u>

(continued)

4. **DETAILED NOTES ON ALL FUNDS** (Continued)

**Long-term Liabilities** (Continued)

**Discretely Presented Component Unit -  
Tax Increment Financing Fund**

<u>September 30,</u>	Revenue Bonds	
	Principal	Interest
2013	\$ 540,000	\$ 224,980
2014	555,000	200,942
2015	565,000	175,256
2016	585,000	97,425
2017	600,000	79,650
2018-2020	1,920,000	114,125
	\$ 4,765,000	\$ 892,378

**Capital Leases**

The City has entered into lease agreements as lessee for financing and acquisition of equipment for the Fire Department. These lease agreements qualify as capital leases for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	Governmental Activities	Business-type Activities
Asset:		
Machinery and equipment	\$ 2,539,938	\$ 25,500
Less: accumulated depreciation	( 692,338)	( 21,950)
Total	\$ 1,847,600	\$ 3,550

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2012, were as follows:

	Governmental Activities
2013	\$ 616,562
2014	319,228
2015	319,228
2016	269,505
2017	116,839
2018-2022	233,678
Total minimum lease payments	1,875,040
Less: amount representing interest	( 165,920)
Present value of minimum lease payments	\$ 1,709,120

(continued)

**4. DETAILED NOTES ON ALL FUNDS (Continued)**

**Employees' Retirement System**

**Plan Description**

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

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P. O. Box 149153, Austin, Texas 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at [www.TMRS.com](http://www.TMRS.com).

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

	<u>Plan Year 2010</u>	<u>Plan Year 2011</u>	<u>Plan Year 2012</u>
Employee deposit rate	7.0%	7.0%	7.0%
Matching ratio (city to employee)	2 to 1	2 to 1	2 to 1
Years required for vesting	5	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20	60/5, 0/20
Updated service credit	100% repeating, transfers	100% repeating, transfers	100% repeating, transfers
Annuity increase (to retirees)	70% of CPI repeating	70% of CPI	0% of CPI

**Contributions**

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

(continued)

4. **DETAILED NOTES ON ALL FUNDS** (Continued)

**Employees' Retirement System** (Continued)

**Contributions** (Continued)

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

<u>Accounting Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
09/30/10	\$ 1,558,614	100%	-
09/30/11	1,220,839	100%	-
09/30/12	817,843	100%	-

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

Actuarial Valuation Date	12/31/09	12/31/10	12/31/11
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
Asset valuation method	10-year smoothed market	10-year smoothed market	10-year smoothed market
Actuarial Assumptions:			
Investment rate of return	7.5%	7.0%	7.0%
Projected salary increases	varies by age and service	varies by age and service	varies by age and service
Inflation	3.0%	3.0%	3.0%
Cost-of-living adjustments	2.1%	2.1%	0%
GASB 25 Equivalent Single amortization period	28.0 years; closed period	38.3 years; closed period	27.3 years; closed period
Amortization period for new gains/losses	30 years	25 years	25 years

(continued)

**4. DETAILED NOTES ON ALL FUNDS (Continued)**

**Employees' Retirement System** (Continued)

**Funded Status and Fund Progress**

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

Actuarial accrued liability (AAL)	\$ 36,643,865
Actuarial value of plan assets	<u>38,477,205</u>
	<u>\$( 1,833,340)</u>
Unfunded (overfunded) actuarial accrued liability (UAAL)	
Funded ratio (actuarial value of plan assets/ALL)	105.00%
Covered payroll (annual payroll of active employees covered by the plan)	<u>9,661,349</u>
UAAL as a percentage of covered payroll	( 19.00%)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

**Water and Wastewater Contracts**

The City has two contracts with the Trinity River Authority of Texas (TRA) for the purchase of treated water and for the transportation, treatment and disposal of sanitary sewage and other waste. The initial terms of the contracts are 35 and 50 years, and they expire in 2014 and 2023. While the provisions of each of the contracts vary, each contract basically requires the City to pay varying amounts based on the costs associated with water purchased and sewage transported and/or treated and disposed. The cost includes the City's proportionate share of TRA's operating and maintenance expenses, related debt service costs, and certain other miscellaneous charges. Purchases of treated water and charges for the transportation, treatment and disposal of sewage and other wastes during fiscal year 2012 amounted to approximately \$6,636,694 and \$1,512,145, respectively.

(continued)

#### **4. DETAILED NOTES ON ALL FUNDS (Continued)**

##### **Advances from Developers**

Developers are required by ordinance to construct perimeter streets and related storm drainage facilities. The developer may request a waiver from the Council for the construction requirements and instead deposit escrow funds with the City equal to one-half of the estimated cost of construction, which are utilized by the City to complete the project at some later date. At September 30, 2012, developers had escrowed \$3,001,904 with the City in connection with developer agreements.

##### **Contingent Liabilities**

The City has been named as a defendant or co-defendant in a number of legal actions. While the outcome of these cases is not known at this time, City management believes that any awards to insured parties which must be paid in excess of amounts covered by insurance will not be material to the financial position of the City.

##### **Risk Financing and Insurance**

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. During the fiscal year 1974, the City joined the Texas Municipal League Workers Compensation Joint Insurance Fund for risks related to employees. During the fiscal year 1992, the City joined the Texas Municipal League Joint Insurance Fund for risks related to general liability, property and errors and omissions. Premiums are paid to the Pool, which retains a limit of loss. Reinsurance companies insure the risks beyond those limits. The City retains, as a risk, only the deductible amount of each policy. There have been no significant reductions in insurance coverage and no settlements exceeded insurance coverage in the past three fiscal years.

##### **Other Postemployment Benefits**

###### **Supplemental Death Benefits Fund**

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

The death benefit for active employees provides a lump sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB.

(continued)

4. **DETAILED NOTES ON ALL FUNDS** (Continued)

**Other Postemployment Benefits** (Continued)

**Supplemental Death Benefits Fund** (Continued)

The City's contributions to the TMRS 508F for the years ended 2012, 2011, and 2010 were \$14,480, \$9,752, and \$10,162, respectively, which equaled the required contributions each year.

Schedule of Contribution Rates			
<u>Accounting Year Ending</u>	<u>Annual Required Contribution (Rate)</u>	<u>Actual Contribution Made (Rate)</u>	<u>Percentage of ARC Contributed</u>
09/30/10	.01%	.01%	100%
09/30/11	.02%	.02%	100%
09/30/12	.013%	.013%	100%

**REQUIRED  
SUPPLEMENTARY INFORMATION**

**CITY OF COLLEYVILLE, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM**  
**SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Funded Ratio	Unfunded (Overfunded) Actuarial Accrued Liability	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
12/31/2009	\$ 24,573,182	\$ 32,867,149	74.8%	\$ 8,293,967	\$ 10,436,294	115.0%
12/31/2010	35,451,160	34,974,234	101.4%	( 476,926)	10,125,274	86.9%
12/31/2011	38,477,205	36,643,865	105.0%	( 1,833,340)	9,661,349	82.6%

Note: Fiscal years 2010 and 2011 include the impact of Senate Bill 350 enacted by the Texas Legislature in June of 2011. This legislation provided a restructuring of the Texas Municipal Retirement System funds effective December 31, 2010.

## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

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

*Voluntary Park* – This fund is used to account for the operations for which voluntary contributions by citizens are used. Contributions are used primarily to support park activities.

*Voluntary Library* – This fund is used to account for the operations for which voluntary contributions by citizens are used. Contributions are used primarily to support library activities.

*Police Asset Forfeiture* – This fund is used to account for activity related to seizure of assets in criminal-related activities.

*Tree Preservation* – This fund is used to account for operations related to replacement of trees, which are eliminated due to commercial development. Contributions are received from entities that are developing the property.

*Library Donation* – This fund is used to account for private and corporate donations for capital purchases related to the library building for the City.

*Recreational Event* – This fund is used to account for activities related to athletic events for the City.

*Colleyville Center Development* – This fund is used to account for contributions received to construct a community center.

*Recycling* – This fund is used to account for the promotion of recycling activities in the City of Colleyville. Contributions are received from the holder of the City's recycling franchise.

*LEOSE (Law Enforcement Officer Standards and Education)* – This fund is used to account for activities related to the continuing education of qualified law enforcement officers as funded by the State of Texas LEOSE Account.

*Colleyville Economic Development* – This fund is used to account for the use of bond proceeds and sales tax revenues for municipal park improvements, the purchase of land and equipment for additional neighborhood parks and for the construction of a community center and library.

*Crime District* – This fund is used to account for the Colleyville Crime Control and Prevention District formed to act on behalf of the City for financing the development of crime control throughout the City.

***Kidsville Maintenance*** – This fund is used to account for contributions received for the maintenance of Kidsville Playground.

***Special Donations*** – This fund is used to account for various donations made to the City for specific projects.

***Court Technology*** – This fund is used to account for the collection and use of fines collected to be specifically used on technology for the court.

***Court Security*** – This fund is used to account for the collection and use of fines collected to be specifically used for security purposes.

***TDPA Grant*** – This fund is used to account for grant proceeds received for the acquisition of equipment and expenditures relating to fire and rescue.

***Public Art*** – This fund is used to account for the acquisition of art to be placed in City owned facilities with high public visibility.

## **CAPITAL PROJECTS FUNDS**

***Capital Projects Funds*** are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

***Colleyville Tomorrow Fund*** – is used to account for proceeds received on gas leases on City-owned property to be used for capital purchases.

***Parks Tomorrow Fund*** – This fund is used to account for proceeds received on gas leases on City-owned parks property for parks capital projects.

***Parkland Dedication Fund*** – This fund is used to account for the acquisition of land for new park sites and to make improvements to or expand existing parks to better serve new development. Fees collected from the developers of residential and commercial development finance the improvements.

***Colleyville Economic Development Corporation (CEDC)*** – This fund is used to account for financial resources to be used for the acquisition of construction of CEDC capital facilities. Financing is provided primarily by the revenue from certificate of obligation bonds.

***Capital and Cable Equipment Replacement*** – This fund is used to account for the replacement of cable equipment and other capital equipment.

***Kimzey Park*** – This fund is used to account for the construction of Kimzey Park. The source of funding was a Texas Parks and Wildlife state grant.

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**CITY OF COLLEYVILLE, TEXAS**

**COMBINING BALANCE SHEET**

**NONMAJOR GOVERNMENTAL FUNDS**

**SEPTEMBER 30, 2012**

	Special Revenue Funds		
	Voluntary Park	Voluntary Library	Police Asset Forfeiture
<b>ASSETS</b>			
Cash and cash equivalents	\$ 72,073	\$ 9,865	\$ 7,173
Investments	399,184	359,043	-
Due from other governments	-	-	-
Accrued interest	127	175	-
Total assets	\$ 471,384	\$ 369,083	\$ 7,173
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
Advances from developers	-	-	-
Total liabilities	-	-	-
Fund balances:			
Restricted	-	-	7,173
Committed	471,384	369,083	-
Assigned	-	-	-
Total fund balances	471,384	369,083	7,173
Total liabilities and fund balances	\$ 471,384	\$ 369,083	\$ 7,173

Special Revenue Funds

<u>Tree Preservation</u>	<u>Library Donation</u>	<u>Recreational Event</u>	<u>Colleyville Center Development</u>	<u>Recycling</u>	<u>LEOSE</u>
\$ 18,927	\$ 140,831	\$ 227	\$ 6,449	\$ 1,730	\$ 8,956
-	-	-	-	-	-
-	-	-	-	-	-
<u>18,927</u>	<u>140,831</u>	<u>227</u>	<u>6,449</u>	<u>1,730</u>	<u>8,956</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>13,724</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>13,724</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	140,831	-	6,449	-	8,956
5,203	-	-	-	-	-
-	-	227	-	1,730	-
<u>5,203</u>	<u>140,831</u>	<u>227</u>	<u>6,449</u>	<u>1,730</u>	<u>8,956</u>
<u>\$ 18,927</u>	<u>\$ 140,831</u>	<u>\$ 227</u>	<u>\$ 6,449</u>	<u>\$ 1,730</u>	<u>\$ 8,956</u>

(continued)

**CITY OF COLLEYVILLE, TEXAS**

**COMBINING BALANCE SHEET**

**NONMAJOR GOVERNMENTAL FUNDS**

**(Continued)**

**SEPTEMBER 30, 2012**

	Special Revenue Funds		
	Colleyville Economic Development	Crime District	Kidsville Maintenance
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,174,650	\$ 929,479	\$ 20,426
Investments	564,373	-	-
Due from other governments	264,665	216,165	-
Accrued interest	727	-	-
Total assets	\$ 2,004,415	\$ 1,145,644	\$ 20,426
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 5,570	\$ 2	\$ -
Accrued liabilities	-	9,361	-
Advances from developers	-	-	-
Total liabilities	5,570	9,363	-
Fund balances:			
Restricted	1,998,845	1,136,281	20,426
Committed	-	-	-
Assigned	-	-	-
Total fund balances	1,998,845	1,136,281	20,426
Total liabilities and fund balances	\$ 2,004,415	\$ 1,145,644	\$ 20,426

Special Revenue Funds

<u>Special Donations</u>	<u>Court Technology</u>	<u>Court Security</u>	<u>TDPA Grant</u>	<u>Public Art</u>
\$ 40,030	\$ 52,349	\$ 50,521	\$ 12,160	\$ 7,904
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 40,030</u>	<u>\$ 52,349</u>	<u>\$ 50,521</u>	<u>\$ 12,160</u>	<u>\$ 7,904</u>
\$ -	\$ 11,233	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>11,233</u>	<u>-</u>	<u>-</u>	<u>-</u>
40,030	41,116	50,521	12,160	-
-	-	-	-	-
-	-	-	-	7,904
<u>40,030</u>	<u>41,116</u>	<u>50,521</u>	<u>12,160</u>	<u>7,904</u>
<u>\$ 40,030</u>	<u>\$ 52,349</u>	<u>\$ 50,521</u>	<u>\$ 12,160</u>	<u>\$ 7,904</u>

(continued)

**CITY OF COLLEYVILLE, TEXAS**

**COMBINING BALANCE SHEET**

**NONMAJOR GOVERNMENTAL FUNDS**

**(Continued)**

**SEPTEMBER 30, 2012**

	<u>Capital Project Funds</u>	
	<u>Colleyville Tomorrow</u>	<u>Parks Tomorrow</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,632,773	\$ 1,211,052
Investments	691,628	-
Due from other governments	-	-
Accrued interest	<u>3,431</u>	<u>-</u>
Total assets	<u>\$ 2,327,832</u>	<u>\$ 1,211,052</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable	\$ -	\$ 10,800
Accrued liabilities	-	-
Advances from developers	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>10,800</u>
Fund balances:		
Restricted	-	-
Committed	2,327,832	1,200,252
Assigned	<u>-</u>	<u>-</u>
Total fund balances	<u>2,327,832</u>	<u>1,200,252</u>
Total liabilities and fund balances	<u>\$ 2,327,832</u>	<u>\$ 1,211,052</u>

Capital Project Funds

<u>Parkland Dedication</u>	<u>CEDC Capital Project</u>	<u>Capital and Cable Equipment Replacement</u>	<u>Kimzey Park</u>	<u>Total Governmental Funds</u>
\$ 729	\$ 314,838	\$ 504,845	\$ 3,576	\$ 6,221,563
1,499,066	-	449,843	-	3,963,137
-	-	-	-	480,830
<u>1,097</u>	<u>-</u>	<u>45</u>	<u>-</u>	<u>5,602</u>
<u>\$ 1,500,892</u>	<u>\$ 314,838</u>	<u>\$ 954,733</u>	<u>\$ 3,576</u>	<u>\$ 10,671,132</u>
\$ -	\$ -	\$ 9,776	\$ -	\$ 37,381
-	-	-	-	9,361
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,724</u>
<u>-</u>	<u>-</u>	<u>9,776</u>	<u>-</u>	<u>60,466</u>
-	-	-	-	3,462,788
1,500,892	314,838	-	3,576	6,193,060
<u>-</u>	<u>-</u>	<u>944,957</u>	<u>-</u>	<u>954,818</u>
<u>1,500,892</u>	<u>314,838</u>	<u>944,957</u>	<u>3,576</u>	<u>10,610,666</u>
<u>\$ 1,500,892</u>	<u>\$ 314,838</u>	<u>\$ 954,733</u>	<u>\$ 3,576</u>	<u>\$ 10,671,132</u>

**CITY OF COLLEYVILLE, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	Special Revenue Funds		
	Voluntary Park	Voluntary Library	Police Asset Forfeiture
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Fees and fines	-	-	9,019
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Donations	149,130	151,488	-
Investment earnings	-	2,398	-
Miscellaneous	-	-	-
Total revenues	<u>149,130</u>	<u>153,886</u>	<u>9,019</u>
<b>EXPENDITURES</b>			
Current:			
General government	-	-	-
Community development and engineering	-	-	-
Fire and rescue	-	-	-
Leisure services	2,350	135,139	-
Municipal court	-	-	-
Police	-	-	2,668
Debt service:			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay	-	-	-
Total expenditures	<u>2,350</u>	<u>135,139</u>	<u>2,668</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>146,780</u>	<u>18,747</u>	<u>6,351</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	822
Transfers out	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>822</u>
<b>NET CHANGE IN FUND BALANCES</b>	146,780	18,747	7,173
<b>FUND BALANCES, BEGINNING</b>	<u>324,604</u>	<u>350,336</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 471,384</u>	<u>\$ 369,083</u>	<u>\$ 7,173</u>

Special Revenue Funds

Tree Preservation	Library Donation	Recreational Event	Colleyville Center Development	Recycling	LEOSE
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	3,000	-	898	-	-
-	22,944	9,763	-	-	-
-	-	-	-	-	-
-	-	-	-	15,000	-
-	25,944	9,763	898	15,000	-
-	-	-	-	17,311	-
-	-	-	-	-	-
-	-	-	-	-	814
-	37,346	9,536	898	-	-
-	-	-	-	-	-
-	-	-	-	-	1,278
-	-	-	-	-	-
-	-	-	-	-	-
-	3,679	-	-	-	-
-	41,025	9,536	898	17,311	2,092
-	( 15,081)	227	-	( 2,311)	( 2,092)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	( 15,081)	227	-	( 2,311)	( 2,092)
5,203	155,912	-	6,449	4,041	11,048
\$ 5,203	\$ 140,831	\$ 227	\$ 6,449	\$ 1,730	\$ 8,956

(continued)

**CITY OF COLLEYVILLE, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**(Continued)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	Special Revenue Funds		
	Colleyville Economic Development	Crime District	Kidsville Maintenance
<b>REVENUES</b>			
Taxes	\$ 1,426,909	\$ 1,210,756	\$ -
Fees and fines	-	-	-
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Donations	-	-	-
Investment earnings	4,422	1,899	-
Miscellaneous	-	-	-
Total revenues	<u>1,431,331</u>	<u>1,212,655</u>	<u>-</u>
<b>EXPENDITURES</b>			
Current:			
General government	-	-	-
Community development and engineering	143,191	-	-
Fire and rescue	-	-	-
Leisure services	190,812	-	-
Municipal court	-	-	-
Police	-	449,881	-
Debt service:			
Principal	315,000	-	-
Interest and other charges	331,588	-	-
Capital outlay	<u>150,464</u>	<u>100,195</u>	<u>-</u>
Total expenditures	<u>1,131,055</u>	<u>550,076</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>300,276</u>	<u>662,579</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	( 165,331)	( 521,211)	-
Total other financing sources and uses	<u>( 165,331)</u>	<u>( 521,211)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	134,945	141,368	-
<b>FUND BALANCES, BEGINNING</b>	<u>1,863,900</u>	<u>994,913</u>	<u>20,426</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 1,998,845</u>	<u>\$ 1,136,281</u>	<u>\$ 20,426</u>

Special Revenue Funds

Special Donations	Court Technology	Court Security	TDPA Grant	Capital and Cable Equipment Replacement	Public Art
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	29,929	22,444	-	-	-
-	-	-	-	-	-
3,999	-	-	-	-	-
44,046	-	-	-	-	-
-	214	-	-	-	-
-	-	-	-	-	-
<u>48,045</u>	<u>30,143</u>	<u>22,444</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
14,271	-	-	-	-	-
7,049	-	-	-	-	-
-	46,412	22,885	-	-	-
4,270	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	45,073	-	-	-
<u>25,590</u>	<u>46,412</u>	<u>67,958</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>22,455</u>	<u>( 16,269)</u>	<u>( 45,514)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
( 822)	-	-	-	-	-
( 822)	-	-	-	-	-
21,633	( 16,269)	( 45,514)	-	-	-
<u>18,397</u>	<u>57,385</u>	<u>96,035</u>	<u>12,160</u>	<u>-</u>	<u>7,904</u>
<u>\$ 40,030</u>	<u>\$ 41,116</u>	<u>\$ 50,521</u>	<u>\$ 12,160</u>	<u>\$ -</u>	<u>\$ 7,904</u>

(continued)

**CITY OF COLLEYVILLE, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**(Continued)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	Capital Project Funds	
	Colleyville Tomorrow	Parks Tomorrow
<b>REVENUES</b>		
Taxes	\$ -	\$ -
Fees and fines	-	-
Licenses and permits	12,387	4,916
Intergovernmental	-	-
Donations	-	-
Investment earnings	10,169	2,927
Miscellaneous	-	-
Total revenues	22,556	7,843
<b>EXPENDITURES</b>		
Current:		
General government	-	-
Community development and engineering	-	-
Fire and rescue	-	-
Leisure services	-	-
Municipal court	-	-
Police	-	-
Debt service:		
Principal	-	-
Interest and other charges	-	-
Capital outlay	114,898	-
Total expenditures	114,898	-
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	( 92,342)	7,843
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	165,331	-
Transfers out	-	-
Total other financing sources and uses	165,331	-
<b>NET CHANGE IN FUND BALANCES</b>	72,989	7,843
<b>FUND BALANCES, BEGINNING</b>	2,254,843	1,192,409
<b>FUND BALANCES, ENDING</b>	\$ 2,327,832	\$ 1,200,252

Capital Project Funds

<u>Parkland Dedication</u>	<u>CEDC Capital Project</u>	<u>Capital and Cable Equipment Replacement</u>	<u>Kimzey Park</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,637,665
-	-	-	-	61,392
-	-	-	-	17,303
-	-	-	-	7,897
16,668	12,750	-	-	406,789
188	-	9,948	-	32,165
-	-	-	-	15,000
<u>16,856</u>	<u>12,750</u>	<u>9,948</u>	<u>-</u>	<u>3,178,211</u>
-	-	275,382	-	292,693
-	-	-	-	143,191
-	-	-	-	15,085
-	26,386	-	-	409,516
-	-	-	-	69,297
-	-	-	-	458,097
-	-	-	-	315,000
-	-	-	-	331,588
-	24,139	223,212	-	661,660
<u>-</u>	<u>50,525</u>	<u>498,594</u>	<u>-</u>	<u>2,696,127</u>
<u>16,856</u>	<u>( 37,775)</u>	<u>( 488,646)</u>	<u>-</u>	<u>482,084</u>
-	-	297,000	-	463,153
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 687,364)</u>
<u>-</u>	<u>-</u>	<u>297,000</u>	<u>-</u>	<u>( 224,211)</u>
16,856	( 37,775)	( 191,646)	-	257,873
<u>1,484,036</u>	<u>352,613</u>	<u>1,136,603</u>	<u>3,576</u>	<u>10,352,793</u>
<u>\$ 1,500,892</u>	<u>\$ 314,838</u>	<u>\$ 944,957</u>	<u>\$ 3,576</u>	<u>\$ 10,610,666</u>

**CITY OF COLLEYVILLE, TEXAS**

**DEBT SERVICE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>Budget</u>	<u>Actual</u>	Variance with Budget - Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ 1,495,165	\$ 1,654,744	\$ 159,579
Investment earnings	2,375	2,803	428
Miscellaneous	<u>-</u>	<u>6,338</u>	<u>6,338</u>
Total revenues	<u>1,497,540</u>	<u>1,663,885</u>	<u>166,345</u>
<b>EXPENDITURES</b>			
Debt service:			
Principal retirement	1,692,585	1,692,585	-
Interest and fiscal charges	<u>427,006</u>	<u>426,006</u>	<u>1,000</u>
Total expenditures	<u>2,119,591</u>	<u>2,118,591</u>	<u>1,000</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 622,051)</u>	<u>( 454,706)</u>	<u>167,345</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in	<u>505,211</u>	<u>505,211</u>	<u>-</u>
Total other financing sources	<u>505,211</u>	<u>505,211</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>( 116,840)</u>	<u>50,505</u>	<u>167,345</u>
<b>FUND BALANCE, BEGINNING</b>	<u>1,188,907</u>	<u>1,188,907</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 1,072,067</u>	<u>\$ 1,239,412</u>	<u>\$ 167,345</u>

### **AGENCY FUNDS**

***Employee Activity Fund*** – This fund is used to account for funds held by the City for the benefit of employees of the City.

***Sesquicentennial Fund*** – This fund is used to account for funds held by the City for the benefit of the City of Colleyville’s historical purposes.

**CITY OF COLLEYVILLE, TEXAS**

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**

**AGENCY FUNDS**

**SEPTEMBER 30, 2012**

	<u>Employee Activity Fund</u>	<u>Sesquicentennial Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ <u>6,366</u>	\$ <u>17,538</u>	\$ <u>23,904</u>
Total assets	\$ <u>6,366</u>	\$ <u>17,538</u>	\$ <u>23,904</u>
<b>LIABILITIES</b>			
Due to other agencies and individuals	\$ <u>6,366</u>	\$ <u>17,538</u>	\$ <u>23,904</u>
Total liabilities	\$ <u><u>6,366</u></u>	\$ <u><u>17,538</u></u>	\$ <u><u>23,904</u></u>

**CITY OF COLLEYVILLE, TEXAS**  
**COMBINING STATEMENT OF CHANGES IN**  
**ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	Employee Activity Fund			
	Balance 10/01/11	Additions	Deletions	Balance 09/30/12
Cash and cash equivalents	\$ 6,495	\$ 2,936	\$ 3,065	\$ 6,366
Total assets	<u>\$ 6,495</u>	<u>\$ 2,936</u>	<u>\$ 3,065</u>	<u>\$ 6,366</u>
Due to other agencies and individuals	\$ 6,495	\$ 2,936	\$ 3,065	\$ 6,366
Total liabilities	<u>\$ 6,495</u>	<u>\$ 2,936</u>	<u>\$ 3,065</u>	<u>\$ 6,366</u>

	Sesquicentennial Fund			
	Balance 10/01/11	Additions	Deletions	Balance 09/30/12
Cash and cash equivalents	\$ 17,374	\$ 250	\$ 86	\$ 17,538
Total assets	<u>\$ 17,374</u>	<u>\$ 250</u>	<u>\$ 86</u>	<u>\$ 17,538</u>
Due to other agencies and individuals	\$ 17,374	\$ 250	\$ 86	\$ 17,538
Total liabilities	<u>\$ 17,374</u>	<u>\$ 250</u>	<u>\$ 86</u>	<u>\$ 17,538</u>

	Total Agency Funds			
	Balance 10/01/11	Additions	Deletions	Balance 09/30/12
Cash and cash equivalents	\$ 23,869	\$ 3,186	\$ 3,151	\$ 23,904
Total assets	<u>\$ 23,869</u>	<u>\$ 3,186</u>	<u>\$ 3,151</u>	<u>\$ 23,904</u>
Due to other agencies and individuals	\$ 23,869	\$ 3,186	\$ 3,151	\$ 23,904
Total liabilities	<u>\$ 23,869</u>	<u>\$ 3,186</u>	<u>\$ 3,151</u>	<u>\$ 23,904</u>

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# STATISTICAL SECTION

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

<b>Contents</b>	<b>Page</b>
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	92
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	102
Debt Capacity These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	107
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	114
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	116

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

# CITY OF COLLEYVILLE, TEXAS

## NET ASSETS BY COMPONENT

(Accrual Basis of Accounting)

	Fiscal Year			
	2003	2004	2005	2006
<b>Governmental activities:</b>				
Invested in capital assets, net of related debt	\$ 55,965,990	\$ 60,055,616	\$ 60,884,756	\$ 66,991,146
Restricted for:				
Debt service	1,040,403	756,516	896,130	937,578
Court security and technology	-	-	-	-
Grant programs	-	-	-	-
Leisure services	-	-	-	-
Economic development	-	-	-	-
Streets and drainage	-	-	-	-
Police	-	-	-	-
Unrestricted	<u>15,646,259</u>	<u>15,948,497</u>	<u>19,132,376</u>	<u>19,002,816</u>
Total governmental activities net assets	<u>\$ 72,652,652</u>	<u>\$ 76,760,629</u>	<u>\$ 80,913,262</u>	<u>\$ 86,931,540</u>
<b>Business-type activities:</b>				
Invested in capital assets, net of related debt	\$ 22,588,864	\$ 23,957,432	\$ 24,827,365	\$ 25,919,619
Restricted for:				
Debt service	668,120	668,239	670,571	882,821
Unrestricted	<u>14,502,121</u>	<u>15,470,275</u>	<u>16,374,236</u>	<u>19,253,772</u>
Total business-type activities net assets	<u>\$ 37,759,105</u>	<u>\$ 40,095,946</u>	<u>\$ 41,872,172</u>	<u>\$ 46,056,212</u>
<b>Primary government:</b>				
Invested in capital assets, net of related debt	\$ 78,554,854	\$ 84,013,048	\$ 85,712,121	\$ 92,910,765
Restricted for:				
Debt service	1,708,523	1,424,755	1,566,701	1,820,399
Court security and technology	-	-	-	-
Grant programs	-	-	-	-
Leisure services	-	-	-	-
Economic development	-	-	-	-
Streets and drainage	-	-	-	-
Police	-	-	-	-
Unrestricted	<u>30,148,380</u>	<u>31,418,772</u>	<u>35,506,612</u>	<u>38,256,588</u>
Total primary government net assets	<u>\$ 110,411,757</u>	<u>\$ 116,856,575</u>	<u>\$ 122,785,434</u>	<u>\$ 132,987,752</u>

Note: The City implemented GASB 54 in fiscal year 2011 to provide clearer fund balance classifications. Prior years were not restated.

**TABLE 1**

Fiscal Year					
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 71,824,719	\$ 77,484,725	\$ 79,243,497	\$ 81,970,674	\$ 83,166,142	\$ 83,211,988
1,032,586	889,689	1,040,896	1,057,699	1,106,893	1,159,092
-	-	-	-	153,420	91,637
-	-	-	-	23,208	21,116
-	-	-	-	201,184	207,736
-	-	-	-	1,863,900	1,998,845
-	-	-	-	6,428,106	8,192,568
-	-	-	-	994,913	1,143,454
<u>21,987,778</u>	<u>21,862,136</u>	<u>27,498,864</u>	<u>25,936,703</u>	<u>17,837,593</u>	<u>19,559,719</u>
<u>\$ 94,845,083</u>	<u>\$ 100,236,550</u>	<u>\$ 107,783,257</u>	<u>\$ 108,965,076</u>	<u>\$ 111,775,359</u>	<u>\$ 115,586,155</u>
\$ 32,804,703	\$ 39,442,148	\$ 39,174,562	\$ 39,080,043	\$ 38,892,098	\$ 38,395,708
1,080,751	1,024,349	987,181	983,225	662,050	-
<u>13,626,274</u>	<u>7,837,790</u>	<u>8,127,736</u>	<u>7,747,336</u>	<u>10,111,776</u>	<u>12,332,238</u>
<u>\$ 47,511,728</u>	<u>\$ 48,304,287</u>	<u>\$ 48,289,479</u>	<u>\$ 47,810,604</u>	<u>\$ 49,665,924</u>	<u>\$ 50,727,946</u>
\$ 104,629,422	\$ 116,926,873	\$ 118,418,059	\$ 121,050,717	\$ 122,058,240	\$ 121,607,696
2,113,337	1,914,038	2,028,077	2,040,924	1,768,943	1,159,092
-	-	-	-	153,420	91,637
-	-	-	-	23,208	21,116
-	-	-	-	201,184	207,736
-	-	-	-	1,863,900	1,998,845
-	-	-	-	6,428,106	8,192,568
-	-	-	-	994,913	1,143,454
<u>35,614,052</u>	<u>29,699,926</u>	<u>35,626,600</u>	<u>33,684,039</u>	<u>27,949,369</u>	<u>31,891,957</u>
<u>\$ 142,356,811</u>	<u>\$ 148,540,837</u>	<u>\$ 156,072,736</u>	<u>\$ 156,775,680</u>	<u>\$ 161,441,283</u>	<u>\$ 166,314,101</u>

# CITY OF COLLEYVILLE, TEXAS

## CHANGES IN NET ASSETS

(Accrual Basis of Accounting)

	Fiscal Year			
	2003	2004	2005	2006
<b>EXPENSES</b>				
Governmental activities:				
General government	\$ 1,551,989	\$ 2,542,016	\$ 2,245,964	\$ 2,729,064
Community Development and Engineering	1,280,410	1,281,429	1,164,345	1,267,136
Fire and rescue	3,010,260	3,144,814	3,325,103	3,814,585
Leisure services	2,728,287	2,953,528	2,923,958	3,513,992
Maintenance	193,865	364,256	364,434	383,504
Municipal court	235,053	250,551	238,874	270,345
Police	3,498,419	3,295,263	3,533,083	3,801,644
Streets and drainage	2,195,256	2,562,499	2,970,475	2,932,465
Interest on long-term debt	<u>1,491,649</u>	<u>1,290,825</u>	<u>1,190,857</u>	<u>1,142,043</u>
Total governmental activities expenses	<u>16,185,188</u>	<u>17,685,181</u>	<u>17,957,093</u>	<u>19,854,778</u>
Business-type activities:				
Water and wastewater	7,704,603	7,850,570	8,962,630	9,428,373
Drainage	354,960	517,713	550,005	548,963
Interest on long-term debt	<u>601,560</u>	<u>-</u>	<u>-</u>	<u>440,703</u>
Total business-type activities expenses	<u>8,661,123</u>	<u>8,368,283</u>	<u>9,512,635</u>	<u>10,418,039</u>
Total primary government program expenses	<u>\$ 24,846,311</u>	<u>\$ 26,053,464</u>	<u>\$ 27,469,728</u>	<u>\$ 30,272,817</u>
<b>PROGRAM REVENUES</b>				
Governmental activities:				
Charges for services:				
General government	\$ 18,000	\$ 16,000	\$ 6,000	\$ 6,000
Community Development and Engineering	1,242,838	1,687,921	1,515,052	2,163,596
Fire and rescue	104,990	125,081	136,498	239,386
Leisure services	394,098	399,319	386,658	448,606
Municipal court	510,544	508,572	492,805	813,781
Police	45,626	66,135	95,234	70,899
Streets and drainage	240,309	512,171	336,111	472,860
Operating grants and contributions	328,324	619,459	523,704	399,819
Capital grants and contributions	<u>8,014,501</u>	<u>3,857,202</u>	<u>3,283,774</u>	<u>4,355,357</u>
Total governmental activities program revenues	<u>10,899,230</u>	<u>7,791,860</u>	<u>6,775,836</u>	<u>8,970,304</u>

TABLE 2

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 2,438,051	\$ 2,814,874	\$ 2,945,481	\$ 2,691,905	\$ 2,715,154	\$ 3,125,214
1,523,768	1,481,124	1,530,901	1,645,221	1,402,669	1,397,839
3,790,831	3,958,111	4,113,793	4,419,945	4,421,496	4,321,929
3,525,094	4,033,105	3,941,259	4,118,769	4,191,960	4,124,619
434,984	417,265	455,752	423,783	412,513	400,306
262,198	324,020	291,724	302,756	303,839	319,445
4,232,185	4,657,438	4,841,217	4,836,274	4,878,055	4,579,570
2,890,995	3,129,730	3,503,519	3,885,182	3,657,591	3,073,530
1,032,374	1,101,714	1,051,180	1,000,061	849,390	780,029
<u>20,130,480</u>	<u>21,917,381</u>	<u>22,674,826</u>	<u>23,323,896</u>	<u>22,832,667</u>	<u>22,122,481</u>
9,337,282	11,179,548	10,612,372	11,242,553	12,009,187	12,258,587
671,773	593,600	658,016	572,234	742,160	723,994
400,752	362,642	331,361	296,288	-	-
<u>10,409,807</u>	<u>12,135,790</u>	<u>11,601,749</u>	<u>12,111,075</u>	<u>12,751,347</u>	<u>12,982,581</u>
\$ <u>30,540,287</u>	\$ <u>34,053,171</u>	\$ <u>34,276,575</u>	\$ <u>35,434,971</u>	\$ <u>35,584,014</u>	\$ <u>35,105,062</u>
\$ 6,000	\$ 16,000	\$ 15,000	\$ 15,000	\$ 97,234	\$ 28,408
1,454,744	1,332,453	666,914	647,298	868,363	1,146,518
303,868	250,814	271,216	235,225	305,882	335,308
424,024	563,738	6,595,487	468,426	1,213,167	520,433
932,452	1,171,919	1,002,008	1,213,178	970,143	1,015,804
81,054	79,699	51,631	94,059	70,709	81,056
355,157	358,688	215,619	345,780	296,350	338,845
431,683	1,856,567	713,189	543,516	822,056	490,069
5,372,281	3,973,954	360,023	423,873	405,347	381,308
<u>9,361,263</u>	<u>9,603,832</u>	<u>9,891,087</u>	<u>3,986,355</u>	<u>5,049,251</u>	<u>4,337,749</u>

(continued)

## CITY OF COLLEYVILLE, TEXAS

### CHANGES IN NET ASSETS (Continued) (Accrual Basis of Accounting)

	Fiscal Year			
	2003	2004	2005	2006
<b>PROGRAM REVENUES (Continued)</b>				
Business-type activities:				
Charges for services:				
Water and wastewater	\$ 8,595,871	\$ 8,924,942	\$ 9,856,889	\$ 13,187,868
Drainage	666,399	677,913	675,045	
Capital grants and contributions	<u>1,443,502</u>	<u>1,412,990</u>	<u>844,256</u>	<u>1,100,354</u>
Total business-type activities program revenues	<u>10,705,772</u>	<u>11,015,845</u>	<u>11,376,190</u>	<u>14,288,222</u>
 Total primary government program revenues	 <u>\$ 21,605,002</u>	 <u>\$ 18,807,705</u>	 <u>\$ 18,152,026</u>	 <u>\$ 23,258,526</u>
<b>NET (EXPENSE) REVENUES</b>				
Governmental activities	\$( 5,285,958)	\$( 9,893,321)	\$(11,181,257)	\$(10,884,474)
Business-type activities	<u>2,044,649</u>	<u>2,647,562</u>	<u>1,863,555</u>	<u>3,870,183</u>
Total primary government net expense	<u>( 3,241,309)</u>	<u>( 7,245,759)</u>	<u>( 9,317,702)</u>	<u>( 7,014,291)</u>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS</b>				
Governmental activities:				
Taxes				
Property	8,183,790	8,534,388	8,938,888	9,483,546
Franchise	1,395,569	1,458,079	1,477,749	1,790,543
Sales	2,964,331	3,381,634	3,801,369	4,355,627
Other	32,123	37,296	53,974	76,005
Investment earnings	468,656	217,316	443,570	904,361
Miscellaneous	63,052	53,538	153,947	65,313
Gain on sale of capital assets	-	-	-	-
Transfers	<u>1,058,060</u>	<u>473,366</u>	<u>464,393</u>	<u>532,357</u>
Total governmental activities	<u>14,165,581</u>	<u>14,155,617</u>	<u>15,333,890</u>	<u>17,207,752</u>
Business-type activities:				
Investment earnings	282,661	162,645	377,064	846,214
Gain on sale of capital assets	-	-	-	-
Transfers	<u>( 1,058,060)</u>	<u>( 473,366)</u>	<u>( 464,393)</u>	<u>( 532,357)</u>
Total business-type activities	<u>( 775,399)</u>	<u>( 310,721)</u>	<u>( 87,329)</u>	<u>313,857</u>
 Total primary government	 <u>13,390,182</u>	 <u>13,844,896</u>	 <u>15,246,561</u>	 <u>17,521,609</u>
<b>CHANGE IN NET ASSETS</b>				
Governmental activities	8,879,623	4,262,296	4,152,633	6,323,278
Business-type activities	<u>1,269,250</u>	<u>2,336,841</u>	<u>1,776,226</u>	<u>4,184,040</u>
 Total primary government	 <u>\$ 10,148,873</u>	 <u>\$ 6,599,137</u>	 <u>\$ 5,928,859</u>	 <u>\$ 10,507,318</u>

Note: See Table 9 for information about Water and Wastewater Charges for services

TABLE 2

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 9,127,470	\$ 11,114,892	\$ 11,303,868	\$ 11,414,425	\$ 14,355,418	\$ 14,034,600
841,972	859,013	874,637	897,361	903,089	918,323
<u>1,561,255</u>	<u>1,415,785</u>	<u>63,293</u>	<u>147,014</u>	<u>168,365</u>	<u>169,464</u>
<u>11,530,697</u>	<u>13,389,690</u>	<u>12,241,798</u>	<u>12,458,800</u>	<u>15,426,872</u>	<u>15,122,387</u>
\$ <u>20,891,960</u>	\$ <u>22,993,522</u>	\$ <u>22,132,885</u>	\$ <u>16,445,155</u>	\$ <u>20,476,123</u>	\$ <u>19,460,136</u>
\$( 10,769,217)	\$( 12,313,549)	\$( 12,783,739)	\$( 19,337,541)	\$( 17,783,416)	\$( 17,784,732)
<u>1,120,890</u>	<u>1,253,900</u>	<u>640,049</u>	<u>347,725</u>	<u>2,675,525</u>	<u>2,139,806</u>
<u>( 9,648,327)</u>	<u>( 11,059,649)</u>	<u>( 12,143,690)</u>	<u>( 18,989,816)</u>	<u>( 15,107,891)</u>	<u>( 15,644,926)</u>
10,153,775	11,367,967	12,121,420	12,557,716	12,414,948	12,414,457
1,779,376	1,818,060	2,017,440	1,867,065	2,031,268	2,207,463
4,674,068	4,740,964	4,718,976	4,936,484	5,056,597	5,495,730
89,132	82,532	74,198	75,365	80,731	65,808
1,224,361	804,864	471,524	76,968	95,822	108,192
97,963	96,348	77,854	82,833	55,454	74,041
-	116,112	25,237	65,306	-	147,969
<u>664,085</u>	<u>841,936</u>	<u>823,797</u>	<u>857,622</u>	<u>858,879</u>	<u>1,081,868</u>
<u>18,682,760</u>	<u>19,868,783</u>	<u>20,330,446</u>	<u>20,519,359</u>	<u>20,593,699</u>	<u>21,595,528</u>
998,710	380,595	168,940	15,158	38,674	4,084
-	-	-	15,864	-	-
<u>( 664,085)</u>	<u>( 841,936)</u>	<u>( 823,797)</u>	<u>( 857,622)</u>	<u>( 858,879)</u>	<u>( 1,081,868)</u>
<u>334,625</u>	<u>( 461,341)</u>	<u>( 654,857)</u>	<u>( 826,600)</u>	<u>( 820,205)</u>	<u>( 1,077,784)</u>
<u>19,017,385</u>	<u>19,407,442</u>	<u>19,675,589</u>	<u>19,692,759</u>	<u>19,773,494</u>	<u>20,517,744</u>
7,913,543	7,555,234	7,546,707	1,181,818	2,810,283	3,810,796
<u>1,455,515</u>	<u>792,559</u>	<u>( 14,808)</u>	<u>( 478,875)</u>	<u>1,855,320</u>	<u>1,062,022</u>
\$ <u>9,369,058</u>	\$ <u>8,347,793</u>	\$ <u>7,531,899</u>	\$ <u>702,943</u>	\$ <u>4,665,603</u>	\$ <u>4,872,818</u>

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## CITY OF COLLEYVILLE, TEXAS

FUND BALANCES  
GOVERNMENTAL FUNDSLAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General fund										
Non-spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,147	\$ 132,664
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	706,942	813,536
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	<u>6,440,152</u>	<u>6,767,592</u>	<u>6,850,731</u>	<u>7,575,662</u>	<u>8,495,329</u>	<u>8,717,398</u>	<u>8,207,420</u>	<u>8,813,597</u>	<u>10,223,232</u>	<u>11,762,625</u>
Total general fund	<u>\$ 6,440,152</u>	<u>\$ 6,767,592</u>	<u>\$ 6,850,731</u>	<u>\$ 7,575,662</u>	<u>\$ 8,495,329</u>	<u>\$ 8,717,398</u>	<u>\$ 8,207,420</u>	<u>\$ 8,813,597</u>	<u>\$ 10,932,321</u>	<u>\$ 12,708,825</u>
All other governmental funds										
Non-spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	2,674,486	3,056,810	2,959,583	1,082,681	1,254,686	987,681	1,121,567	1,154,570	10,853,638	12,894,768
Committed	-	-	-	-	-	-	-	-	5,967,620	6,193,060
Assigned	-	-	-	-	-	-	-	-	1,148,548	954,818
Unassigned, reported in:										
Special revenue funds	2,068,938	2,459,810	3,251,861	4,760,679	4,814,412	5,696,905	7,267,350	5,664,493	-	-
Capital projects funds	<u>6,012,845</u>	<u>4,967,859</u>	<u>7,438,437</u>	<u>7,012,225</u>	<u>9,055,431</u>	<u>7,811,492</u>	<u>12,369,631</u>	<u>11,524,206</u>	-	-
Total all other governmental funds	<u>\$ 10,756,269</u>	<u>\$ 10,484,479</u>	<u>\$ 13,649,881</u>	<u>\$ 12,855,585</u>	<u>\$ 15,124,529</u>	<u>\$ 14,496,078</u>	<u>\$ 20,758,548</u>	<u>\$ 18,343,269</u>	<u>\$ 17,969,806</u>	<u>\$ 20,042,646</u>

Note: This schedule does not restate prior years for Special Revenue and Capital Projects Funds.

The City implemented GASB 54 in fiscal year 2011 to provide clearer fund balance classifications. Prior years were not restated.

## CITY OF COLLEYVILLE, TEXAS

CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDSLAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>REVENUES</b>										
Taxes	\$ 12,596,779	\$ 13,438,345	\$ 14,277,010	\$ 15,708,945	\$ 16,701,290	\$ 17,975,445	\$ 18,889,480	\$ 19,353,358	\$ 19,627,734	\$ 20,235,012
Developer contributions	277,084	416,319	274,996	549,911	683,425	226,488	-	-	-	-
Licenses, fees and permits	926,083	1,505,512	1,359,329	1,931,265	1,244,218	1,113,595	646,302	607,132	923,590	1,130,426
Capital improvement fees	300,252	577,171	366,111	482,860	389,657	358,688	208,622	334,075	281,260	322,498
Drainage fees	-	-	-	-	-	-	-	-	-	-
Fines and penalties	509,395	520,926	513,129	841,595	965,416	1,203,260	1,028,425	1,244,146	998,221	1,051,899
Charges for services	915,695	952,452	940,212	1,173,394	1,190,327	1,322,732	7,129,322	917,884	1,694,993	1,030,439
Interest	468,656	217,316	443,570	904,361	1,224,361	804,864	471,524	76,968	95,823	110,550
Intergovernmental	504,718	328,040	167,293	5,409	4,361	1,437,935	350,468	100,807	541,709	124,056
Donations	707,829	797,042	502,789	396,627	735,756	548,093	401,432	379,853	602,401	406,789
Miscellaneous	96,857	92,198	183,902	83,730	107,700	116,280	155,100	97,833	70,453	89,041
Total revenues	<u>17,303,348</u>	<u>18,845,321</u>	<u>19,028,341</u>	<u>22,078,097</u>	<u>23,246,511</u>	<u>25,107,380</u>	<u>29,280,675</u>	<u>23,112,056</u>	<u>24,836,184</u>	<u>24,500,710</u>
<b>EXPENDITURES</b>										
General government	1,469,725	2,445,219	1,873,091	2,107,398	2,247,359	2,537,699	2,639,218	2,423,869	2,383,276	2,753,457
Comm Development/Eng	1,274,096	1,281,745	1,160,232	1,265,251	1,467,216	1,462,566	1,531,785	1,642,047	1,397,256	1,396,259
Fire	2,826,218	3,057,879	3,166,840	3,657,554	3,517,817	3,755,575	3,840,118	3,955,407	3,972,053	3,888,225
Police	3,331,861	3,126,469	3,293,320	3,558,154	3,961,975	4,395,056	4,588,576	4,552,947	4,596,862	4,304,710
Leisure services	2,262,478	2,489,222	2,388,761	2,838,637	2,913,798	3,171,514	3,058,332	3,173,352	3,177,878	3,049,908
Streets and drainage	1,092,703	1,420,620	1,656,187	1,604,425	1,485,756	1,649,037	1,917,536	2,297,719	2,052,298	1,388,970
Municipal court	234,180	250,597	238,245	270,037	252,961	323,059	291,893	302,172	302,666	319,084
Maintenance	162,865	356,819	357,983	377,144	415,708	410,636	449,806	417,946	405,911	394,830
Capital outlay	7,430,703	1,939,241	1,459,940	4,491,341	6,337,656	5,150,286	2,759,774	4,935,053	2,510,027	2,515,115
Debt service:										
Interest	1,664,219	1,277,593	1,289,866	1,141,817	1,094,001	2,584,790	1,033,148	944,751	838,320	757,594
Principal	1,438,561	1,617,633	1,573,308	1,929,047	2,005,204	1,189,798	2,275,553	2,180,061	2,259,004	2,007,585
Total expenditures	<u>23,187,609</u>	<u>19,263,037</u>	<u>18,457,773</u>	<u>23,240,805</u>	<u>25,699,451</u>	<u>26,630,016</u>	<u>24,385,739</u>	<u>26,825,324</u>	<u>23,895,551</u>	<u>22,775,737</u>

(continued)

CITY OF COLLEYVILLE, TEXAS

CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
(Continued)  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>\$ ( 5,884,261)</u>	<u>\$ ( 417,716)</u>	<u>\$ 570,568</u>	<u>\$ ( 1,162,708)</u>	<u>\$ ( 2,452,940)</u>	<u>\$ ( 1,522,636)</u>	<u>\$ 4,894,936</u>	<u>\$ ( 3,713,268)</u>	<u>\$ 940,633</u>	<u>\$ 1,724,973</u>
<b>OTHER FINANCING SOURCES (USES)</b>										
Bonds issued	-	-	9,570,000	-	9,890,000	-	-	-	2,945,000	-
Refunding bonds	-	-	-	-	-	-	-	-	-	-
Notes payable	-	-	94,187	-	-	-	-	-	-	-
Capital lease	-	-	-	408,716	-	176,150	-	981,238	-	894,534
Sale of capital assets	-	-	-	152,270	8,800	98,168	33,759	65,306	7,098	147,969
Premium on bond issue									6,561	-
Payments to escrow	( 600,000)	-	( 7,450,606)	-	( 4,921,334)	-	-	-	( 3,012,910)	-
Transfers in	1,766,111	1,115,261	1,675,954	2,203,261	1,637,154	2,082,101	2,338,776	1,884,896	2,458,396	3,893,584
Transfers out	( 708,051)	( 641,895)	( 1,211,561)	( 1,670,904)	( 973,069)	( 1,240,165)	( 1,514,979)	( 1,027,274)	( 1,599,517)	( 2,811,716)
Total other financing sources (uses)	<u>458,060</u>	<u>473,366</u>	<u>2,677,974</u>	<u>1,093,343</u>	<u>5,641,551</u>	<u>1,116,254</u>	<u>857,556</u>	<u>1,904,166</u>	<u>804,628</u>	<u>2,124,371</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ ( 5,426,201)</u>	<u>\$ 55,650</u>	<u>\$ 3,248,542</u>	<u>\$ ( 69,365)</u>	<u>\$ 3,188,611</u>	<u>\$ ( 406,382)</u>	<u>\$ 5,752,492</u>	<u>\$ ( 1,809,102)</u>	<u>\$ 1,745,261</u>	<u>\$ 3,849,344</u>
<b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>	<u>19.7%</u>	<u>16.7%</u>	<u>16.8%</u>	<u>16.4%</u>	<u>16.0%</u>	<u>17.6%</u>	<u>15.3%</u>	<u>14.3%</u>	<u>14.5%</u>	<u>13.6%</u>

Note: Capital Outlay does not include contributed capital assets received from developers.

## CITY OF COLLEYVILLE, TEXAS

## ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

## LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Personal Property</u>	<u>Less: Tax-exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>
2003	\$ 2,480,630,162	\$ 82,599,959	\$ 196,195,476	\$ 2,367,034,645	\$ 0.3474	\$ 2,367,034,645
2004	2,726,410,622	73,845,277	219,774,274	2,580,481,625	0.3474	2,580,481,625
2005	2,793,606,203	78,255,043	219,264,381	2,652,596,865	0.3474	2,652,596,865
2006	3,015,929,674	79,122,702	221,809,521	2,873,242,855	0.3474	2,873,242,855
2007	3,229,353,459	86,080,918	228,115,791	3,087,318,586	0.3474	3,087,318,586
2008	3,531,988,996	97,998,283	228,915,486	3,401,071,793	0.3559	3,401,071,793
2009	3,748,968,313	99,556,111	230,676,995	3,617,847,429	0.3559	3,617,847,429
2010	3,907,288,105	95,261,420	237,293,931	3,765,255,594	0.3559	3,765,255,594
2011	3,917,415,346	92,176,541	253,414,335	3,756,177,552	0.3559	3,756,177,552
2012	3,941,020,477	89,758,416	277,077,387	3,753,701,506	0.3559	3,753,701,506

Source: Tarrant Appraisal District

Note: Property in Tarrant County is reassessed once every two years. The Appraisal District assesses property at 100 percent of actual value for residential and personal. Tax rates are per \$100 of assessed value.

**CITY OF COLLEYVILLE, TEXAS**

**DIRECT AND OVERLAPPING PROPERTY TAX RATES**

**LAST TEN FISCAL YEARS**

Fiscal Year	City Direct Rates			Overlapping Rates								
	Operations and Maintenance Rate	General Obligation Debt Service	Total Direct Rate	Birdville Independent School District	Carroll Independent School District	Grapevine-Colleyville Independent School District	Hurst-Eules Bedford Independent School District	Keller Independent School District	Tarrant County	Tarrant County College District	Tarrant County Hospital District	
2003	\$ 0.27223	\$ 0.07517	\$ 0.34740	\$ 1.6170	\$ 1.9350	\$ 1.65979	\$ 1.7119	\$ 1.6519	\$ 0.27250	\$ 0.139380	\$ 0.234000	
2004	0.28700	0.06040	0.34740	1.6170	1.9025	1.70105	1.6616	1.6762	0.27250	0.139380	0.235397	
2005	0.29072	0.05668	0.34740	1.6170	1.9350	1.70000	1.7105	1.6975	0.27250	0.139380	0.235397	
2006	0.27771	0.06969	0.34740	1.6170	1.9350	1.70000	1.7230	1.7158	0.27250	0.139380	0.235397	
2007	0.27873	0.06867	0.34740	1.5650	1.7950	1.57430	1.5976	1.6080	0.27150	0.139380	0.235397	
2008	0.28299	0.07291	0.35590	1.4050	1.4650	1.29000	1.3037	1.3574	0.26650	0.139380	0.230397	
2009	0.28860	0.06731	0.35590	1.4100	1.4150	1.29000	1.2955	1.4169	0.26400	0.137960	0.227897	
2010	0.29864	0.05726	0.35590	1.4050	1.4150	1.29000	1.2955	1.4863	0.26400	0.137670	0.227897	
2011	0.29758	0.05832	0.35590	1.4250	1.4150	1.29000	1.2882	1.5306	0.26400	0.137600	0.227900	
2012	0.31385	0.04205	0.35590	1.4350	1.4000	1.32010	1.4075	1.5400	0.26400	0.148970	0.227897	

Source: Tarrant Appraisal District

Notes: Overlapping rates are those of local and county governments that apply to property owners within the City of Colleyville, Texas. Not all school district overlapping rates apply to all Colleyville property owners because the City is served by five different independent school districts; for example, although the county property tax rates apply to all City property owners, the Grapevine-Colleyville Independent School District rates apply only to the approximately two-thirds of City property owners whose property is located within that school district's geographic boundaries.

TABLE 7

**CITY OF COLLEYVILLE, TEXAS**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2012		2003	
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
Melvin & Martindale	\$ 22,557,000	0.60%	\$ -	- %
Oncor Electric Delivery	15,889,593	0.42%	17,636,353	0.75%
Lifetime Fitness Real Estate	12,233,988	0.33%	-	- %
Toll Dallas TX LLC	10,654,992	0.28%	-	- %
RCC Village Properties	5,933,440	0.16%	-	- %
Colleyville Plaza LP	5,784,000	0.15%	6,700,000	0.28%
Silveroak Land Company LP	5,034,510	0.13%	-	- %
Leonard Hudson	5,030,700	0.13%	-	- %
Dreiling Realty LLC	4,905,260	0.13%	-	- %
Uhlman Colleyville, LLC	4,794,553	0.13%	-	- %
Albertsons	-	- %	16,611,570	0.70%
Herman Smith & Co. LTD	-	- %	9,420,769	0.40%
RH-One LP	-	- %	5,999,935	0.25%
Paul and Shelia Johnson	-	- %	4,000,000	0.17%
Goodacre LTD Partnership	-	- %	3,880,617	0.16%
Southwestern Bell	-	- %	3,858,383	0.16%
Paul and Rebecca Kramer	-	- %	3,842,326	0.16%
Village Management, LTD	-	- %	3,719,827	0.16%
<b>Total</b>	<b>\$ 92,818,036</b>	<b>2.47%</b>	<b>\$ 75,669,780</b>	<b>3.19%</b>

Source: Tarrant Appraisal District

**CITY OF COLLEYVILLE, TEXAS**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**

<u>Fiscal Year Ended</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected With the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2003	\$ 8,233,543	\$ 8,151,208	98.8%	\$ 79,096	\$ 8,230,304	99.96%
2004	8,719,444	8,632,250	99.2%	84,312	8,716,562	99.97%
2005	9,201,770	9,109,752	99.1%	87,826	9,197,578	99.95%
2006	9,981,646	9,906,769	99.2%	70,762	9,977,531	99.96%
2007	10,725,345	10,592,222	98.8%	125,323	10,717,545	99.93%
2008	12,024,882	11,903,333	99.0%	105,161	12,008,494	99.86%
2009	12,875,919	12,734,871	98.9%	113,226	12,848,097	99.78%
2010	13,351,922	13,166,515	98.6%	83,107	13,249,623	99.23%
2011	13,183,932	13,063,575	99.1%	83,215	13,146,790	99.72%
2012	13,163,735	13,082,029	99.4%	-	13,082,029	99.38%

Sources: Tarrant County Appraisal District and City of Colleyville Finance Department.

**CITY OF COLLEYVILLE, TEXAS**  
**PRINCIPAL WATER CUSTOMERS**  
**CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2012		2003	
	Water Usage	Percentage of Total City Water Usage	Water Usage	Percentage of Total City Water Usage
Grapevine-Colleyville ISD	47,359,600	1.80%	38,923,500	2.00%
Bluebonnet Hills	15,770,600	0.60%	-	- %
Market Street	13,067,600	0.50%	-	- %
Town Center	17,799,800	0.68%	-	- %
Lifetime Fitness	10,666,800	0.40%	-	- %
Pebble Hill	9,848,800	0.37%	-	- %
Timarron	9,336,100	0.35%	-	- %
Broughton Maint Assoc	8,406,800	0.32%	-	- %
Westmont	6,393,700	0.24%	-	- %
Shadowood Trail	5,606,600	0.21%	6,105,300	0.31%
Albertsons (Glade Rd)	-	- %	5,349,300	0.28%
Highland Meadows HOA	-	- %	3,967,500	0.20%
La Hacienda Ranch	-	- %	3,632,500	0.19%
Woodland Hills	-	- %	3,581,000	0.18%
Good Acres LTD	-	- %	3,180,900	0.16%
Wash Depot	-	- %	3,110,500	0.16%
Good Sheperd Catholic Church	-	- %	2,444,500	0.13%
Barbara Gordon School	-	- %	1,742,900	0.09%
<b>Total</b>	<b>144,256,400</b>	<b>5.48%</b>	<b>72,037,900</b>	<b>3.71%</b>

Source: City utility billing records

TABLE 10

## CITY OF COLLEYVILLE, TEXAS

## RATIOS OF OUTSTANDING DEBT BY TYPE

## LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Sales Tax Revenue Bonds	Capital Leases	Water and Sewer Revenue Bonds	Drainage Revenue Bonds	Capital Leases			
2003	\$ 13,820,000	\$ 13,937,722	\$ -	\$ 9,605,000	\$ 2,800,000	\$ -	\$ 40,162,722	3.81%	\$ 1,993
2004	12,925,000	13,077,722	-	8,925,000	2,660,000	-	37,587,722	3.43%	1,834
2005	11,995,000	14,980,000	69,187	8,160,000	2,515,000	41,077	37,760,264	3.28%	1,798
2006	10,665,000	14,760,000	404,395	7,365,000	2,365,000	26,933	35,586,328	2.98%	1,655
2007	17,770,000	10,372,462	349,189	6,540,000	2,205,000	13,140	37,249,791	2.89%	1,682
2008	16,275,000	9,795,916	430,549	5,840,000	2,040,000	-	34,381,465	2.65%	1,528
2009	14,665,000	9,199,370	359,996	5,200,000	1,870,000	-	31,294,366	2.52%	1,388
2010	13,300,000	8,572,824	1,151,173	4,520,000	1,695,000	-	29,238,997	2.33%	1,291
2011	11,510,000	8,271,278	972,170	3,600,000	1,550,000	-	25,903,448	1.71%	1,136
2012	9,975,000	7,930,000	1,709,120	2,850,000	1,345,000	-	23,809,120	1.57%	1,037

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

See Table 14 for personal income and population data.

## CITY OF COLLEYVILLE, TEXAS

## RATIOS OF GENERAL BONDED DEBT OUTSTANDING

## LAST TEN FISCAL YEARS

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Less Amounts Restricted to Repaying Principal	Total		
2003	\$ 13,820,000	\$ 1,025,530	\$ 12,794,470	0.54%	\$ 635
2004	12,925,000	995,889	11,929,111	0.46%	582
2005	11,955,000	989,618	10,965,382	0.41%	522
2006	10,665,000	1,082,681	9,582,319	0.33%	446
2007	17,770,000	1,254,686	16,515,314	0.53%	746
2008	16,275,000	987,681	15,287,319	0.50%	679
2009	14,665,000	1,121,567	13,543,433	0.44%	601
2010	13,300,000	1,154,570	12,145,430	0.39%	536
2011	11,510,000	1,188,907	10,321,093	0.33%	453
2012	9,975,000	1,239,412	8,735,588	0.28%	381

## Notes:

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

See Table 5 for property value data.

Population data can be found in Table 14.

## CITY OF COLLEYVILLE, TEXAS

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF SEPTEMBER 30, 2012

Government Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes			
Birdville Independent School District	\$ 213,969,754	0.080%	\$ 171,176
Carroll Independent School District	241,860,039	0.490%	1,185,114
Grapevine-Colleyville Independent School District	354,381,492	21.650%	76,723,593
Hurst-Euless-Bedford Independent School District	312,938,426	1.580%	4,944,427
Keller Independent School District	700,087,009	2.890%	20,232,515
Tarrant County	317,725,000	3.070%	9,754,158
Tarrant County College District	22,705,000	3.070%	697,044
Tarrant County Hospital District	26,285,000	3.070%	806,950
Subtotal overlapping debt			114,514,975
City direct debt	19,614,120	- %	19,614,120
Total direct and overlapping debt			\$ 134,129,095

Sources: Assessed value data used to estimate applicable percentages provided by the Tarrant County Appraisal District and debt outstanding data provided by each governmental unit.

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**CITY OF COLLEYVILLE, TEXAS**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS**

Legal Debt Margin Calculation for Fiscal Year 2012	
Assessed value	\$ 3,753,701,506
Debt limit (.25% of assessed value)	93,842,538
Debt applicable to limit:	
General obligation bonds	9,975,000
Less: Amount set aside for repayment of general obligation debt	( 1,239,412)
Total net debt applicable to limit	8,735,588
Legal debt margin	\$ 85,106,950

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$ 59,175,866	\$ 64,512,041	\$ 66,314,922	\$ 71,831,071	\$ 77,182,965	\$ 85,026,795	\$ 74,212,544	\$ 79,676,820	\$ 93,876,249	\$ 85,106,950
Total net debt applicable to limit:	13,820,000	12,925,000	11,995,000	9,582,319	15,745,132	15,287,139	13,543,433	12,145,430	10,321,093	9,975,000
Legal debt margin	\$ 45,355,866	\$ 51,587,041	\$ 54,319,922	\$ 62,248,752	\$ 61,437,833	\$ 69,739,656	\$ 60,669,111	\$ 67,531,390	\$ 83,555,156	\$ 75,131,950
Total net debt applicable to the limit as a percentage of debt limit.	23.35%	20.04%	18.09%	13.34%	20.40%	17.98%	18.25%	15.24%	10.99%	11.72%

Note:  
 Under state finance law, the City's outstanding general obligation debt should not exceed 2.50 percent of total assessed property value.

**CITY OF COLLEYVILLE, TEXAS**

**PLEDGED REVENUE COVERAGE**

**LAST TEN FISCAL YEARS**

Fiscal Year	Water Revenue Bonds					
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2003	\$ 8,840,900	\$ 6,444,484	\$ 2,396,416	\$ 622,000	\$ 457,143	\$ 1,317,273
2004	8,924,942	6,117,278	2,807,664	680,000	406,306	1,721,358
2005	10,198,733	7,251,998	2,946,735	765,000	361,976	1,819,759
2006	13,136,476	8,067,565	5,068,911	795,000	329,451	3,944,460
2007	10,046,030	8,040,621	2,005,409	825,000	296,546	883,863
2008	11,452,268	9,670,881	1,781,387	700,000	265,658	815,729
2009	11,458,282	8,943,803	2,514,479	640,000	241,223	1,633,256
2010	11,427,074	9,458,355	1,968,719	680,000	213,358	1,075,361
2011	14,391,910	10,120,678	4,271,232	920,000	57,819	3,293,413
2012	14,036,325	10,395,517	3,640,808	750,000	77,947	2,812,861

Notes:

Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.

**TABLE 14**

Drainage Revenue Bonds						Sales Tax Bonds			
Drainage Service Charges	Drainage Operations Expenses	Net Available Revenue	Debt Service		Coverage	Sales Tax Increment	Debt Service		Coverage
			Principal	Interest			Principal	Interest	
\$ 704,031	\$ 235,105	\$ 468,926	\$ 140,000	\$ 144,417	\$ 184,509	\$ 768,846	\$ 185,000	\$ 419,114	\$ 164,732
694,196	312,235	381,961	140,000	122,263	119,698	873,626	195,000	406,472	272,154
710,265	338,310	371,955	175,000	116,432	80,523	982,844	210,000	387,085	385,759
897,606	444,700	452,906	150,000	111,252	191,654	1,132,094	240,000	402,929	489,165
922,123	462,387	459,736	160,000	104,206	355,530	1,208,379	255,000	391,366	562,013
902,232	510,259	391,973	165,000	96,984	294,989	1,300,260	270,000	380,013	650,247
889,163	500,677	388,486	170,000	90,138	298,348	1,264,385	275,000	368,195	621,190
899,870	484,712	415,158	175,000	82,930	332,228	1,317,161	290,000	356,290	670,871
905,271	551,049	354,222	152,163	58,979	295,243	1,319,517	300,000	344,195	675,322
920,682	660,455	260,227	205,000	51,244	208,983	1,426,909	315,000	331,588	780,321

## CITY OF COLLEYVILLE, TEXAS

## DEMOGRAPHIC AND ECONOMIC STATISTICS

## LAST TEN FISCAL YEARS

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Tarrant County Unemployment Rate</u>
2003	20,150	\$ 157,414	\$ 52,297	6.3%
2004	20,500	161,095	53,520	5.6%
2005	21,000	165,008	54,820	5.1%
2006	21,500	167,009	55,485	4.5%
2007	22,150	175,008	58,142	4.3%
2008	22,500	173,853	57,758	5.1%
2009	22,550	166,063	55,170	8.2%
2010	22,650	166,063	55,354	7.9%
2011	22,807	162,744	66,236	8.3%
2012	22,950	162,744	66,236	6.2%

Sources: Population - North Central Texas Council of Governments, personal income - City of Colleyville Economic Development Department, Unemployment Rate - Texas Workforce Commission (unemployment rate is not available solely for the City of Colleyville)

**CITY OF COLLEYVILLE, TEXAS**  
**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR AND NINE YEARS AGO**

Employer	2012		2003	
	Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment*
Grapevine Colleyville ISD	1,681	32.6%	720	- %
Market Street	369	7.1%	-	- %
Lifetime Fitness	230	4.5%	-	- %
City of Colleyville	196	3.8%	162	- %
Kroger	-	- %	150	- %
Albertsons	110	2.1%	200	- %
Covenant Christian Academy	107	2.1%	-	- %
LaHacienda Ranch	100	1.9%	100	- %
TGW Insurance	95	1.8%	-	- %
Sonshine Academy	60	1.2%	40	- %
Mac's Steak and Seafood	55	1.1%	93	- %
Compass Christian Church	50	1.0%	-	- %
Michael's Keys	40	0.8%	-	- %
Total	3,093	59.9%	1,465	- %

Source: City Economic Development Division

\*This information is unavailable.

**TABLE 17**

**CITY OF COLLEYVILLE TEXAS**  
**FULLTIME EQUIVALENT CITY GOVERNMENT EMPLOYEES**  
**BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

Function/Program	Fulltime Equivalent Employees as of September 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government										
Management services	6	6	6	6	5	5	4	4	4	4
Finance/court	7	7	7	7	6	6	6	6	6	6
Planning	5	3	3	3	3	3	3	2	2	2
Building	5	5	5	5	5	6	6	5	4	3
Other	3	4	5	5	6	6.5	7.5	9.5	11	11
Police										
Officers	30	30	31	32	35	37	38	38	38	39
Civilians	10	10	10	11	13	14	14	13	6	6
Fire										
Firefighters and officers	30	30	33	33	33	33	33	33	33	35
Civilians	1	1	1	1	1	1	1	2	1	1
Other public works										
Engineering	6	5	5	5	5	5	5	4	4.5	3.0
Other	3	3	3	3	3	3	3	3	3	3
Streets	10	10	10	10	10	10	10	10	10	10
Parks and recreation	12.5	12.5	12.5	12.5	13.5	13.5	13.5	16.5	16	16
Library	5.5	5.5	5.5	5.5	7.5	8.0	8.0	9.5	9.5	9.5
Colleyville center	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Water/wastewater	22.5	25.5	25.5	28	29	29	29	28	24	24
Drainage	<u>4</u>	<u>4</u>	<u>6</u>							
Total	<u>165.0</u>	<u>166.0</u>	<u>173.0</u>	<u>177.5</u>	<u>185.5</u>	<u>190.5</u>	<u>191.5</u>	<u>194.0</u>	<u>182.6</u>	<u>182.6</u>

Source: City Human Resources Office

Notes: A fulltime employee is scheduled to work 2080 hours per year (including vacation and sick leave). Fulltime equivalent employment is calculated by dividing total labor hours by 2080.

**CITY OF COLLEYVILLE, TEXAS**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government										
Building permits issued	132	275	245	270	140	131	90	77	104	155
Building inspections conducted	5,011	7,401	8,734	9,599	8,941	8,108	5,641	6,149	6,737	8,310
Police										
Physical arrests	643	643	404	485	666	514	809	764	666	653
Calls for service	11,407	11,407	10,668	10,546	17,629	15,292	23,480	12,242	27,254	48,076
Traffic violations	7,806	7,806	7,311	11,218	12,438	15,621	12,550	13,822	11,354	11,980
Fire										
Emergency responses	629	629	510	656	715	681	737	762	830	724
Ambulance calls	559	559	609	589	630	667	693	751	765	803
Inspections	750	750	560	312	503	666	796	784	397	342
Other public works										
Street resurfacing (miles)	1	2	3	3	4.5	8.5	13.9	8.0	6.2	1.0
Parks and recreation										
Athletic field participants	668	685	690	602	4,960	5,159	4,617	4,296	4,378	3,946
Community center rentals	737	614	580	637	592	627	507	373	410	404
Library										
Volumes in collection	21,757	22,334	34,656	43,378	46,311	50,348	54,659	58,147	62,997	65,740
Total volumes borrowed	17,933	102,165	139,130	177,087	197,712	211,674	238,459	244,458	235,238	244,613
Water										
Customers	7,781	8,067	8,271	8,561	8,700	8,893	8,960	9,014	9,103	9,285
Average daily consumption (thousands of gallons)	5,321	4,964	5,951	8,081	5,123	6,619	6,578	5,990	7,928	7,217
Peak daily consumption (thousands of gallons)	15,123	13,204	16,126	16,732	13,068	16,764	16,674	18,207	18,935	18,707
Wastewater										
Customers	7,112	7,294	7,563	7,761	7,966	8,138	8,315	8,389	8,457	8,603

Source: Various City departments

**TABLE 19**

**CITY OF COLLEYVILLE, TEXAS  
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	6	7	7	7	10	13	13	13	13	12
Fire										
Stations	2	2	2	2	2	3	3	3	3	3
Public works										
Streets (miles)	288	295	300	307	311	312	312	318	282	282
Streetlights	745	751	860	990	1,011	1,010	1,168	1,188	1,169	1,169
Traffic signals	2	2	2	2	2	2	2	2	2	2
Parks and recreation										
Acreage	207	207	212	212	224	224	224	224	224	224
Playgrounds	5	5	5	5	6	6	6	6	6	6
Baseball/softball diamonds	9	9	9	9	9	9	9	9	9	9
Soccer fields	14	14	14	14	14	14	14	14	14	14
Community centers	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	152	170	173	175	191	192	199	200	195	201
Fire hydrants	940	1,108	1,149	1,206	1,254	1,271	1,340	1,345	1,362	1,389
Storage capacity (thousands of gallons)	4,900	4,900	4,900	4,900	4,900	4,900	9,900	9,900	9,400	9,400
Wastewater										
Sanitary sewers (miles)	133	147	150	154	163	164	166	170	162	169
Storm sewers (miles)	55	56	57	58	59	59	63	63	58	64

Source: Various City departments

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

# **COMPLIANCE**

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Colleyville, Texas (the “City”) as of and for the year ended September 30, 2012, which collectively comprise the City’s basic financial statements and have issued our report thereon dated January 25, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

Management of the City is responsible for the establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Pattillo, Brown & Hill, L.L.P.

January 25, 2013