

**CITY OF
COLLEYVILLE, TEXAS**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED SEPTEMBER 30, 2013

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 4, 2014

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, 2013, 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, 2013, 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, 2013, 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 2013, as did commercial development. During the fiscal year, the City issued 103 residential building permits and the average square footage of a residence was almost five thousand square feet.

In October 2012, 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.

The final design for the Jackson Road and Cheek-Sparger Road intersection was completed, which will also be constructed as a roundabout.

For the Future. In Fiscal Year 2014, Whole Foods will open in an existing shopping center which will bring additional sales tax and new tenants to Colleyville. Major transportation projects will be the construction of the roundabout at the Jackson Road and Cheek-Sparger Road intersection and improvements to Pleasant Run Road including a trail segment from Mission Lane to Bogart Drive. There is also an update to the comprehensive master plan that will include preparation of a common vision and goals, future land uses, downtown revitalization, transportation, corridor recommendations for Colleyville Boulevard, coordination with ongoing utility infrastructure planning, retail opportunities and economic development, and the development of future land use recommendations.

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 2013, 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.

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. These two plans, which were adopted in Fiscal Year 2011 and Fiscal Year 2012, respectively, 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. There is an annual update to the six-year General Fund budget forecast that is presented to City Council as a part of the budget process.

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, with input from an appointed citizen committee that reviewed street infrastructure needs and financing opportunities. In Fiscal Year 2013, there was an update to this plan and it was expanded to include water, wastewater, drainage, trails, and

sidewalks. The recommendations were incorporated into an infrastructure program that was approved by Council as a part of the Fiscal Year 2014 budget process.

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, 2012. This was the twenty third consecutive year that 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, 2012. 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.

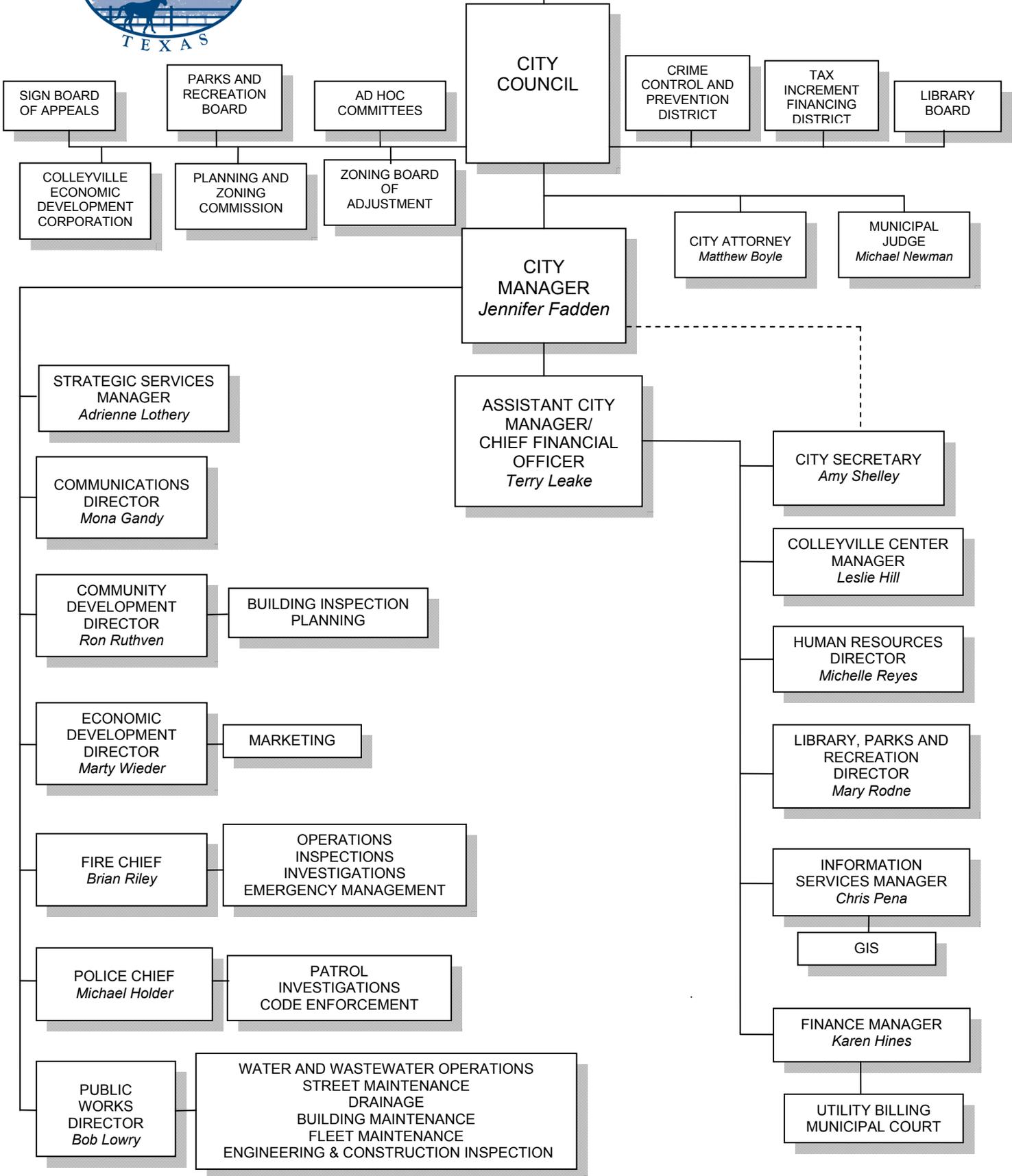
Respectfully submitted,

Terry Leake
Assistant City Manager/Chief Financial Officer

Karen Hines
Finance Manager



CITIZENS OF COLLEYVILLE





Government Finance Officers Association

**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, 2012

Executive Director/CEO

CITY OF COLLEYVILLE, TEXAS

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

CITY OFFICIALS

YEAR ENDED SEPTEMBER 30, 2013

David Kelly
Mayor

Carol Wollin
Councilmember, Place 1

Chuck Mogged
Councilmember, Place 2

Stan Hall
Councilmember, Place 3

Jody Short
Councilmember, Place 4

Tom Hart
Councilmember, Place 5

Mike Taylor
Mayor Pro Tem and
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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Colleyville, Texas, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Colleyville, Texas' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Colleyville, Texas, as of September 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 19-27 and the Schedule of Funding Progress for the Texas Municipal Retirement System on page 71 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Colleyville, Texas' basic financial statements. 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 basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2014, on our consideration of the City of Colleyville, Texas' 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* in considering City of Colleyville, Texas' internal control over financial reporting and compliance.

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

Waco, Texas
January 30, 2014

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**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, 2013. 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, 2013, by \$169,183,942 (net position). Of this amount, \$32,383,344 (unrestricted net position) 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 position increased by \$2,869,841.
- As of the close of the current fiscal year, the City of Colleyville's governmental funds reported combined ending fund balances of \$32,180,612. Of this amount, \$11,001,741 is unassigned fund balance available for use within the City's fund designation and fiscal policies.
- As of September 30, 2013, unreserved, unassigned fund balance for the General Fund was \$11,006,716 or 57.6% 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 30 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 Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the fiscal year. All changes in net position 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 34 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 40 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 45 – 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 position 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 \$169,183,942 as of September 30, 2013.

The largest portion of the City’s net position (\$123,684,195) 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 POSITION

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 34,107,679	\$ 34,369,593	\$ 15,392,384	\$ 14,059,010	\$ 49,500,063	\$ 48,428,603
Capital assets	101,978,118	102,809,761	42,436,223	42,530,273	144,414,341	145,340,034
Total assets	136,085,797	137,179,354	57,828,607	56,589,283	193,914,404	193,768,637
Other liabilities	3,413,370	3,616,684	2,600,746	2,628,997	6,014,116	6,245,681
Long-term liabilities	16,461,152	17,976,515	2,255,194	3,232,340	18,716,346	21,208,855
Total liabilities	19,874,522	21,593,199	4,855,940	5,861,337	24,730,462	27,454,536
Net position:						
Net investment in capital assets	84,414,252	83,211,988	39,269,943	38,395,708	123,684,195	121,607,696
Restricted	13,116,403	12,814,448	-	-	13,116,403	12,814,448
Unrestricted	18,680,620	19,559,719	13,702,724	12,332,238	32,383,344	31,891,957
Total net position	\$ 116,211,275	\$ 115,586,155	\$ 52,972,667	\$ 50,727,946	\$ 169,183,942	\$ 166,314,101

A portion of the City’s net position (\$13,116,403) represents resources that are subject to external restriction on how they may be used. The remaining balance (\$32,383,344) of unrestricted net position 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, 2013, the City has positive balances in all three categories of net position, both for the City as a whole, as well as for its governmental and business-type activities separately. The increase of \$625,120 in net position relating to governmental activities is primarily due to an increase in sales tax. The increase in net position of business type activities is related to water sales occurring as a tiered rate structure was implemented in December 2012 whereby customers who have monthly use greater than 20,000 gallons pay higher rates in increasing tiers.

Analysis of the City's Operations – The following table provides a summary of the City's operations for the year ended September 30, 2013. Governmental activities increased the City of Colleyville's net position by \$625,120, accounting for all of the total growth in net position. Business-type activities contributed an increase to the City's net position of \$2,244,721.

CITY OF COLLEYVILLE'S CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 3,410,235	\$ 3,466,371	\$ 15,590,354	\$ 14,952,923	\$ 19,000,589	\$ 18,419,294
Operating grants and contributions	468,361	490,069	-	-	468,361	490,069
Capital grants and contributions	1,158,050	381,308	876,660	169,464	2,034,710	550,772
General revenues:						
Ad valorem taxes	12,497,692	12,414,457	-	-	12,497,692	12,414,457
Sales taxes	5,902,557	5,495,730	-	-	5,902,557	5,495,730
Franchise taxes	2,074,731	2,207,463	-	-	2,074,731	2,207,463
Other taxes	68,592	65,808	-	-	68,592	65,808
Investment earnings	77,269	108,192	38,987	4,084	116,256	112,276
Miscellaneous	85,562	74,041	-	-	85,562	74,041
Gain on sale of capital assets	-	147,969	103,437	-	103,437	147,969
Total revenues	25,743,049	24,851,408	16,609,438	15,126,471	42,352,487	39,977,879
Expenses:						
General government	4,075,001	3,125,214	-	-	4,075,001	3,125,214
Community development and engineering	1,429,755	1,397,839	-	-	1,429,755	1,397,839
Fire and rescue	4,529,225	4,321,929	-	-	4,529,225	4,321,929
Leisure services	4,106,822	4,124,619	-	-	4,106,822	4,124,619
Maintenance	494,545	400,306	-	-	494,545	400,306
Municipal court	586,709	319,445	-	-	586,709	319,445
Police	4,961,444	4,579,570	-	-	4,961,444	4,579,570
Streets and drainage	5,322,510	3,073,530	-	-	5,322,510	3,073,530
Water and wastewater	-	-	12,544,530	12,258,587	12,544,530	12,258,587
Drainage	-	-	707,647	723,994	707,647	723,994
Interest on long-term debt	724,458	780,028	-	-	724,458	780,028
Total expenses	26,230,469	22,122,480	13,252,177	12,982,581	39,482,646	35,105,061
Increases in net position						
before transfers	(487,420)	2,728,928	3,357,261	2,143,890	2,869,841	4,872,818
Transfers	1,112,540	1,081,868	(1,112,540)	(1,081,868)	-	-
Change in net position	625,120	3,810,796	2,244,721	1,062,022	2,869,841	4,872,818
Net position, beginning	115,586,155	111,775,359	50,727,946	49,665,924	166,314,101	161,441,283
Net position, ending	\$ 116,211,275	\$ 115,586,155	\$ 52,972,667	\$ 50,727,946	\$ 169,183,942	\$ 166,314,101

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 \$32,180,612. Approximately 34% of this total amount (\$11,001,741) constitutes unassigned fund balance. The remainder of the fund balance (\$21,178,871) is reserved to indicate that it 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 34 of this report for a more detailed presentation of governmental fund balances.

In the General Fund, the City's original budgeted expenditures exceeded revenues by \$(1,108,933), due to a planned 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, and the payment of economic development agreements from sales tax proceeds received in prior years. There was no budget amendment in Fiscal Year 2013, however was City Council approved authorization to provide for a transfer of unspent street maintenance funds at the end of the fiscal year and the difference in total revenues and expenditures of the General Fund to the Capital Projects Fund (\$2,158,573) for use in future CIP street rehabilitation projects. This transfer was funded by additional revenues and expense reductions; the final budgeted decrease in the fund balance of the General Fund remained unchanged (\$1,108,933). The actual decrease to fund balance for the General Fund was (\$886,814) for the Fiscal Year 2013, primarily due to greater than anticipated revenues from sales taxes, ambulance revenues, building permits and reductions to overall departmental expenditures, which was \$222,119 less than the adopted utilization of surplus fund balance. The aforementioned year end transfer to the Capital Projects Fund resulted in a net increase of \$240,378 to the fund balance, and will be used for future street capital projects. Additionally, there was a utilization of \$450,000 of surplus 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 and declining future debt obligations. The actual decrease to fund balance for the Debt Service Fund was (\$307,789) due to greater than anticipated property tax collections.

Proprietary funds – The City's proprietary fund statements beginning on page 40 of this report provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the respective major proprietary funds are Water and Wastewater (\$12,298,547), and Drainage Utility (\$1,404,177). The Water and Wastewater fund experienced an increase in total net position of \$2,025,575 during Fiscal Year 2013 due to revenue from the implementation of tiered water rates. There is a 60% differential from the lowest tier to the highest tier. Also, there was an increase in water sales caused by the extreme drought and summer weather conditions. The Drainage Utility fund's net position increased by \$219,146, due to increased service charge revenue and reductions to expenditures.

Governmental Activities – There was an increase in revenues comes from the sales tax due to improving economic conditions and the capital grants category from increased developer contributions and impact fees stemming from new development in Colleyville in FY 2013. There was a slight decrease in license and permit revenues due to a decrease of 52 residential building permits from FY 2012. The property tax base increased approximately \$38 million, due to the new residential and commercial construction, and the current year tax collection rate was over 99.37% of the levy.

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. There was additional funding of \$1.4 million in the Street department for the street overlay budget, which will overlay approximately five miles of city streets. Also, major capital equipment to be used by the Public Works department was acquired, and replacement of audio-video equipment throughout the City occurred.

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 \$14,661,491 for the fiscal year. Water revenues increased due to the implementation of tiered water rates whereby higher water rates are paid by customers with higher volume consumption. Wastewater revenues increased due to a rate increase in December 2012, which passed through a rate increase from the Trinity River Authority, the City’s provider of treated water and 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. The coverage ratio for debt for this fund was 3.85 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 no revisions to the original appropriations approved by the City Council. However, there was a City Council adopted authorization to transfer unspent street resurfacing appropriations to the Capital Projects fund and the difference between total revenues and expenses for future street capital projects (\$2,158,573). This transfer was funded primarily by the receipt of higher than anticipated sales tax, permit revenues, Colleyville Center rental revenues and ambulance revenues, and lower than anticipated expenditures. This accounted for the variance in transfers out from the adopted budget.

There was 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. There was also the lease purchase acquisition of an ambulance that is contained in capital outlay (\$209,425) which was offset by the proceeds from capital lease and accounts for the majority of the variance in capital outlay. The aforementioned acquisition of audio visual equipment for amounts that were less than the City's capital asset threshold of over \$5,000 resulted in the variance of \$49,666 in the General Government category, as the original budget amounts were contained in the Capital Outlay category.

The General Fund's overall budgeted revenue increased by \$1,973,342. 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 2012. Also included is the \$1,000,000 drawdown of General Fund balance, which funded the increase in the street overlay budget.

Refer to the General Fund Statement of Revenue, Expenditures and Changes in Fund Balances – Budget and Actual on page 39 of this report for a detailed presentation of the actual General Fund operations compared to both the original and final budget for fiscal year 2013.

CAPITAL ASSETS

The City of Colleyville's investment in capital assets for its governmental and business-type activities as of September 30, 2013, amounts to \$144,414,341 (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 \$1.8 million in street improvements and developer contributions, primarily with the completion of the John McCain Road and Pleasant Run Road intersection roundabout; and
- Capitalized approximately \$.6 million in water and wastewater system developer contributions.

CITY OF COLLEYVILLE'S CAPITAL ASSETS AT YEAR-END

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Land	\$ 9,293,654	\$ 9,293,654	\$ 304,839	\$ 313,057	\$ 9,598,493	\$ 9,606,711
Buildings and improvements	45,763,755	45,603,909	53,922	53,922	45,817,677	45,657,831
Equipment	10,806,868	10,225,015	1,981,088	1,509,282	12,787,956	11,734,297
Infrastructure/water distribution sewer collection	79,371,164	77,197,694	69,730,952	69,054,295	149,102,116	146,251,989
Construction in progress	1,796,099	1,741,624	1,114,303	512,948	2,910,402	2,254,572
Less: accumulated depreciation	(45,053,422)	(41,252,135)	(30,748,881)	(28,913,231)	(75,802,303)	(70,165,366)
Total capital assets	\$ 101,978,118	\$ 102,809,761	\$ 42,436,223	\$ 42,530,273	\$ 144,414,341	\$ 145,340,034

Additional information on the City's capital assets can be found in Note 4, pages 57 – 59 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 \$20,796,624. Of this amount, \$8,675,000 represents bonded debt backed by the full faith and credit of the government, \$7,600,000 represents bonds secured by sales tax revenues, \$2,085,000 represents bonds secured solely by water and sewer revenues, and \$1,135,000 represents bonds secured solely by drainage utility system revenues. The City's capitalized lease obligations of \$1,301,624 pertain to the prior year lease purchase of a fire pumper truck and mid-mount aerial platform fire apparatus. In FY 2013, there was an additional lease purchase, in the amount of \$209,425, entered into for an ambulance.

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

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
General obligation bonds and certificates of obligation	\$ 8,675,000	\$ 9,975,000	\$ -	\$ -	\$ 8,675,000	\$ 9,975,000
Sales tax revenue bonds	7,600,000	7,930,000	-	-	7,600,000	7,930,000
Revenue bonds payable	-	-	3,220,000	4,195,000	3,220,000	4,195,000
Capitalized lease obligations	1,301,624	1,709,120	-	-	1,301,624	1,709,120
	\$ 17,576,624	\$ 19,614,120	\$ 3,220,000	\$ 4,195,000	\$ 20,796,624	\$ 23,809,120

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 & Poor's</u>
General Obligation Bonds	AAA	AAA
Water Revenue Bonds	AAA	AA+

During Fiscal Year 2013, 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 60 – 64 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The General Fund budget including transfers in for Fiscal Year 2014 is based on a projected revenue increase of 10.7% as compared to the Fiscal Year 2013 budget. There is a 7.2% 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 and a 3.1% increase in valuation. This is the largest revenue source and comprises 55% of General Fund revenues. The total tax rate for Fiscal Year 2014 is \$.3559, which is unchanged since Fiscal Year 2008. Approximately 14% of General Fund revenues are sales taxes, budgeted at a 7.5% increase over the Fiscal Year 2013 budget, due to improving economic conditions and the opening of Whole Foods. There is a utilization of \$1,000,000 surplus fund balance in the adopted Fiscal Year 2014 General Fund budget to provide funding for the \$2.4 million increase in the street rehabilitation budget. Additionally, there is a utilization of \$152,666 of fund balance in the adopted Fiscal Year 2014 Debt Service budget for the second year lease payment on the radio tower and equipment due to the current level of existing fund balance.

In FY 2013, there was a compensation and classification study performed. There are funds included in the Fiscal Year 2014 budget, for bringing employees to the market minimum at a maximum of ten percent of current salary. Additionally, there was the addition of three firefighter/paramedics, one police property room clerk, and a plans examiner. The level of funding for street maintenance and rehabilitation continues at \$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 and the full year implementation of tiered water rates. There was also the incorporation of the pass through of projected Trinity River Authority (TRA) rate increases to maintain the financial stability of the Water and Wastewater Fund in future years.

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.

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BASIC FINANCIAL STATEMENTS

CITY OF COLLEYVILLE, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2013

	Governmental Activities	Business-type Activities
ASSETS		
Cash and equivalents	\$ 16,426,689	\$ 6,360,738
Investments	15,854,916	6,247,175
Receivables (net of allowances for uncollectibles of \$341,247)		
Accounts	96,515	2,521,522
Property taxes	230,912	-
Loans	200,000	-
Due from other governments	1,119,914	-
Inventories	1,759	167,317
Deferred charges	158,812	88,627
Accrued interest	18,162	7,005
Capital assets:		
Land	9,293,654	304,839
Buildings and improvements	45,763,755	53,922
Equipment	10,806,868	1,981,088
Infrastructure/water distribution/sewer collection	79,371,164	69,730,952
Construction in progress	1,796,099	1,114,303
Less: accumulated depreciation	(45,053,422)	(30,748,881)
Total capital assets	101,978,118	42,436,223
Total assets	136,085,797	57,828,607
LIABILITIES		
Accounts payable	827,070	950,676
Accrued liabilities	384,955	74,437
Unearned revenues	1,835	-
Accrued interest payable	111,027	19,957
Advances from developers	192,467	69,000
Escrow funds	-	26,613
Customer deposits	68,462	444,084
Noncurrent liabilities:		
Due within one year	1,827,554	1,015,979
Due in more than one year	16,461,152	2,255,194
Total liabilities	19,874,522	4,855,940
NET POSITION		
Net investment in capital assets	84,414,252	39,269,943
Restricted:		
Debt service	857,143	-
Court security and technology	101,411	-
Grant programs	16,489	-
Leisure services	207,770	-
Economic development	2,277,373	-
Streets and drainage	8,432,946	-
Police	1,223,271	-
Unrestricted	18,680,620	13,702,724
Total net position	\$ 116,211,275	\$ 52,972,667

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

	<u>Total</u>	<u>Component Units</u>
\$	22,787,427	15,696,721
	22,102,091	830,482
	2,618,037	-
	230,912	-
	200,000	-
	1,119,914	-
	169,076	-
	247,439	68,072
	25,167	254
	9,598,493	1,808,520
	45,817,677	-
	12,787,956	-
	149,102,116	5,893,512
	2,910,402	-
(<u>75,802,303)</u>	<u>(180,852)</u>
	<u>144,414,341</u>	<u>7,521,180</u>
	<u>193,914,404</u>	<u>24,116,709</u>
	1,777,746	371,273
	459,392	-
	1,835	-
	130,984	16,781
	261,467	-
	26,613	-
	512,546	-
	2,843,533	555,000
	<u>18,716,346</u>	<u>3,764,508</u>
	<u>24,730,462</u>	<u>4,707,562</u>
	123,684,195	3,201,672
	857,143	-
	101,411	-
	16,489	-
	207,770	-
	2,277,373	-
	8,432,946	-
	1,223,271	-
	<u>32,383,344</u>	<u>16,207,475</u>
\$	<u>169,183,942</u>	<u>\$ 19,409,147</u>

CITY OF COLLEYVILLE, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 4,075,001	\$ 15,000	\$ 4,104	\$ -
Community development	1,429,755	927,690	5,000	-
Fire and rescue	4,529,225	308,339	28,277	-
Leisure services	4,106,822	501,260	333,253	120,734
Maintenance	494,545	-	-	-
Municipal court	586,709	1,271,095	-	-
Police	4,961,444	70,513	97,727	-
Streets and drainage	5,322,510	316,338	-	1,037,316
Interest on long-term debt	724,458	-	-	-
Total governmental activities	<u>26,230,469</u>	<u>3,410,235</u>	<u>468,361</u>	<u>1,158,050</u>
Business-type activities:				
Water and wastewater	12,544,530	14,661,491	-	861,262
Drainage	707,647	928,863	-	15,398
Total business-type activities	<u>13,252,177</u>	<u>15,590,354</u>	<u>-</u>	<u>876,660</u>
Total primary government	<u>\$ 39,482,646</u>	<u>\$ 19,000,589</u>	<u>\$ 468,361</u>	<u>\$ 2,034,710</u>
Component unit				
Tax increment financing	\$ 945,411	\$ -	\$ -	\$ -
Total component unit	<u>\$ 945,411</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 position				
Net position - beginning				
Net position - ending				

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

Net (Expense) Revenue and Changes in Net Position

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$(4,055,897)	\$ -	\$(4,055,897)	\$ -
(497,065)	-	(497,065)	-
(4,192,609)	-	(4,192,609)	-
(3,151,575)	-	(3,151,575)	-
(494,545)	-	(494,545)	-
684,386	-	684,386	-
(4,793,204)	-	(4,793,204)	-
(3,968,856)	-	(3,968,856)	-
(724,458)	-	(724,458)	-
<u>(21,193,823)</u>	<u>-</u>	<u>(21,193,823)</u>	<u>-</u>
-	2,978,223	2,978,223	-
<u>-</u>	<u>236,614</u>	<u>236,614</u>	<u>-</u>
<u>-</u>	<u>3,214,837</u>	<u>3,214,837</u>	<u>-</u>
<u>(21,193,823)</u>	<u>3,214,837</u>	<u>(17,978,986)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(945,411)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(945,411)</u>
11,016,971	-	11,016,971	-
1,480,721	-	1,480,721	-
-	-	-	3,872,605
5,902,557	-	5,902,557	-
2,074,731	-	2,074,731	-
68,592	-	68,592	-
77,269	38,987	116,256	16,762
85,562	-	85,562	-
-	103,437	103,437	-
<u>1,112,540</u>	<u>(1,112,540)</u>	<u>-</u>	<u>-</u>
<u>21,818,943</u>	<u>(970,116)</u>	<u>20,848,827</u>	<u>3,889,367</u>
625,120	2,244,721	2,869,841	2,943,956
<u>115,586,155</u>	<u>50,727,946</u>	<u>166,314,101</u>	<u>16,465,191</u>
<u>\$ 116,211,275</u>	<u>\$ 52,972,667</u>	<u>\$ 169,183,942</u>	<u>\$ 19,409,147</u>

CITY OF COLLEYVILLE, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	General	Capital Projects	Debt Service
ASSETS			
Cash and cash equivalents	\$ 2,783,871	\$ 6,141,441	\$ 931,446
Investments	9,458,768	2,449,098	-
Receivables (net of allowances for uncollectibles)			
Accounts	96,515	-	-
Taxes	194,365	-	36,547
Loans	200,000	-	-
Due from other funds	52,648	-	-
Due from other governments	538,815	-	177
Inventories	1,759	-	-
Accrued interest	12,781	2,239	-
Total assets	\$ 13,339,522	\$ 8,592,778	\$ 968,170
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 769,578	\$ 27,662	\$ -
Accrued liabilities	374,144	-	-
Due to other funds	-	-	-
Deferred revenue	258,754	-	36,547
Advances from developers	46,573	132,170	-
Customer deposits	68,462	-	-
Total liabilities	1,517,511	159,832	36,547
Fund balances:			
Non-spendable:			
Inventories	1,759	-	-
Restricted:			
Streets and drainage	-	8,432,946	-
Debt service	-	-	931,623
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	-	-	-
Leisure services	-	-	-
Unassigned	11,006,716	-	-
Total fund balances	11,822,011	8,432,946	931,623
Total liabilities and fund balances	\$ 13,339,522	\$ 8,592,778	\$ 968,170

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 position of governmental activities

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

<u>Other Governmental</u>	<u>Total Governmental Funds</u>
\$ 6,569,931	\$ 16,426,689
3,947,050	15,854,916
-	96,515
-	230,912
-	200,000
-	52,648
580,922	1,119,914
-	1,759
<u>3,142</u>	<u>18,162</u>
<u>\$ 11,101,045</u>	<u>\$ 34,001,515</u>

\$ 29,830	\$ 827,070
10,811	384,955
52,648	52,648
-	295,301
13,724	192,467
-	68,462
<u>107,013</u>	<u>1,820,903</u>

-	1,759
-	8,432,946
-	931,623
101,411	101,411
16,489	16,489
207,770	207,770
2,277,373	2,277,373
1,223,271	1,223,271
-	295,198
-	518,338
1,020,791	1,020,791
5,241,291	5,241,291
902,707	902,707
7,904	7,904
(4,975)	<u>11,001,741</u>
<u>10,994,032</u>	<u>32,180,612</u>
<u>\$ 11,101,045</u>	

101,978,118
452,278
(<u>18,399,733</u>)
<u>\$ 116,211,275</u>

CITY OF COLLEYVILLE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>
REVENUES			
Taxes	\$ 16,232,400	\$ -	\$ 1,480,388
Fees and fines	892,592	-	-
Licenses and permits	857,135	-	-
Intergovernmental	-	68,259	-
Charges for services	1,242,758	-	-
Capital improvement fees	-	300,900	-
Donations	-	-	-
Investment earnings	40,390	14,918	1,595
Miscellaneous	81,141	4,421	-
Total revenues	<u>19,346,416</u>	<u>388,498</u>	<u>1,481,983</u>
EXPENDITURES			
Current:			
General government	3,044,817	-	-
Community development and engineering	1,302,378	-	-
Fire and rescue	4,033,302	20,005	-
Leisure services	2,583,749	715	-
Maintenance	489,685	-	-
Municipal court	406,512	-	-
Police	4,057,598	57,190	-
Streets and drainage	2,636,840	961,125	-
Debt service:			
Principal	-	-	1,916,921
Interest and other charges	-	-	378,775
Capital outlay	547,435	1,267,658	-
Total expenditures	<u>19,102,316</u>	<u>2,306,693</u>	<u>2,295,696</u>
EXCESS (DEFICIENCY) OF REVENUES			
OVER (UNDER) EXPENDITURES	<u>244,100</u>	<u>(1,918,195)</u>	<u>(813,713)</u>
OTHER FINANCING SOURCES (USES)			
Capital lease	209,425	-	-
Transfers in	1,049,234	2,158,573	505,924
Transfers out	<u>(2,389,573)</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>(1,130,914)</u>	<u>2,158,573</u>	<u>505,924</u>
NET CHANGE IN FUND BALANCES	<u>(886,814)</u>	<u>240,378</u>	<u>(307,789)</u>
FUND BALANCES, BEGINNING	<u>12,708,825</u>	<u>8,192,568</u>	<u>1,239,412</u>
FUND BALANCES, ENDING	<u>\$ 11,822,011</u>	<u>\$ 8,432,946</u>	<u>\$ 931,623</u>

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

<u>Other Governmental</u>	<u>Total Governmental Funds</u>
\$ 2,828,678	\$ 20,541,466
108,362	1,000,954
-	857,135
8,247	76,506
79,169	1,321,927
-	300,900
487,066	487,066
20,366	77,269
15,000	100,562
<u>3,546,888</u>	<u>24,763,785</u>
126,765	3,171,582
127,196	1,429,574
9,228	4,062,535
451,119	3,035,583
-	489,685
180,399	586,911
555,851	4,670,639
-	3,597,965
330,000	2,246,921
318,365	697,140
852,981	2,668,074
<u>2,951,904</u>	<u>26,656,609</u>
<u>594,984</u>	<u>(1,892,824)</u>
-	209,425
475,649	4,189,380
<u>(687,267)</u>	<u>(3,076,840)</u>
<u>(211,618)</u>	<u>1,321,965</u>
383,366	<u>(570,859)</u>
<u>10,610,666</u>	<u>32,751,471</u>
<u>\$ 10,994,032</u>	<u>\$ 32,180,612</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, 2013

Amounts reported for governmental activities in the Statement of Activities (pages 32 - 33) are different because:

Net change in fund balances - total governmental funds:	\$(570,859)
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.	(1,280,358)
The net effect of transactions involving capital assets is to increase net position.	448,715
Revenues, in the statement of activities, that do not provide current financial resources, are not reported as revenues in the funds.	10,207
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.	2,033,907
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>(16,492)</u>
Change in net position of governmental activities	<u>\$ 625,120</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 15,676,406	\$ 15,676,406	\$ 16,232,400	\$ 555,994
License and permits	725,958	725,958	857,135	131,177
Fines and forfeitures	867,969	867,969	892,592	24,623
Charges for services	1,122,007	1,122,007	1,242,758	120,751
Investment earnings	35,000	35,000	40,390	5,390
Other	54,100	54,100	81,141	27,041
Total revenues	<u>18,481,440</u>	<u>18,481,440</u>	<u>19,346,416</u>	<u>864,976</u>
EXPENDITURES				
Current:				
General government	2,995,151	2,995,151	3,044,817	(49,666)
Community development and engineering	1,431,012	1,431,012	1,302,378	128,634
Fire and rescue	4,113,288	4,113,288	4,033,302	79,986
Leisure services	2,848,792	2,848,792	2,583,749	265,043
Maintenance	552,881	552,881	489,685	63,196
Municipal court	411,805	411,805	406,512	5,293
Police	4,197,318	4,197,318	4,057,598	139,720
Streets and drainage	3,335,995	3,335,995	2,636,840	699,155
Capital outlay	239,600	239,600	547,435	(307,835)
Total expenditures	<u>20,125,842</u>	<u>20,125,842</u>	<u>19,102,316</u>	<u>1,023,526</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,644,402)</u>	<u>(1,644,402)</u>	<u>244,100</u>	<u>1,888,502</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	956,469	956,469	1,049,234	92,765
Transfers out	(431,000)	(431,000)	(2,389,573)	(1,958,573)
Sale of capital assets	10,000	10,000	-	(10,000)
Capital lease	-	-	209,425	209,425
Total other financing sources and uses	<u>535,469</u>	<u>535,469</u>	<u>(1,130,914)</u>	<u>(1,666,383)</u>
NET CHANGE IN FUND BALANCE	<u>(1,108,933)</u>	<u>(1,108,933)</u>	<u>(886,814)</u>	<u>222,119</u>
FUND BALANCE, BEGINNING	<u>12,708,825</u>	<u>12,708,825</u>	<u>12,708,825</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 11,599,892</u>	<u>\$ 11,599,892</u>	<u>\$ 11,822,011</u>	<u>\$ 222,119</u>

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

CITY OF COLLEYVILLE, TEXAS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

SEPTEMBER 30, 2013

	Enterprise Funds		
	Water and Wastewater	Drainage Utility	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 5,172,120	\$ 1,188,618	\$ 6,360,738
Investments	6,130,277	116,898	6,247,175
Accounts receivable, net of allowances	2,414,842	106,680	2,521,522
Deferred charges	67,689	20,938	88,627
Inventories	167,317	-	167,317
Total current assets	<u>13,952,245</u>	<u>1,433,134</u>	<u>15,385,379</u>
Non-current assets:			
Accrued interest receivable	6,927	78	7,005
Capital assets:			
Land and improvements	304,839	-	304,839
Buildings	53,922	-	53,922
Utility system	65,602,588	4,128,364	69,730,952
Equipment and furniture	1,500,115	480,973	1,981,088
Construction in progress	1,072,811	41,492	1,114,303
Less accumulated depreciation	(29,496,701)	(1,252,180)	(30,748,881)
Total non-current assets	<u>39,044,501</u>	<u>3,398,727</u>	<u>42,443,228</u>
Total assets	<u>52,996,746</u>	<u>4,831,861</u>	<u>57,828,607</u>
LIABILITIES			
Current liabilities:			
Accounts payable	948,922	1,754	950,676
Accrued liabilities	65,570	8,867	74,437
Accrued interest payable	13,393	6,564	19,957
Advances from developers	69,000	-	69,000
Escrow funds	26,613	-	26,613
Customer deposits	444,084	-	444,084
Compensated absences	18,609	2,370	20,979
Revenue bonds payable	775,000	220,000	995,000
Total current liabilities	<u>2,361,191</u>	<u>239,555</u>	<u>2,600,746</u>
Non-current liabilities:			
Compensated absences	74,434	9,480	83,914
Revenue bonds payable	1,262,012	909,268	2,171,280
Total non-current liabilities	<u>1,336,446</u>	<u>918,748</u>	<u>2,255,194</u>
Total liabilities	<u>3,697,637</u>	<u>1,158,303</u>	<u>4,855,940</u>
NET POSITION			
Net investment in capital assets	37,000,562	2,269,381	39,269,943
Unrestricted	12,298,547	1,404,177	13,702,724
Total net position	<u>\$ 49,299,109</u>	<u>\$ 3,673,558</u>	<u>\$ 52,972,667</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 POSITION**

PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Enterprise Funds		
	Water and Wastewater	Drainage Utility	Total
OPERATING REVENUES			
Metered water sales	\$ 10,683,906	\$ -	\$ 10,683,906
Wastewater service charges	3,278,271	-	3,278,271
Drainage service charges	-	916,917	916,917
Other charges and services	677,602	11,946	689,548
Miscellaneous	21,712	-	21,712
Total operating revenues	14,661,491	928,863	15,590,354
OPERATING EXPENSES			
Personnel services	1,595,661	385,537	1,981,198
Maintenance and contractual services	8,950,525	116,190	9,066,715
Materials and supplies	160,831	39,871	200,702
Depreciation and amortization	1,779,083	124,316	1,903,399
Total operating expenses	12,486,100	665,914	13,152,014
OPERATING INCOME	2,175,391	262,949	2,438,340
NON-OPERATING REVENUES (EXPENSES)			
Interest and investment revenues	37,423	1,564	38,987
Interest expense and fiscal charges	(58,430)	(41,733)	(100,163)
Gain (loss) on disposal of property	103,437	-	103,437
Total non-operating revenues (expenses)	82,430	(40,169)	42,261
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	2,257,821	222,780	2,480,601
Capital contributions	861,262	15,398	876,660
Transfers out	(1,093,508)	(19,032)	(1,112,540)
CHANGE IN NET POSITION	2,025,575	219,146	2,244,721
TOTAL NET POSITION, BEGINNING	47,273,534	3,454,412	50,727,946
TOTAL NET POSITION, ENDING	\$ 49,299,109	\$ 3,673,558	\$ 52,972,667

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, 2013

	Enterprise Funds		
	Water and Wastewater	Drainage Utility	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 14,541,259	\$ 930,620	\$ 15,471,879
Cash paid to suppliers for goods and services	(9,198,369)	(158,064)	(9,356,433)
Cash paid to employees for services	(1,555,064)	(391,303)	(1,946,367)
Net cash provided by operating activities	<u>3,787,826</u>	<u>381,253</u>	<u>4,169,079</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers out	(1,093,508)	(19,032)	(1,112,540)
Net cash used for noncapital financing activities	<u>(1,093,508)</u>	<u>(19,032)</u>	<u>(1,112,540)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(802,387)	-	(802,387)
Principal paid on debt	(781,638)	(213,512)	(995,150)
Interest paid on debt	(58,430)	(41,733)	(100,163)
Net cash used for capital and related financing activities	<u>(1,642,455)</u>	<u>(255,245)</u>	<u>(1,897,700)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
(Purchase) sale of investments	(2,371,012)	2,916	(2,368,096)
Earnings on investments	37,423	1,564	38,987
Net cash provided (used) by investing activities	<u>(2,333,589)</u>	<u>4,480</u>	<u>(2,329,109)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(1,281,726)	111,456	(1,170,270)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>6,453,846</u>	<u>1,077,162</u>	<u>7,531,008</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 5,172,120</u>	<u>\$ 1,188,618</u>	<u>\$ 6,360,738</u>

CITY OF COLLEYVILLE, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Enterprise Funds		
	Water and Wastewater	Drainage Utility	Totals
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income	\$ 2,175,391	\$ 262,949	\$ 2,438,340
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and amortization expense	1,779,083	124,317	1,903,400
Changes in assets and liabilities:			
Decrease (increase) in assets:			
Accounts receivable	(125,346)	1,757	(123,589)
Inventory	(29,699)	-	(29,699)
Accrued interest receivable	(2,432)	21	(2,411)
Deferred charges	16,638	3,513	20,151
Increase (decrease) in liabilities:			
Accounts payable	(66,894)	(4,321)	(71,215)
Accrued liabilities	20,933	(27)	20,906
Compensated absences payable	19,664	(5,740)	13,924
Customer deposits	9,510	-	9,510
Advances from developers	(4,396)	-	(4,396)
Accrued interest payable	(4,626)	(1,216)	(5,842)
Net cash provided by operations	<u>\$ 3,787,826</u>	<u>\$ 381,253</u>	<u>\$ 4,169,079</u>
Noncash investing, capital, and financing activities:			
Contributions of capital assets	\$ 861,262	\$ 15,398	\$ 876,660

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

CITY OF COLLEYVILLE, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2013

	<u>Agency Fund</u>
ASSETS	
Cash and investments	\$ <u>24,283</u>
Total assets	\$ <u><u>24,283</u></u>
LIABILITIES	
Due to other agencies and individuals	\$ <u>24,283</u>
Total liabilities	\$ <u><u>24,283</u></u>

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

CITY OF COLLEYVILLE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

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.

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 position 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.

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.

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.

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.

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.

The allowance for utility receivables is the total of final bills that have been sent out by the City. Final bills are bills that have been sent out to customers that have notified the City of a discontinuation of service. Ambulance receivables in excess of 180 days comprise the ambulance allowance for uncollectables. The allowance for uncollectable accounts for capias warrants is set at 90% of outstanding receivables.

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.

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 position.

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.

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.

N. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grand proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

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 Position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. 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 \$(18,399,733) difference are as follows:

Bonds payable	\$(16,262,242)
Capital leases payable	(1,301,624)
Accrued interest payable	(111,027)
Compensated absences	<u>(724,840)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$(18,399,733)</u>

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 position 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 \$(1,280,358) difference are as follows:

Capital outlay	\$ 2,668,074
Depreciation expense	<u>(3,948,432)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$(1,280,358)</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 \$10,207 difference are as follows:

Property taxes	\$ 2,106
Ambulance revenue	8,032
Adjudicated fines	<u>69</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 10,207</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 position. The details of this \$2,033,907 difference are as follows:

Principal payments and refundings	\$ 2,243,332
Issuance of debt	<u>(209,425)</u>
Net adjustment to increase <i>fund balance -total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 2,033,907</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 \$(16,492) difference are as follows:

Compensated absences	\$ 7,237
Accrued interest	8,033
Deferred charges	<u>(31,762)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u><u>\$(16,492)</u></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, 2013.

- (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 general government function exceeded appropriations by \$49,666 and the capital outlay function by \$307,835. This overage was funded by under spending in other functions.

4. DETAILED NOTES ON ALL FUNDS

Deposits and Investments

As of September 30, 2013, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
LOGIC	\$ 24,900,539	57
U. S. Treasuries and Agencies	<u>22,921,697</u>	331
 Total fair value	 <u>\$ 47,822,236</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.

Custodial Credit Risk. The City maintains a cash and investment pool that combines cash of the various funds in order to maximize investment opportunities. The City's policy and state statutes require that all deposits in financial institutions be insured by the Federal Depository Insurance Corporation (FDIC) or fully collateralized as per the Public Funds Collateral Act. The City's deposits were fully insured or collateralized as required by state statutes as of September 30, 2013.

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	\$ 481,413	\$ -	\$ -	\$ -	\$ 2,436,563	\$ 106,680	\$ 3,024,656
Taxes	194,365	-	36,547	-	-	-	230,912
Due from other governments	538,815	-	177	580,922	-	-	1,119,914
Loans	200,000	-	-	-	-	-	200,000
Accrued interest	12,781	2,239	-	3,142	6,927	78	25,167
Gross receivables	1,427,374	2,239	36,724	584,064	2,443,490	106,758	4,600,649
Less: allowance for uncollectibles	(384,898)	-	-	-	(21,721)	-	(406,619)
Net total receivables	\$ 1,042,476	\$ 2,239	\$ 36,724	\$ 584,064	\$ 2,421,769	\$ 106,758	\$ 4,194,030

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:

	Unavailable	Unearned
General fund		
Delinquent property taxes receivable	\$ 194,365	\$ -
Ambulance charges for services	48,136	-
Municipal court fines	14,418	-
Other	-	1,835
Total general fund	256,919	1,835
Debt service fund		
Delinquent property taxes receivable	36,547	-
Total debt service fund	36,547	-
Total governmental funds	\$ 293,466	\$ 1,835

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 2013 levy was based, was \$3,791,706,860.

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, 2013, 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 \$12,495,586 for the year ended September 30, 2013. Property taxes receivable at September 30, 2013, were \$230,912.

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.

Capital Assets

Capital asset activity for the year ended September 30, 2013, was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 9,293,654	\$ -	\$ -	\$ 9,293,654
Construction in progress	1,741,624	1,258,888	(1,204,413)	1,796,099
Total assets not being depreciated	<u>11,035,278</u>	<u>1,258,888</u>	<u>(1,204,413)</u>	<u>11,089,753</u>
Capital assets, being depreciated:				
Buildings and improvements	45,603,909	159,846	-	45,763,755
Machinery and equipment	10,225,015	737,503	(155,650)	10,806,868
Infrastructure	77,197,694	2,173,470	-	79,371,164
Total capital assets being depreciated	<u>133,026,618</u>	<u>3,070,819</u>	<u>(155,650)</u>	<u>135,941,787</u>
Less accumulated depreciation:				
Buildings and improvements	(13,019,800)	(1,448,375)	-	(14,468,175)
Machinery and equipment	(7,061,068)	(912,709)	147,145	(7,826,632)
Improvements other than buildings	(21,171,267)	(1,587,348)	-	(22,758,615)
Total accumulated depreciation	<u>(41,252,135)</u>	<u>(3,948,432)</u>	<u>147,145</u>	<u>(45,053,422)</u>
Total capital assets being depreciated, net	<u>91,774,483</u>	<u>(877,613)</u>	<u>(8,505)</u>	<u>90,888,365</u>
Governmental activities capital assets, net	<u>\$ 102,809,761</u>	<u>\$ 381,275</u>	<u>\$ (1,212,918)</u>	<u>\$ 101,978,118</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 313,057	\$ 15,759	\$(23,977)	\$ 304,839
Construction in progress	<u>512,948</u>	<u>795,606</u>	<u>(194,251)</u>	<u>1,114,303</u>
Total assets not being depreciated	<u>826,005</u>	<u>811,365</u>	<u>(218,228)</u>	<u>1,419,142</u>
Capital assets, being depreciated:				
Buildings and improvements	53,922	-	-	53,922
Machinery and equipment	1,509,282	471,806	-	1,981,088
Improvements other than buildings	<u>69,054,295</u>	<u>717,543</u>	<u>(40,886)</u>	<u>69,730,952</u>
Total capital assets being depreciated	<u>70,617,499</u>	<u>1,189,349</u>	<u>(40,886)</u>	<u>71,765,962</u>
Less accumulated depreciation:				
Buildings and improvements	(48,328)	(623)	-	(48,951)
Machinery and equipment	(2,441,104)	(124,266)	-	(2,565,370)
Improvements other than buildings	<u>(26,423,799)</u>	<u>(1,751,647)</u>	<u>40,886</u>	<u>(28,134,560)</u>
Total accumulated depreciation	<u>(28,913,231)</u>	<u>(1,876,536)</u>	<u>40,886</u>	<u>(30,748,881)</u>
Total capital assets being depreciated, net	<u>41,704,268</u>	<u>(687,187)</u>	<u>-</u>	<u>41,017,081</u>
Business-type activities capital assets, net	<u>\$ 42,530,273</u>	<u>\$ 124,178</u>	<u>\$(218,228)</u>	<u>\$ 42,436,223</u>
Component unit:				
Capital assets, not being depreciated:				
Infrastructure	\$ 4,551,672	\$ 1,341,840	\$ -	\$ 5,893,512
Total assets not being depreciated	<u>4,551,672</u>	<u>1,341,840</u>	<u>-</u>	<u>5,893,512</u>
Capital assets, being depreciated:				
Improvements other than buildings	\$ 1,800,940	\$ 7,580	\$ -	\$ 1,808,520
Total capital assets being depreciated	<u>1,800,940</u>	<u>7,580</u>	<u>-</u>	<u>1,808,520</u>
Less accumulated depreciation:				
Improvements other than buildings	\$(144,075)	\$(36,777)	\$ -	\$(180,852)
Total accumulated depreciation	<u>(144,075)</u>	<u>(36,777)</u>	<u>-</u>	<u>(180,852)</u>
Total capital assets being depreciated, net	<u>1,656,865</u>	<u>(29,197)</u>	<u>-</u>	<u>1,627,668</u>
Component unit capital assets, net	<u>\$ 6,208,537</u>	<u>\$ 1,312,643</u>	<u>\$ -</u>	<u>\$ 7,521,180</u>

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

Governmental activities:	
General government	\$ 384,168
Community development	673
Fire and rescue	468,087
Leisure services	1,072,283
Maintenance	5,028
Police	292,411
Streets and drainage	<u>1,725,782</u>
Total depreciation expense - governmental activities	<u>\$ 3,948,432</u>
Business-type activities:	
Water and wastewater	\$ 1,756,447
Drainage utility	<u>120,089</u>
Total depreciation expense - business-type activities	<u>\$ 1,876,536</u>

Construction Commitments

The government has active construction projects as of September 30, 2013. The major projects are listed as follows:

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Colleyville Blvd (SH26) Utility Relocations - Phase 1	\$ 1,214,336	\$ 925,664
Total	<u>\$ 1,214,336</u>	<u>\$ 925,664</u>

Interfund Transactions

Interfund receivables and payables at September 30, 2013 consisted of the following:

Due From/To Other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 52,648

Balances resulted from the time lag between the dates that 1) interfund goods and services are provided on reimbursable expenditures occur, and 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

The composition of interfund transfers as of September 30, 2013, 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	\$ -	\$ 2,158,573	\$ -	\$ 231,000	\$ 2,389,573
Nonmajor governmental	12	-	505,924	181,331	687,267
Drainage fee	-	-	-	19,032	19,032
Water and wastewater	<u>1,049,222</u>	<u>-</u>	<u>-</u>	<u>44,286</u>	<u>1,093,508</u>
Total Transfers Out	<u>\$ 1,049,234</u>	<u>\$ 2,158,573</u>	<u>\$ 505,924</u>	<u>\$ 475,649</u>	<u>\$ 4,189,380</u>

The transfer of \$1,049,222 from the Utility Fund to the General Fund represents the 2013 Administrative transfer and the franchise fee based on gross water and wastewater revenue of the prior year's audited financial statements. The transfer of \$2,389,573 from the General Fund to the Capital Projects and nonmajor governmental funds represents transfers for capital replacement. The transfer of \$505,924 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 \$21,985,000.

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	2% - 4%	\$ <u>16,275,000</u>
		\$ <u><u>16,275,000</u></u>

Long-term liability activity for the year ended September 30, 2013, was as follows:

	Balance September 30, 2012	Additions	Retirements	Balance September 30, 2013	Amounts Due Within One Year
<u>Governmental activities</u>					
General obligation bonds and certificates of obligation	\$ 9,975,000	\$ -	\$ 1,300,000	\$ 8,675,000	\$ 1,015,000
Premium on bonds	5,249	-	656	4,593	-
Deferred loss on refunding	(46,328)	-	(5,791)	(40,537)	-
Sales tax revenue bonds	7,954,732	-	331,546	7,623,186	340,000
Capital lease obligations	1,709,120	209,425	616,921	1,301,624	327,586
Compensated absences	732,077	255,546	262,783	724,840	144,968
Total governmental activities	<u>20,329,850</u>	<u>464,971</u>	<u>2,506,115</u>	<u>18,288,706</u>	<u>1,827,554</u>
<u>Business-type activities</u>					
Revenue bonds and certificates of obligation	4,195,000	-	975,000	3,220,000	995,000
Premium on bonds	89,780	-	9,975	79,805	-
Loss on refunding	(150,215)	-	(16,690)	(133,525)	-
Compensated absences	90,969	55,632	41,708	104,893	20,979
Total business-type activities	<u>4,225,534</u>	<u>55,632</u>	<u>1,009,993</u>	<u>3,271,173</u>	<u>1,015,979</u>
Total primary government	<u>\$ 24,555,384</u>	<u>\$ 520,603</u>	<u>\$ 3,516,108</u>	<u>\$ 21,559,879</u>	<u>\$ 2,843,533</u>
<u>Component unit</u>					
Tax increment financing fund revenue bonds	\$ 4,765,000	\$ -	\$ 540,000	\$ 4,225,000	\$ 555,000
Bond premium	146,828	-	20,976	125,852	-
Loss on refunding	(36,568)	-	(5,224)	(31,344)	-
Total component unit	<u>\$ 4,875,260</u>	<u>\$ -</u>	<u>\$ 555,752</u>	<u>\$ 4,319,508</u>	<u>\$ 555,000</u>

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

Governmental activities long-term liabilities at September 30, 2013, 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%.	\$ 2,915,000
\$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%.	4,325,000
\$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>1,435,000</u>
Total General Obligation Bonds and Certificates of Obligation	<u>\$ 8,675,000</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%	\$ 7,600,000
Unamortized gain on refunding	<u>23,186</u>
Total Revenue Bonds	<u>\$ 7,623,186</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.

The City's defeased debt as of September 30, 2013, was \$9,599,035.

Business-type activities long-term liabilities at September 30, 2013, 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%.	\$ 195,000
\$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>1,890,000</u>
Total Water and Wastewater Fund	<u>\$ 2,085,000</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>1,135,000</u>
Total Drainage Utility Fund	\$ <u><u>1,135,000</u></u>
Total Business-type activities	\$ <u><u>3,220,000</u></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, 2013, the City was in compliance with these requirements.

The City's component unit, the Tax Increment Financing District, long-term liabilities at September 30, 2013, 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%.	\$ <u>4,225,000</u>
Total Tax Increment Financing District	\$ <u><u>4,225,000</u></u>

Governmental Activities

September 30,	General Obligation Bonds and Certificates of Obligation		Revenue Bonds	
	Principal	Interest	Principal	Interest
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	810,000	194,388	400,000	243,540
2019-2023	2,475,000	633,528	2,290,000	949,765
2024-2028	2,070,000	170,600	2,815,000	428,553
2029-2033	<u>-</u>	<u>-</u>	<u>635,000</u>	<u>13,018</u>
	<u>\$ 8,675,000</u>	<u>\$ 2,057,285</u>	<u>\$ 7,600,000</u>	<u>\$ 2,765,042</u>

Business-type Activities

<u>September 30,</u>	Revenue Bonds	
	Principal	Interest
2014	\$ 995,000	\$ 79,704
2015	685,000	57,947
2016	450,000	42,446
2017	460,000	28,291
2018	265,000	16,899
2019-2023	365,000	19,345
	\$ 3,220,000	\$ 244,632

Discretely Presented Component Unit - Tax Increment Financing Fund

<u>September 30,</u>	Revenue Bonds	
	Principal	Interest
2014	\$ 555,000	\$ 128,700
2015	565,000	114,675
2016	585,000	97,425
2017	600,000	79,650
2018	615,000	61,425
2019-2023	1,305,000	52,700
	\$ 4,225,000	\$ 534,575

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, have 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	\$ 2,749,363	\$ 25,500
Less: accumulated depreciation	(877,821)	(23,725)
Total	\$ 1,871,542	\$ 1,775

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2013, were as follows:

	<u>Governmental Activities</u>
2014	\$ 363,808
2015	363,808
2016	314,086
2017	161,419
2018	116,839
2019-2023	<u>116,839</u>
Total minimum lease payments	1,436,799
Less: amount representing interest	<u>(135,175)</u>
Present value of minimum lease payments	<u>\$ 1,301,624</u>

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.

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 2011</u>	<u>Plan Year 2012</u>	<u>Plan Year 2013</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	0% 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.

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>
09/30/11	1,220,839	100%	-
09/30/12	817,843	100%	-
09/30/13	743,803	100%	-

The required contribution rates for fiscal year 2013 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	12/31/10	12/31/11	12/31/12
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	7.0%	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	0%	0%	0%
GASB 25 Equivalent Single amortization period	38.3 years; closed period	27.3 years; closed period	26.8 years; closed period
Amortization period for new gains/losses	25 years	25 years	25 years

Funded Status and Fund Progress

The funded status as of December 31, 2012, the most recent actuarial valuation date, is presented as follows:

Actuarial accrued liability (AAL)	\$ 38,639,275
Actuarial value of plan assets	<u>41,091,987</u>
Unfunded (overfunded) actuarial accrued liability (UAAL)	<u>\$(2,452,712)</u>
Funded ratio (actuarial value of plan assets/ALL)	106.3%
Covered payroll (annual payroll of active employees covered by the plan)	<u>9,940,381</u>
UAAL as a percentage of covered payroll	(24.7%)

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 2013 amounted to approximately \$6,445,717 and \$1,995,708, respectively.

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, 2013, developers had escrowed \$2,958,302 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.

The City's contributions to the TMRS SDBF for the years ended 2013, 2012, and 2011 were \$15,132, \$14,480, and \$9,752, respectively, which equaled the required contributions each year.

<u>Schedule of Contribution Rates</u>			
<u>Accounting Year Ending</u>	<u>Annual Required Contribution (Rate)</u>	<u>Actual Contribution Made (Rate)</u>	<u>Percentage of ARC Contributed</u>
09/30/11	.02%	.02%	100%
09/30/12	.013%	.013%	100%
09/30/13	.015%	.015%	100%

SUBSEQUENT EVENT

On December 20, 2013, the City issued \$7,360,000 of Colleyville Economic Development Corporation Sales Tax Revenue Refunding Bonds, Series 2013. These bonds will refund the Colleyville Economic Development Corporation Refunding and Improvement Sales Tax Subordinate Lien Revenue Bonds, Series 2005. The interest rate on the bonds is 4.1% and the maturity date is February 15, 2029.

**REQUIRED
SUPPLEMENTARY INFORMATION**

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

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Unfunded (Overfunded) Actuarial Accrued Liability</u>	<u>Annual Covered Payroll</u>	<u>Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll</u>
12/31/2010	\$ 35,451,160	\$ 34,974,234	101.4%	\$(476,926)	\$ 10,125,274	(4.7%)
12/31/2011	38,477,205	36,643,865	105.0%	(1,833,340)	9,661,349	(19.0%)
12/31/2012	41,091,987	38,639,275	106.3%	(2,452,712)	9,940,381	(24.7%)

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.

Juvenile Case Manager – This fund is used to account for staff, whose primary role is handling juvenile defendants in terms of teen court dockets, all school violations including truancy, failure to attend school and parental noncompliance violations, and mandatory classes for drug, tobacco and alcohol defendants, as permitted by state statute.

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.

Park Land 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 or construction or 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.

CITY OF COLLEYVILLE, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2013

	Special Revenue Funds		
	Voluntary Park	Voluntary Library	Police Asset Forfeiture
ASSETS			
Cash and cash equivalents	\$ 27,767	\$ 28,781	\$ 6,687
Investments	599,675	359,145	-
Due from other governments	-	-	-
Accrued interest	332	388	-
Total assets	\$ 627,774	\$ 388,314	\$ 6,687
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
Due to other funds	-	-	-
Advances from developers	-	-	-
Total liabilities	-	-	-
Fund balances:			
Restricted	-	-	6,687
Committed	627,774	388,314	-
Assigned	-	-	-
Unreserved	-	-	-
Total fund balances	627,774	388,314	6,687
Total liabilities and fund balances	\$ 627,774	\$ 388,314	\$ 6,687

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>
\$ 18,427	\$ 127,441	\$ -	\$ 5,857	\$ 3,648	\$ 8,356
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 18,427</u>	<u>\$ 127,441</u>	<u>\$ -</u>	<u>\$ 5,857</u>	<u>\$ 3,648</u>	<u>\$ 8,356</u>
\$ -	\$ -	\$ -	\$ -	\$ 5,969	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
<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>5,969</u>	<u>-</u>
-	127,441	-	5,857	-	8,356
4,703	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,321)</u>	<u>-</u>
<u>4,703</u>	<u>127,441</u>	<u>-</u>	<u>5,857</u>	<u>(2,321)</u>	<u>8,356</u>
<u>\$ 18,427</u>	<u>\$ 127,441</u>	<u>\$ -</u>	<u>\$ 5,857</u>	<u>\$ 3,648</u>	<u>\$ 8,356</u>

CITY OF COLLEYVILLE, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

SEPTEMBER 30, 2013

	Special Revenue Funds		
	Colleyville Economic Development	Crime District	Kidsville Maintenance
ASSETS			
Cash and cash equivalents	\$ 1,444,979	\$ 997,081	\$ 20,426
Investments	561,623	-	-
Due from other governments	272,101	228,703	-
Accrued interest	1,224	-	-
Total assets	\$ 2,279,927	\$ 1,225,784	\$ 20,426
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 2,554	\$ 53	\$ -
Accrued liabilities	-	9,147	-
Due to other funds	-	-	-
Advances from developers	-	-	-
Total liabilities	2,554	9,200	-
Fund balances:			
Restricted	2,277,373	1,216,584	20,426
Committed	-	-	-
Assigned	-	-	-
Unreserved	-	-	-
Total fund balances	2,277,373	1,216,584	20,426
Total liabilities and fund balances	\$ 2,279,927	\$ 1,225,784	\$ 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>	<u>Juvenile Case Manager</u>
\$ 54,046	\$ -	\$ 72,960	\$ 8,133	\$ 7,904	\$ -
-	-	-	-	-	-
-	79,169	949	-	-	-
-	-	-	-	-	-
<u>\$ 54,046</u>	<u>\$ 79,169</u>	<u>\$ 73,909</u>	<u>\$ 8,133</u>	<u>\$ 7,904</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9
-	-	-	-	-	1,664
-	51,667	-	-	-	981
-	-	-	-	-	-
<u>-</u>	<u>51,667</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,654</u>
54,046	27,502	73,909	8,133	-	-
-	-	-	-	-	-
-	-	-	-	7,904	-
-	-	-	-	-	(2,654)
<u>54,046</u>	<u>27,502</u>	<u>73,909</u>	<u>8,133</u>	<u>7,904</u>	<u>(2,654)</u>
<u>\$ 54,046</u>	<u>\$ 79,169</u>	<u>\$ 73,909</u>	<u>\$ 8,133</u>	<u>\$ 7,904</u>	<u>\$ -</u>

CITY OF COLLEYVILLE, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

SEPTEMBER 30, 2013

	Capital Project Funds		
	Colleyville Tomorrow	Parks Tomorrow	Park Land Dedication
ASSETS			
Cash and cash equivalents	\$ 1,880,646	\$ 1,201,299	\$ 24,199
Investments	375,242	-	1,601,354
Due from other governments	-	-	-
Accrued interest	163	-	987
Total assets	\$ 2,256,051	\$ 1,201,299	\$ 1,626,540
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
Due to other funds	-	-	-
Advances from developers	-	-	-
Total liabilities	-	-	-
Fund balances:			
Restricted	-	-	-
Committed	2,256,051	1,201,299	1,626,540
Assigned	-	-	-
Unreserved	-	-	-
Total fund balances	2,256,051	1,201,299	1,626,540
Total liabilities and fund balances	\$ 2,256,051	\$ 1,201,299	\$ 1,626,540

<u>Capital Project Funds</u>			
<u>CEDC Capital Project</u>	<u>Capital and Cable Equipment Replacement</u>	<u>Kimzey Park</u>	<u>Total Governmental Funds</u>
\$ 175,070	\$ 452,648	\$ 3,576	\$ 6,569,931
-	450,011	-	3,947,050
-	-	-	580,922
<u>-</u>	<u>48</u>	<u>-</u>	<u>3,142</u>
<u>\$ 175,070</u>	<u>\$ 902,707</u>	<u>\$ 3,576</u>	<u>\$ 11,101,045</u>
\$ 21,245	\$ -	\$ -	\$ 29,830
-	-	-	10,811
-	-	-	52,648
<u>-</u>	<u>-</u>	<u>-</u>	<u>13,724</u>
<u>21,245</u>	<u>-</u>	<u>-</u>	<u>107,013</u>
-	-	-	3,826,314
153,825	-	3,576	6,262,082
-	902,707	-	910,611
<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,975)</u>
<u>153,825</u>	<u>902,707</u>	<u>3,576</u>	<u>10,994,032</u>
<u>\$ 175,070</u>	<u>\$ 902,707</u>	<u>\$ 3,576</u>	<u>\$ 11,101,045</u>

CITY OF COLLEYVILLE, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Special Revenue Funds		
	Voluntary Park	Voluntary Library	Police Asset Forfeiture
REVENUES			
Taxes	\$ -	\$ -	\$ -
Fees and fines	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Donations	153,949	153,949	-
Investment earnings	2,441	949	-
Miscellaneous	-	-	-
Total revenues	156,390	154,898	-
EXPENDITURES			
Current:			
General government	-	-	-
Community development and engineering	-	-	-
Fire and rescue	-	-	-
Leisure services	-	135,667	-
Municipal court	-	-	-
Police	-	-	486
Debt service:			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay	-	-	-
Total expenditures	-	135,667	486
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	156,390	19,231	(486)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources and uses	-	-	-
NET CHANGE IN FUND BALANCES	156,390	19,231	(486)
FUND BALANCES, BEGINNING	471,384	369,083	7,173
FUND BALANCES, ENDING	\$ 627,774	\$ 388,314	\$ 6,687

Special Revenue Funds

Tree Preservation	Library Donation	Recreational Event	Colleyville Center Development	Recycling	LEOSE
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	3,000	-	-	-	-
-	-	-	-	-	-
-	15,044	1,600	-	-	-
-	-	-	-	-	-
-	-	-	-	15,000	-
<u>-</u>	<u>18,044</u>	<u>1,600</u>	<u>-</u>	<u>15,000</u>	<u>-</u>
-	-	-	-	19,051	-
-	-	-	-	-	-
-	-	-	-	-	50
500	31,434	1,827	592	-	-
-	-	-	-	-	-
-	-	-	-	-	550
-	-	-	-	-	-
-	-	-	-	-	-
<u>500</u>	<u>31,434</u>	<u>1,827</u>	<u>592</u>	<u>19,051</u>	<u>600</u>
(500)	(13,390)	(227)	(592)	(4,051)	(600)
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
(500)	(13,390)	(227)	(592)	(4,051)	(600)
<u>5,203</u>	<u>140,831</u>	<u>227</u>	<u>6,449</u>	<u>1,730</u>	<u>8,956</u>
<u>\$ 4,703</u>	<u>\$ 127,441</u>	<u>\$ -</u>	<u>\$ 5,857</u>	<u>\$(2,321)</u>	<u>\$ 8,356</u>

CITY OF COLLEYVILLE, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Special Revenue Funds		
	Colleyville Economic Development	Crime District	Kidsville Maintenance
REVENUES			
Taxes	\$ 1,534,635	\$ 1,294,043	\$ -
Fees and fines	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Donations	5,000	-	-
Investment earnings	3,620	1,195	-
Miscellaneous	-	-	-
Total revenues	<u>1,543,255</u>	<u>1,295,238</u>	<u>-</u>
EXPENDITURES			
Current:			
General government	-	-	-
Community development and engineering	127,196	-	-
Fire and rescue	-	-	-
Leisure services	202,763	-	-
Municipal court	-	-	-
Police	-	501,764	-
Debt service:			
Principal	330,000	-	-
Interest and other charges	318,365	-	-
Capital outlay	<u>121,072</u>	<u>191,247</u>	<u>-</u>
Total expenditures	<u>1,099,396</u>	<u>693,011</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>443,859</u>	<u>602,227</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	<u>(165,331)</u>	<u>(521,924)</u>	<u>-</u>
Total other financing sources and uses	<u>(165,331)</u>	<u>(521,924)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	278,528	80,303	-
FUND BALANCES, BEGINNING	<u>1,998,845</u>	<u>1,136,281</u>	<u>20,426</u>
FUND BALANCES, ENDING	<u>\$ 2,277,373</u>	<u>\$ 1,216,584</u>	<u>\$ 20,426</u>

Special Revenue Funds

Special Donations	Court Technology	Court Security	TDPA Grant	Public Art	Juvenile Case Manager
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	32,415	47,588	-	-	28,359
5,247	-	-	-	-	-
-	79,169	-	-	-	-
36,790	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>42,037</u>	<u>111,584</u>	<u>47,588</u>	<u>-</u>	<u>-</u>	<u>28,359</u>
-	-	-	-	-	-
-	-	-	-	-	-
5,151	-	-	4,027	-	-
2,673	-	-	-	-	-
-	125,194	24,197	-	-	31,008
8,162	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
12,035	-	-	-	-	-
<u>28,021</u>	<u>125,194</u>	<u>24,197</u>	<u>4,027</u>	<u>-</u>	<u>31,008</u>
<u>14,016</u>	<u>(13,610)</u>	<u>23,391</u>	<u>(4,027)</u>	<u>-</u>	<u>(2,649)</u>
-	-	-	-	-	-
<u>-</u>	<u>(4)</u>	<u>(3)</u>	<u>-</u>	<u>-</u>	<u>(5)</u>
<u>-</u>	<u>(4)</u>	<u>(3)</u>	<u>-</u>	<u>-</u>	<u>(5)</u>
14,016	(13,614)	23,388	(4,027)	-	(2,654)
40,030	41,116	50,521	12,160	7,904	-
<u>\$ 54,046</u>	<u>\$ 27,502</u>	<u>\$ 73,909</u>	<u>\$ 8,133</u>	<u>\$ 7,904</u>	<u>\$ (2,654)</u>

CITY OF COLLEYVILLE, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Capital Project Funds		
	Colleyville Tomorrow	Parks Tomorrow	Park Land Dedication
REVENUES			
Taxes	\$ -	\$ -	\$ -
Fees and fines	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Donations	-	-	120,734
Investment earnings	3,550	1,763	4,914
Miscellaneous	-	-	-
Total revenues	3,550	1,763	125,648
EXPENDITURES			
Current:			
General government	-	-	-
Community development and engineering	-	-	-
Fire and rescue	-	-	-
Leisure services	-	716	-
Municipal court	-	-	-
Police	-	-	-
Debt service:			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay	303,980	-	-
Total expenditures	303,980	716	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(300,430)	1,047	125,648
OTHER FINANCING SOURCES (USES)			
Transfers in	228,649	-	-
Transfers out	-	-	-
Total other financing sources and uses	228,649	-	-
NET CHANGE IN FUND BALANCES	(71,781)	1,047	125,648
FUND BALANCES, BEGINNING	2,327,832	1,200,252	1,500,892
FUND BALANCES, ENDING	\$ 2,256,051	\$ 1,201,299	\$ 1,626,540

Capital Project Funds			
CEDC Capital Project	Capital and Cable Equipment Replacement	Kimzey Park	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 2,828,678
-	-	-	108,362
-	-	-	8,247
-	-	-	79,169
-	-	-	487,066
-	1,934	-	20,366
-	-	-	15,000
<u>-</u>	<u>1,934</u>	<u>-</u>	<u>3,546,888</u>
-	107,714	-	126,765
-	-	-	127,196
-	-	-	9,228
74,947	-	-	451,119
-	-	-	180,399
-	44,889	-	555,851
-	-	-	330,000
-	-	-	318,365
<u>86,066</u>	<u>138,581</u>	<u>-</u>	<u>852,981</u>
<u>161,013</u>	<u>291,184</u>	<u>-</u>	<u>2,951,904</u>
(161,013)	(289,250)	-	594,984
-	247,000	-	475,649
<u>-</u>	<u>-</u>	<u>-</u>	<u>(687,267)</u>
<u>-</u>	<u>247,000</u>	<u>-</u>	<u>(211,618)</u>
(161,013)	(42,250)	-	383,366
<u>314,838</u>	<u>944,957</u>	<u>3,576</u>	<u>10,610,666</u>
<u>\$ 153,825</u>	<u>\$ 902,707</u>	<u>\$ 3,576</u>	<u>\$ 10,994,032</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, 2013

	<u>Budget</u>	<u>Actual</u>	Variance with Budget - Positive (Negative)
REVENUES			
Taxes	\$ 1,338,147	\$ 1,480,388	\$ 142,241
Investment earnings	<u>2,375</u>	<u>1,595</u>	<u>(780)</u>
Total revenues	<u>1,340,522</u>	<u>1,481,983</u>	<u>141,461</u>
EXPENDITURES			
Debt service:			
Principal retirement	1,916,921	1,916,921	-
Interest and fiscal charges	<u>379,525</u>	<u>378,775</u>	<u>750</u>
Total expenditures	<u>2,296,446</u>	<u>2,295,696</u>	<u>750</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(955,924)</u>	<u>(813,713)</u>	<u>142,211</u>
OTHER FINANCING SOURCES			
Transfers in	<u>505,924</u>	<u>505,924</u>	<u>-</u>
Total other financing sources	<u>505,924</u>	<u>505,924</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(450,000)</u>	<u>(307,789)</u>	<u>142,211</u>
FUND BALANCE, BEGINNING	<u>1,239,412</u>	<u>1,239,412</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 789,412</u>	<u>\$ 931,623</u>	<u>\$ 142,211</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 POSITION

AGENCY FUNDS

SEPTEMBER 30, 2013

	<u>Employee Activity Fund</u>	<u>Sesquicentennial Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ <u>6,410</u>	\$ <u>17,873</u>	\$ <u>24,283</u>
Total assets	\$ <u><u>6,410</u></u>	\$ <u><u>17,873</u></u>	\$ <u><u>24,283</u></u>
LIABILITIES			
Due to other agencies and individuals	\$ <u>6,410</u>	\$ <u>17,873</u>	\$ <u>24,283</u>
Total liabilities	\$ <u><u>6,410</u></u>	\$ <u><u>17,873</u></u>	\$ <u><u>24,283</u></u>

CITY OF COLLEYVILLE, TEXAS

**COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES**

AGENCY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Employee Activity Fund			Balance 09/30/13
	Balance 10/01/12	Additions	Deletions	
Cash and cash equivalents	\$ 6,366	\$ 3,189	\$ 3,145	\$ 6,410
Total assets	<u>\$ 6,366</u>	<u>\$ 3,189</u>	<u>\$ 3,145</u>	<u>\$ 6,410</u>
Due to other agencies and individuals	\$ 6,366	\$ 3,189	\$ 3,145	\$ 6,410
Total liabilities	<u>\$ 6,366</u>	<u>\$ 3,189</u>	<u>\$ 3,145</u>	<u>\$ 6,410</u>

	Sesquicentennial Fund			Balance 09/30/13
	Balance 10/01/12	Additions	Deletions	
Cash and cash equivalents	\$ 17,538	\$ 335	\$ -	\$ 17,873
Total assets	<u>\$ 17,538</u>	<u>\$ 335</u>	<u>\$ -</u>	<u>\$ 17,873</u>
Due to other agencies and individuals	\$ 17,538	\$ 335	\$ -	\$ 17,873
Total liabilities	<u>\$ 17,538</u>	<u>\$ 335</u>	<u>\$ -</u>	<u>\$ 17,873</u>

	Total Agency Funds			Balance 09/30/13
	Balance 10/01/12	Additions	Deletions	
Cash and cash equivalents	\$ 23,904	\$ 3,524	\$ 3,145	\$ 24,283
Total assets	<u>\$ 23,904</u>	<u>\$ 3,524</u>	<u>\$ 3,145</u>	<u>\$ 24,283</u>
Due to other agencies and individuals	\$ 23,904	\$ 3,524	\$ 3,145	\$ 24,283
Total liabilities	<u>\$ 23,904</u>	<u>\$ 3,524</u>	<u>\$ 3,145</u>	<u>\$ 24,283</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.

Contents	Page
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 POSITION BY COMPONENT

(Accrual Basis of Accounting)

	Fiscal Year		
	2004	2005	2006
Governmental activities:			
Net investment in capital assets	\$ 60,055,616	\$ 60,884,756	\$ 66,991,146
Restricted for:			
Debt service	756,516	896,130	937,578
Court security and technology	-	-	-
Grant programs	-	-	-
Leisure services	-	-	-
Economic development	-	-	-
Streets and drainage	-	-	-
Police	-	-	-
Unrestricted	15,948,497	19,132,376	19,002,816
Total governmental activities net position	\$ 76,760,629	\$ 80,913,262	\$ 86,931,540
Business-type activities:			
Net investment in capital assets	\$ 23,957,432	\$ 24,827,365	\$ 25,919,619
Restricted for:			
Debt service	668,239	670,571	882,821
Unrestricted	15,470,275	16,374,236	19,253,772
Total business-type activities net position	\$ 40,095,946	\$ 41,872,172	\$ 46,056,212
Primary government:			
Net investment in capital assets	\$ 84,013,048	\$ 85,712,121	\$ 92,910,765
Restricted for:			
Debt service	1,424,755	1,566,701	1,820,399
Court security and technology	-	-	-
Grant programs	-	-	-
Leisure services	-	-	-
Economic development	-	-	-
Streets and drainage	-	-	-
Police	-	-	-
Unrestricted	31,418,772	35,506,612	38,256,588
Total primary government net position	\$ 116,856,575	\$ 122,785,434	\$ 132,987,752

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
2007	2008	2009	2010	2011	2012	2013	
\$ 71,824,719	\$ 77,484,725	\$ 79,243,497	\$ 81,970,674	\$ 83,166,142	\$ 83,211,988	\$ 84,414,252	
1,032,586	889,689	1,040,896	1,057,699	1,106,893	1,159,092	857,143	
-	-	-	-	153,420	91,637	101,411	
-	-	-	-	23,208	21,116	16,489	
-	-	-	-	201,184	207,736	207,770	
-	-	-	-	1,863,900	1,998,845	2,277,373	
-	-	-	-	6,428,106	8,192,568	8,432,946	
-	-	-	-	994,913	1,143,454	1,223,271	
<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>18,680,620</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>	<u>\$ 116,211,275</u>	
\$ 32,804,703	\$ 39,442,148	\$ 39,174,562	\$ 39,080,043	\$ 38,892,098	\$ 38,395,708	\$ 39,269,943	
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>13,702,724</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>	<u>\$ 52,972,667</u>	
\$ 104,629,422	\$ 116,926,873	\$ 118,418,059	\$ 121,050,717	\$ 122,058,240	\$ 121,607,696	\$ 123,684,195	
2,113,337	1,914,038	2,028,077	2,040,924	1,768,943	1,159,092	857,143	
-	-	-	-	153,420	91,637	101,411	
-	-	-	-	23,208	21,116	16,489	
-	-	-	-	201,184	207,736	207,770	
-	-	-	-	1,863,900	1,998,845	2,277,373	
-	-	-	-	6,428,106	8,192,568	8,432,946	
-	-	-	-	994,913	1,143,454	1,223,271	
<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>32,383,344</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>	<u>\$ 169,183,942</u>	

CITY OF COLLEYVILLE, TEXAS

CHANGES IN NET POSITION

(Accrual Basis of Accounting)

	Fiscal Year		
	2004	2005	2006
EXPENSES			
Governmental activities:			
General government	\$ 2,542,016	\$ 2,245,964	\$ 2,729,064
Community Development and Engineering	1,281,429	1,164,345	1,267,136
Fire and rescue	3,144,814	3,325,103	3,814,585
Leisure services	2,953,528	2,923,958	3,513,992
Maintenance	364,256	364,434	383,504
Municipal court	250,551	238,874	270,345
Police	3,295,263	3,533,083	3,801,644
Streets and drainage	2,562,499	2,970,475	2,932,465
Interest on long-term debt	<u>1,290,825</u>	<u>1,190,857</u>	<u>1,142,043</u>
Total governmental activities expenses	<u>17,685,181</u>	<u>17,957,093</u>	<u>19,854,778</u>
Business-type activities:			
Water and wastewater	7,850,570	8,962,630	9,428,373
Drainage	517,713	550,005	548,963
Interest on long-term debt	<u>-</u>	<u>-</u>	<u>440,703</u>
Total business-type activities expenses	<u>8,368,283</u>	<u>9,512,635</u>	<u>10,418,039</u>
Total primary government program expenses	<u>\$ 26,053,464</u>	<u>\$ 27,469,728</u>	<u>\$ 30,272,817</u>
PROGRAM REVENUES			
Governmental activities:			
Charges for services:			
General government	\$ 16,000	\$ 6,000	\$ 6,000
Community Development and Engineering	1,687,921	1,515,052	2,163,596
Fire and rescue	125,081	136,498	239,386
Leisure services	399,319	386,658	448,606
Municipal court	508,572	492,805	813,781
Police	66,135	95,234	70,899
Streets and drainage	512,171	336,111	472,860
Operating grants and contributions	619,459	523,704	399,819
Capital grants and contributions	<u>3,857,202</u>	<u>3,283,774</u>	<u>4,355,357</u>
Total governmental activities program revenues	<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	2013
\$	2,438,051	\$ 2,814,874	\$ 2,945,481	\$ 2,691,905	\$ 2,715,154	\$ 3,125,214	\$ 4,075,001	
	1,523,768	1,481,124	1,530,901	1,645,221	1,402,669	1,397,839	1,429,755	
	3,790,831	3,958,111	4,113,793	4,419,945	4,421,496	4,321,929	4,529,225	
	3,525,094	4,033,105	3,941,259	4,118,769	4,191,960	4,124,619	4,106,822	
	434,984	417,265	455,752	423,783	412,513	400,306	494,545	
	262,198	324,020	291,724	302,756	303,839	319,445	586,709	
	4,232,185	4,657,438	4,841,217	4,836,274	4,878,055	4,579,570	4,961,444	
	2,890,995	3,129,730	3,503,519	3,885,182	3,657,591	3,073,530	5,322,510	
	1,032,374	1,101,714	1,051,180	1,000,061	849,390	780,029	724,458	
	<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>	<u>26,230,469</u>	
	9,337,282	11,179,548	10,612,372	11,242,553	12,009,187	12,258,587	12,544,530	
	671,773	593,600	658,016	572,234	742,160	723,994	707,647	
	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>13,252,177</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>	<u>39,482,646</u>	
\$	6,000	\$ 16,000	\$ 15,000	\$ 15,000	\$ 97,234	\$ 28,408	\$ 15,000	
	1,454,744	1,332,453	666,914	647,298	868,363	1,146,518	927,690	
	303,868	250,814	271,216	235,225	305,882	335,308	308,339	
	424,024	563,738	6,595,487	468,426	1,213,167	520,433	501,260	
	932,452	1,171,919	1,002,008	1,213,178	970,143	1,015,804	1,271,095	
	81,054	79,699	51,631	94,059	70,709	81,056	70,513	
	355,157	358,688	215,619	345,780	296,350	338,845	316,338	
	431,683	1,856,567	713,189	543,516	822,056	490,069	468,361	
	5,372,281	3,973,954	360,023	423,873	405,347	381,308	1,158,050	
	<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>	<u>5,036,646</u>	

CITY OF COLLEYVILLE, TEXAS

CHANGES IN NET POSITION

(Accrual Basis of Accounting)

	Fiscal Year		
	2004	2005	2006
PROGRAM REVENUES			
Business-type activities:			
Charges for services:			
Water and wastewater	\$ 8,924,942	\$ 9,856,889	\$ 12,357,576
Drainage	677,913	675,045	830,292
Capital grants and contributions	<u>1,412,990</u>	<u>844,256</u>	<u>1,100,354</u>
Total business-type activities program revenues	<u>11,015,845</u>	<u>11,376,190</u>	<u>14,288,222</u>
 Total primary government program revenues	 <u>\$ 18,807,705</u>	 <u>\$ 18,152,026</u>	 <u>\$ 23,258,526</u>
NET (EXPENSE) REVENUES			
Governmental activities	\$(9,893,321)	\$(11,181,257)	\$(10,884,474)
Business-type activities	<u>2,647,562</u>	<u>1,863,555</u>	<u>3,870,183</u>
Total primary government net expense	<u>(7,245,759)</u>	<u>(9,317,702)</u>	<u>(7,014,291)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION			
Governmental activities:			
Taxes			
Property	8,534,388	8,938,888	9,483,546
Franchise	1,458,079	1,477,749	1,790,543
Sales	3,381,634	3,801,369	4,355,627
Other	37,296	53,974	76,005
Investment earnings	217,316	443,570	904,361
Miscellaneous	53,538	153,947	65,313
Gain on sale of capital assets	-	-	-
Transfers	<u>473,366</u>	<u>464,393</u>	<u>532,357</u>
Total governmental activities	<u>14,155,617</u>	<u>15,333,890</u>	<u>17,207,752</u>
Business-type activities:			
Investment earnings	162,645	377,064	846,214
Gain on sale of capital assets	-	-	-
Transfers	<u>(473,366)</u>	<u>(464,393)</u>	<u>(532,357)</u>
Total business-type activities	<u>(310,721)</u>	<u>(87,329)</u>	<u>313,857</u>
 Total primary government	 <u>13,844,896</u>	 <u>15,246,561</u>	 <u>17,521,609</u>
CHANGE IN NET POSITION			
Governmental activities	4,262,296	4,152,633	6,323,278
Business-type activities	<u>2,336,841</u>	<u>1,776,226</u>	<u>4,184,040</u>
Total primary government	<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
(continued)

Fiscal Year						
2007	2008	2009	2010	2011	2012	2013
\$ 9,127,470	\$ 11,114,892	\$ 11,303,868	\$ 11,414,425	\$ 14,355,418	\$ 14,034,600	\$ 14,661,491
841,972	859,013	874,637	897,361	903,089	918,323	928,863
<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>876,660</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>16,467,014</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>	<u>\$ 21,503,660</u>
\$(10,769,217)	\$(12,313,549)	\$(12,783,739)	\$(19,337,541)	\$(17,783,416)	\$(17,784,732)	\$(21,193,823)
<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>3,214,837</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>	<u>(17,978,986)</u>
10,153,775	11,367,967	12,121,420	12,557,716	12,414,948	12,414,457	12,497,692
1,779,376	1,818,060	2,017,440	1,867,065	2,031,268	2,207,463	2,074,731
4,674,068	4,740,964	4,718,976	4,936,484	5,056,597	5,495,730	5,902,557
89,132	82,532	74,198	75,365	80,731	65,808	68,592
1,224,361	804,864	471,524	76,968	95,822	108,192	77,269
97,963	96,348	77,854	82,833	55,454	74,041	85,562
-	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>1,112,540</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>	<u>21,818,943</u>
998,710	380,595	168,940	15,158	38,674	4,084	38,987
-	-	-	15,864	-	-	103,437
<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>(1,112,540)</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>(970,116)</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>	<u>20,848,827</u>
7,913,543	7,555,234	7,546,707	1,181,818	2,810,283	3,810,796	625,120
<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>2,244,721</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>	<u>\$ 2,869,841</u>

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CITY OF COLLEYVILLE, TEXAS

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General fund										
Non-spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,147	\$ 132,664	\$ 1,759
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	706,942	813,536	813,536
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	<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>	<u>11,006,716</u>
Total general fund	<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>	<u>\$ 11,822,011</u>
All other governmental funds										
Non-spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	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	13,190,883
Committed	-	-	-	-	-	-	-	5,967,620	6,193,060	6,262,082
Assigned	-	-	-	-	-	-	-	1,148,548	954,818	910,611
Unassigned	-	-	-	-	-	-	-	-	-	(4,975)
Unassigned, reported in:										
Special revenue funds	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>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>\$ 10,484,479</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>	<u>\$ 20,358,601</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)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
REVENUES										
Taxes	\$ 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	\$ 20,541,466
Developer contributions	416,319	274,996	549,911	683,425	226,488	-	-	-	-	-
Licenses, fees and permits	1,505,512	1,359,329	1,931,265	1,244,218	1,113,595	646,302	607,132	923,590	1,130,426	857,135
Capital improvement fees	577,171	366,111	482,860	389,657	358,688	208,622	334,075	281,260	322,498	300,900
Drainage fees	-	-	-	-	-	-	-	-	-	-
Fines and penalties	520,926	513,129	841,595	965,416	1,203,260	1,028,425	1,244,146	998,221	1,051,899	1,000,954
Charges for services	952,452	940,212	1,173,394	1,190,327	1,322,732	7,129,322	917,884	1,694,993	1,030,439	1,321,927
Interest	217,316	443,570	904,361	1,224,361	804,864	471,524	76,968	95,823	110,550	77,269
Intergovernmental	328,040	167,293	5,409	4,361	1,437,935	350,468	100,807	541,709	124,056	76,506
Donations	797,042	502,789	396,627	735,756	548,093	401,432	379,853	602,401	406,789	487,066
Miscellaneous	92,198	183,902	83,730	107,700	116,280	155,100	97,833	70,453	89,041	100,562
Total revenues	<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>	<u>24,763,785</u>
EXPENDITURES										
General government	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	3,171,582
Comm Development/Eng	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	1,429,574
Fire	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	4,062,535
Police	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	4,670,639
Leisure services	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	3,035,583
Streets and drainage	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	3,597,965
Municipal court	250,597	238,245	270,037	252,961	323,059	291,893	302,172	302,666	319,084	586,911
Maintenance	356,819	357,983	377,144	415,708	410,636	449,806	417,946	405,911	394,830	489,685
Capital outlay	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	2,668,074
Debt service:										
Interest	1,277,593	1,289,866	1,141,817	1,094,001	2,584,790	1,033,148	944,751	838,320	757,594	697,140
Principal	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	2,246,921
Total expenditures	<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>	<u>26,656,609</u>

CITY OF COLLEYVILLE, TEXAS

**CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

**LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<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>	<u>\$ (1,892,824)</u>
OTHER FINANCING SOURCES (USES)										
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	209,425
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	-	(7,450,606)	-	(4,921,334)	-	-	-	(3,012,910)	-	-
Transfers in	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	4,189,380
Transfers out	(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)	(3,076,840)
Total other financing sources (uses)	<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>	<u>1,321,965</u>
NET CHANGE IN FUND BALANCES	<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>	<u>\$ (570,859)</u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	<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>	<u>12.3%</u>

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

TABLE 5

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>
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
2013	3,997,250,723	91,264,033	296,807,896	3,791,706,860	0.3559	3,791,706,860

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
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	0.30881	0.04709	0.35590	1.4350	1.4150	1.32010	1.4140	1.5400	0.26400	0.148970	0.227897
2013	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	2013		2004	
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
Melvin & Martindale	\$ 23,800,000	0.63%	\$ -	- %
Toll Dallas TX LLC	18,694,881	0.49%	-	- %
Oncor Electric Delivery	15,915,723	0.42%	15,654,363	0.63%
Lifetime Fitness Real Estate	12,304,570	0.32%	-	- %
RCC Village Properties	8,831,175	0.23%	-	- %
AC Village Park Partners LLC	7,124,273	0.19%	-	- %
Colleyville Riverwalk LP	6,054,975	0.16%	-	- %
Leonard Hudson	4,830,200	0.13%	-	- %
Donald and Gina Wilson	4,250,700	0.11%	-	- %
Wal-Mart Real Estate Business Trust	4,200,000	0.11%	-	- %
Albertsons	-	- %	9,915,345	0.40%
Village Management, LTD.	-	- %	9,419,217	0.38%
Herman Smith & Co., LTD.	-	- %	7,576,374	0.30%
Colleyville Plaza LP	-	- %	6,500,000	0.26%
Industrial Bank Japan Trust, Co.	-	- %	5,145,107	0.21%
RH-One LP	-	- %	4,400,000	0.18%
Broughton LTD Partnership	-	- %	4,267,148	0.17%
Church of Jesus Christ, LDS	-	- %	4,090,960	0.16%
D.R. Horton Texas LTD	-	- %	4,050,950	0.16%
Total	\$ 106,006,497	2.80%	\$ 71,019,464	2.85%

Source: Tarrant Appraisal District

TABLE 8

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

Fiscal Year Ended	Taxes Levied for the Fiscal Year	Collected With the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	8,719,444	8,632,250	99.2%	83,483	8,715,733	99.96%
2005	9,201,770	9,109,752	99.1%	87,241	9,196,993	99.95%
2006	9,981,646	9,906,769	99.2%	70,252	9,977,021	99.95%
2007	10,725,345	10,592,222	98.8%	126,361	10,718,583	99.94%
2008	12,024,882	11,903,333	99.0%	110,652	12,013,985	99.91%
2009	12,875,919	12,734,871	98.9%	128,036	12,862,907	99.90%
2010	13,351,922	13,166,515	98.6%	166,535	13,333,050	99.86%
2011	13,183,932	13,063,575	99.1%	99,966	13,163,541	99.85%
2012	13,163,735	13,082,029	99.4%	52,723	13,134,752	99.78%
2013	13,291,462	13,207,902	99.4%	-	13,207,902	99.37%

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

TABLE 9

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

Taxpayer	2013		2004	
	Water Usage	Percentage of Total City Water Usage	Water Usage	Percentage of Total City Water Usage
Grapevine-Colleyville ISD	29,031,000	1.21%	34,449,000	1.90%
Town Center	16,944,600	0.71%	-	- %
Market Street	12,111,000	0.50%	5,302,200	0.29%
Lifetime Fitness	11,242,400	0.47%	-	- %
Toll Dallas	6,119,700	0.25%	-	- %
Bluebonnet Hills	5,203,200	0.22%	-	- %
Westmont	4,248,300	0.18%	2,323,800	0.13%
Shadowood Trail	4,192,300	0.17%	4,466,400	0.25%
Timarron	3,932,100	0.16%	-	- %
Broughton Maint Assoc	3,838,100	0.16%	-	- %
Wash Depot	3,400,700	0.14%	4,217,300	0.23%
Highland Meadows	-	- %	3,491,600	0.19%
Good Acres, LTD	-	- %	3,127,400	0.17%
La Hacienda Ranch	2,868,300	0.12%	3,195,300	0.18%
Monterra	2,839,500	0.12%	-	- %
Woodland Hills	2,699,900	0.11%	2,390,600	0.13%
First Baptist Church	2,552,900	0.11%	-	- %
Barbara Gordon	2,345,800	0.10%	-	- %
Albertsons (Glade Rd)	2,048,500	0.09%	5,231,100	0.29%
Oak Point HOA	1,794,600	0.07%	-	- %
Pebble Hill	1,764,500	0.07%	-	- %
Rio Mambo	1,756,100	0.07%	-	- %
Total	<u>120,933,500</u>	<u>5.04%</u>	<u>68,194,700</u>	<u>3.76%</u>

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			
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	2.96%	1,640
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	2.32%	1,282
2011	11,463,786	8,271,278	972,170	3,600,000	1,550,000	-	25,857,234	1.73%	1,131
2012	9,933,921	7,930,000	1,709,120	2,850,000	1,345,000	-	23,792,773	1.57%	1,037
2013	8,639,056	7,600,000	1,301,624	2,085,000	1,135,000	-	20,919,041	1.38%	906

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		
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%	442
2007	17,770,000	1,254,686	16,515,314	0.53%	746
2008	16,275,000	987,681	15,287,319	0.45%	679
2009	14,665,000	1,121,567	13,543,433	0.37%	601
2010	13,300,000	1,154,570	12,145,430	0.32%	533
2011	11,463,786	1,188,907	10,274,879	0.27%	449
2012	9,933,921	1,239,412	8,694,509	0.23%	379
2013	8,639,056	931,623	7,707,433	0.20%	334

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, 2013

Government Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes			
Birdville Independent School District	\$ 203,760,361	0.080%	\$ 163,008
Carroll Independent School District	235,203,792	0.490%	1,152,499
Grapevine-Colleyville Independent School District	345,235,467	21.650%	74,743,479
Hurst-Euless-Bedford Independent School District	302,122,934	1.580%	4,773,542
Keller Independent School District	681,493,167	2.890%	19,695,153
Tarrant County	373,845,000	3.070%	11,477,042
Tarrant County College District	15,485,000	3.070%	475,390
Tarrant County Hospital District	25,375,000	3.070%	<u>779,013</u>
Subtotal overlapping debt			113,259,124
City direct debt	10,075,855	100.000%	<u>10,075,855</u>
Total direct and overlapping debt			<u>\$ 123,334,979</u>

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 2013											
	Assessed value										\$ 3,791,706,860
	Debt limit (.25% of assessed value)										94,792,672
	Debt applicable to limit:										
	General obligation bonds										8,675,000
	Less: Amount set aside for repayment of general obligation debt										(931,623)
	Total net debt applicable to limit										<u>7,743,377</u>
	Legal debt margin										<u>\$ 87,049,295</u>
Fiscal Year											
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	
Debt limit	\$ 64,512,041	\$ 66,314,922	\$ 71,831,071	\$ 77,182,965	\$ 85,026,795	\$ 87,755,997	\$ 94,131,390	\$ 93,904,439	\$ 93,842,538	\$ 94,792,672	
Total net debt applicable to limit	<u>11,929,111</u>	<u>10,999,111</u>	<u>9,582,319</u>	<u>15,745,132</u>	<u>15,287,139</u>	<u>13,543,433</u>	<u>12,145,430</u>	<u>10,321,093</u>	<u>8,735,588</u>	<u>7,743,377</u>	
Legal debt margin	<u>\$ 52,582,930</u>	<u>\$ 55,315,811</u>	<u>\$ 62,248,752</u>	<u>\$ 61,437,833</u>	<u>\$ 69,739,656</u>	<u>\$ 74,212,564</u>	<u>\$ 81,985,960</u>	<u>\$ 83,583,346</u>	<u>\$ 85,106,950</u>	<u>\$ 87,049,295</u>	
Total net debt applicable to the limit as a percentage of debt limit.	18.49%	16.59%	13.34%	20.40%	17.98%	15.43%	12.90%	10.99%	9.31%	8.17%	

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					Coverage
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	
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
2013	14,698,914	10,707,017	3,991,897	765,000	58,430	3,168,467

Notes:

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

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	
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	531,705	388,977	205,000	51,244	337,733	1,426,909	315,000	331,588	780,321
930,427	541,598	388,829	210,000	41,733	347,096	1,534,635	330,000	318,365	886,270

Operating expenses do not include interest, depreciation, or amortization expenses.

CITY OF COLLEYVILLE, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Calendar Year	Population	Personal Income	Per Capita Personal Income	Tarrant County Unemployment Rate
2004	20,500	161,095	53,520	5.6%
2005	21,000	165,008	54,820	5.1%
2006	21,700	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	22,807	166,063	55,354	7.9%
2011	22,860	199,168	65,516	8.3%
2012	22,950	199,168	65,516	6.2%
2013	23,090	199,168	65,516	6.0%

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	2013		2004	
	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%	400	- %
Lifetime Fitness	230	4.5%	-	- %
City of Colleyville	188	3.6%	162	- %
Kroger	-	- %	150	- %
Albertsons	110	2.1%	200	- %
Covenant Christian Academy	107	2.1%	80	- %
LaHacienda Ranch	100	1.9%	100	- %
Walmart Neighborhood Market	90	1.7%	-	- %
Sonshine Academy	60	1.2%	40	- %
US Memory Care	60	1.2%	-	- %
Mac's Steak and Seafood	55	1.1%	60	- %
Compass Christian Church	50	1.0%	-	- %
Total	<u>3,100</u>	<u>60.0%</u>	<u>1,912</u>	<u>- %</u>

Source: City Economic Development Division

*This information is unavailable.

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,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government										
Management services	6	6	6	5	5	4	4	4	4	4
Finance/court	7	7	7	6	6	6	6	6	6	8
Planning	3	3	3	3	3	3	2	2	2	2
Building	5	5	5	5	6	6	5	4	3	3
Other	4	5	5	6	6.5	7.5	9.5	11	11	13
Police										
Officers	30	31	32	35	37	38	38	38	39	40
Civilians	10	10	11	13	14	14	13	6	6	6
Fire										
Firefighters and officers	30	33	33	33	33	33	33	33	35	36
Civilians	1	1	1	1	1	1	2	1	1	1
Other public works										
Engineering	5	5	5	5	5	5	4	4.5	3	3
Other	3	3	3	3	3	3	3	3	3	3
Streets	10	10	10	10	10	10	10	10	10	7
Parks and recreation	12.5	12.5	12.5	13.5	13.5	13.5	16.5	16	16	16
Library	5.5	5.5	5.5	7.5	8.0	8.0	9.5	11.5	11.5	12.0
Colleyville center	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	3.5
Water/wastewater	25.5	25.5	28	29	29	29	28	24	25	23
Drainage	<u>4</u>	<u>6</u>	<u>7</u>							
Total	<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>184.5</u>	<u>185.5</u>	<u>187.5</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.

TABLE 18

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

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government										
Building permits issued	275	245	270	140	131	90	77	104	155	103
Building inspections conducted	7,401	8,734	9,599	8,941	8,108	5,641	6,149	6,737	8,310	8,292
Police										
Physical arrests	643	404	485	666	514	809	764	666	653	632
Calls for service	11,407	10,668	10,546	17,629	15,292	23,480	12,242	27,254	48,076	61,270
Traffic violations	7,806	7,311	11,218	12,438	15,621	12,550	13,822	11,354	11,980	11,766
Fire										
Emergency responses	629	510	656	715	681	737	762	830	724	557
Ambulance calls	559	609	589	630	667	693	751	765	803	829
Inspections	750	560	312	503	666	796	784	397	342	306
Other public works										
Street resurfacing (miles)	2	3	3	4.5	8.5	13.9	8.0	6.2	1.0	4.0
Parks and recreation										
Athletic field participants	685	690	602	4,960	5,159	4,617	4,296	4,378	3,946	4,287
Community center rentals	614	580	637	592	627	507	373	410	404	398
Library										
Volumes in collection	22,334	34,656	43,378	46,311	50,348	54,659	58,147	62,997	65,740	69,736
Total volumes borrowed	102,165	139,130	177,087	197,712	211,674	238,459	244,458	235,238	244,613	250,737
Water										
Customers	8,067	8,271	8,561	8,700	8,893	8,960	9,014	9,103	9,285	9,396
Average daily consumption (thousands of gallons)	4,964	5,951	8,081	5,123	6,619	6,578	5,990	7,928	7,217	6,785
Peak daily consumption (thousands of gallons)	13,204	16,126	16,732	13,068	16,764	16,674	18,207	18,935	18,707	17,052
Wastewater										
Customers	7,294	7,563	7,761	7,966	8,138	8,315	8,389	8,457	8,603	8,731

Source: Various City departments

TABLE 19

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

Function/Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	7	7	7	10	13	13	13	13	12	12
Fire										
Stations	2	2	2	2	3	3	3	3	3	3
Public works										
Streets (miles)	295	300	307	311	312	312	318	282	282	282
Streetlights	751	860	990	1,011	1,010	1,168	1,188	1,169	1,169	1,175
Traffic signals	2	2	2	2	2	2	2	2	2	2
Parks and recreation										
Acreage	207	212	212	224	224	224	224	224	224	224
Playgrounds	5	5	5	6	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)	170	173	175	191	192	199	200	195	201	202
Fire hydrants	1,108	1,149	1,206	1,254	1,271	1,340	1,345	1,362	1,389	1,389
Storage capacity (thousands of gallons)	4,900	4,900	4,900	4,900	4,900	9,900	9,900	9,400	9,400	9,400
Wastewater										
Sanitary sewers (miles)	147	150	154	163	164	166	170	162	169	170
Storm sewers (miles)	56	57	58	59	59	63	63	58	64	58

Source: Various City departments

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

COMPLIANCE

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PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' 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, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Colleyville, Texas (the "City"), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 30, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City’s financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Waco, Texas
January 30, 2014