

**CITY OF CELINA, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**YEAR ENDED SEPTEMBER 30, 2012**

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**City of Celina, Texas  
Annual Financial Report  
Year Ended September 30, 2012**

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## **FINANCIAL SECTION**

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Independent Auditor's Report

To the City Council  
City of Celina, Texas

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

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

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 7 through 20 and 53, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Celina, Texas's financial statements as a whole. The supplementary schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The supplementary schedules 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.

Respectfully submitted,

*Scott, Singleton, Fincher and Company, PC*

Scott, Singleton, Fincher and Company, PC  
Certified Public Accountants

March 18, 2013

**REQUIRED SUPPLEMENTARY INFORMATION**

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## **Management's Discussion and Analysis**

The City of Celina presents the City's financial statements. This overview is an analysis of the financial activities of the City for the fiscal year ended September 30, 2012. This discussion should be read in conjunction with the financial statements and related notes. Comparative data is also presented for government-wide and fund financial statements at the end of this section.

### **FINANCIAL HIGHLIGHTS:**

- Government-wide net assets reported in the Statement of Net Assets are \$17,725,314. Of this amount \$16,338,068 is invested in capital assets or restricted for debt service and capital projects, and the balance of \$1,387,246 is available as unrestricted net assets.
- Government-wide net assets increased by \$1,389,384 during 2012.
- Each of the City's fund financial statements reported changes in equity as follows:
  - General Fund – \$642,304 increase
  - Water & Sewer Fund - \$809,175 increase
  - Debt Service Fund - \$20,320 decrease
  - Capital Projects Fund - \$2,094,723 increase

### **USING THIS ANNUAL REPORT:**

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Assets and the Statement of Activities. These provide information about the activities of the City as a whole and present a long-term view of the City's financial condition. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

The fund financial statements report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. Governmental fund statements tell how services were financed in the short-term, as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for funding requests and the appropriations from the State. Proprietary fund statements offer short and long –term financial information about the activities the government operates like businesses, such as the water and sewer system. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosures for the government-wide statements and the fund financial statements.

### **REPORTING THE CITY AS A WHOLE-GOVERNMENT-WIDE FINANCIAL STATEMENTS:**

#### **The Statement of Net Assets and the Statement of Activities**

Government-wide financial statements provide an analysis of the City's overall financial condition and operations. The primary objective of these statements is to show whether the City's financial condition has improved or deteriorated as a result of the year's activities.

The Statement of Net Assets includes all the City's assets and liabilities while the Statement of Activities includes all the revenue and expenses generated by the City's operations during the year. Government-wide statements utilize the accrual basis of accounting, which is the same method used by most private sector companies.

All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid. The City's revenue is divided into the following categories: 1) charges for services, 2) operating grants and contributions, 3) capital grants and contributions and 4) general revenues not associated with any specific program function. All of the City's assets are reported whether they serve the current year or future years. Liabilities are also reported regardless of whether they must be paid in the current or future years.

These two statements report the City's net assets and the changes in them. The City's net assets (the difference between assets and liabilities) provide one measure of the City's financial health or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the City, you should consider non-financial factors as well, such as changes in the City's request for services from citizens and the condition of the City's facilities.

In the Statement of Net Assets and the Statement of Activities, the City has two kinds of activities:

*Governmental Activities* – Most of the City's services are reported here, including, administration, judicial, fire and emergency services, public works, police, parks and recreation, infrastructure and the main street project. Property taxes and state and federal grants finance most of these activities.

*Business-type Activities* – The City charges fees to customers to help it cover the cost of certain services it provides. The City's water and sewer system operations and sanitation services are reported here.

## **REPORTING THE CITY'S MOST SIGNIFICANT FUNDS:**

### **Fund Financial Statements**

The fund financial statements provide detailed information about the most significant funds. The City's administration establishes funds to help it control and manage money for particular purposes. The City's two kinds of funds – governmental and proprietary use different accounting approaches.

*Governmental Funds* – The City reports most of its basic services in governmental funds. Governmental funds use the modified accrual basis of accounting (a method that measures the receipt and disbursement of cash and other financial assets that can be readily converted to cash) and they report balances that are available for future spending. Governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. We describe the accounting differences between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation schedules found at the bottom of each of the governmental fund financial statements.

*Proprietary Funds* – The Proprietary/Enterprise fund is used to account for operations that are financed in a manner similar to private business enterprises where the costs (expenses, including depreciation) of providing water and sewer services to the general public on a continuing basis are financed through user charges.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS:**

Net assets serve as one useful indicator of a government's financial position. In the case of the City, the combined net assets exceeded liabilities by \$17,725,314 and \$16,898,644 at the close of FY 2012 and FY 2011, respectively.

**FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS:**

The combined net assets of the City's activities increased from \$16,898,644 to \$17,725,314 or \$826,670 during 2012. Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements was \$1,387,246.

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS:**

As the City completed the year, its governmental funds \$4,457,161 and proprietary fund \$7,361,925 reported combined fund balance and net assets of \$11,819,086, a \$3,205,096 increase from last year. Most of the increase (\$2,094,723) took place in the capital projects fund as a result of bonds issued for capital improvements in 2012.

**CAPITAL ASSET AND DEBT ADMINISTRATION:**

*Capital Assets* – the City's investment in capital assets reported in governmental activities and business-type activities was \$17,566,161 and \$13,940,974. This investment in capital assets includes land, buildings and improvements, equipment and vehicles. The change in the City's net investment in capital assets for the current fiscal year was \$1,303,388 and (\$76,822) in each of the respective activities. Additional information on capital asset activity can be found in note 5 to the financial statements.

*Long-term Debt* – at year-end the City had \$20,905,735 in bonds and capital leases outstanding – an increase of \$3,371,954. Additional information on long-term liabilities can be found in note 6 to the financial statements.

**BUDGETARY HIGHLIGHTS & ECONOMIC FACTORS:**

Visitors passing through Celina cannot help notice it's a city on the rise, and continues to attract new residents at a brisk pace. The 2000 Census estimated the population to be 1,810, while the 2012 population estimate is roughly 6,700 residents. Despite the national economic slowdown, individuals continue to relocate to Celina as a destination live, play, attend exemplary schools, and raise a family. The City has taken the initiative through comprehensive planning to prepare for its future growth.

In spite of national indicators such as unemployment and consumer confidence pointing to a great slowdown, several substantial new businesses stamped their footprint on our local economy. The City of Celina weathered the national slowdown very well and maintained moderate but steady growth. City Staff remained cautious not to overstate the City of Celina's positive outlook, 2012 was a successful year with revenue increase of 14% over the approved budget.

The City continues to focus on the development of its infrastructure through a systematic and planned approach. The City has long taken action in advance of impending growth. Beginning in 1997, the City adopted its first Comprehensive Plan to pave the way for planning in the future. To keep the Plan relevant and functioning as a living document it has gone through transformations in 2001 and again in 2009. In 2012 staff began working on the fourth edition of the Comprehensive Plan to prepare for infrastructure needs as the City continues to grow. In conjunction with the Comprehensive Plan update, the City is updating its Thoroughfare Plan, Subdivision Plan, Water and Wastewater Master Plan, and Capital Improvement Plan.

The CIP models are based on projects needed over the next five years assuming growth is consistent with Comprehensive Plan projections. Projects are initiated by need or stress placed on the system. Growth in the tax base, or increased water customers are examples of triggers for projects. The CIP models are also built with flexibility of the debt service schedule in mind. If the triggers do not materialize in a given year, the financing planned such as refunding of existing bond or issuance of the new bonds are delayed to a future year. If the triggers accelerate past the projections, projects may be moved forward in the CIP plan. Additionally, the CIP plan allows the City to be proactive with economic development opportunities by moving a project forward, capturing an unforeseen opportunity. If the growth does not materialize in the manner assumed, the projects are delayed until appropriate time. If the City does not have flexible and aggressive planning the growth will eventually overwhelm the infrastructure systems. Without proactive planning services, residents, and businesses all will suffer with infrastructure systems at capacity.

In 2012 we negotiated with businesses to enhance local retail opportunities. We partnered with local businesses in promotion of Celina through special events such as the Balloon Festival, the Main Street Golf Tournament, Cinco de Mayo festival, and upcoming Cajun Festival. A close relationship between local businesses and the City is vital to Celina's future.

The City of Celina has partnered with the Economic Development Corporation, the Chamber of Commerce and the School Districts to engineer a strategic plan. The plan will create opportunities for existing and new businesses to share ideas and creatively solve issues concerning public infrastructure, public safety, and economic development. This process will also allow citizens to be involved in their local governance. The focus is to be creative while being accountable and transparent. We must be open to new opportunities as they are presented to us. We should be able to respond to requests by gathering facts and focusing on what is best for our community.

In a recent study done by the University of Texas at Arlington it was suggested that "knowledge, creativity, and innovation will dominate the future local economy". As competition for tax dollars grows, collaboration with the Independent School Districts, Collin College, and Counties will be vital to maximizing our competitive advantages. The study further states, "Cities and regions that prosper will be those with the best performances in technology, tolerance, talent and territorial assets because they will attract creative workers."

In 2012, the City of Celina initiated a series of planned refunding of its existing debt to take advantage of historically low interest rate and stay within its debt management strategy guidelines. This refunding allowed the City to generate a new debt capacity for issuance of a new bond. In July 2012 the City of Celina issued an additional 4.5 Million Dollars in bonds to purchase City Hall and the United Methodist Church buildings. The City has a plan to use the church building as a performing art center. The City has accomplished all of these while maintaining its tax rate at \$0.645 per \$100.00 of property value.

In 2012, TXDOT started widening of Preston Road through Celina to the High School. This project will enable our city to grow and meet our current and future transportation needs. Additional transportation projects are in the planning stages including an Outer Loop that will allow citizens of Celina to more conveniently travel through Celina from Dallas North Toll way to State Highway 75.

City leaders continued with a conservative fiscal policy by closely monitoring expenditures while maintaining service levels and outstanding customer. Staff is constantly searching for efficiencies to make the organization more versatile. An example was the purchase of the ticket writer in April 2012. This investment allowed the police officers to spend less time at the traffic stops and more time at patrolling the neighborhood.

Our community leaders will face many challenges as they attempt to navigate a changing horizon. We are strategically planning to solve the issues of the future, while preserving the city's heritage. Strong and creative volunteers struggled to ensure that the necessary focus was placed on how Celina will develop. Many have sacrificed to ensure we grow in a manner beneficial to all living in our community.

The City of Celina continued to enjoy constant but moderate growth in 2012. The City issued 81 building permits, compared to 75 permits last year. Accordingly, permit fee collections have increased by \$78,493 or 31 percentage points for the same period. For the fiscal year 2011-2012, the City collected \$329,432 in permit fees compared with \$250,939 for the same period last year. The City of Celina possesses a vast amount of land that makes it attractive to housing developers. The increase in building permits and fees can be contributed to the improvement in housing construction for the region as well as the state.

The City of Celina's portion of sales tax collection increased from \$290,835 in FY 2010-2011 to \$338,053 in FY 2011-2012 (figures do not include CEDC or CCDC collections). The City is experiencing a 16 percentage points or \$47,218 increase in sales tax collections in FY 2011-2012. The increase follows the trend through the state. The cost of fuel has forced the population to travel less and shop closer to their homes. The opening new retail shops and restaurants played a role in the increase of sales tax revenue as well. Management anticipates that this increase will continue through FY 2012-2013 with a moderate pace.

Total assessed value of the properties for the City of Celina increased from \$461,631,888 in FY 2011 to \$481,645,071 FY 2012. This increase represents a recovery from declining property values and is a sign that economy stabilizing in this region. The City of Celina has completely recovered from drop in property values in recent years. The increase resulted from new construction and annexation of new parcels of land. Reviewing the history of the City's assessed property values provides evidence of the City's measurable growth in last decade.

Years	Assessed Value	% Change
2002	87,908,272.00	
2003	114,041,371.00	30%
2004	143,297,951.00	26%
2005	183,200,000.00	28%
2006	224,412,066.00	23%
2007	284,847,298.00	27%
2008	418,824,688.00	47%
2009	463,330,201.00	9%
2010	454,151,622.00	-2%
2011	461,631,888.00	1.6%
2012	481,645,071.00	4.3%

Total water sales for the FY 2012 remains un-changed, indicating the two rate increases stabilized the fund. Total revenue from water sales for the FY 2012 was \$2,548,942.

A review of the history of the City's water sales over past few years indicates a healthy average increase of over 20 percentage points in water sales. History of water sales is illustrated below:

Years	Water Sales	% Change
2002	502,048.00	
2003	707,367.00	41%
2004	818,403.00	16%
2005	1,157,066.00	41%
2006	1,871,163.00	62%
2007	1,298,932.00	(30%)
2008	1,598,567.00	23%
2009	1,602,364.00	0.24%
2010	1,944,348.00	21%
2011	2,549,933.00	31%
2012	2,548,942.00	0%

Total sewer increased from \$946,269 in FY 2011 to \$994,332 in FY 2011-2012.

The increase of \$48,063 or 5 percentage points entirely is the result of increase in sale since the second utility rate increase in April 2011 excluded the Sewer. A review of the history of the City’s sewer sales over past few years indicates a healthy average increase of more than 14 percentage points in sewer sales. History of sewer sales is illustrated below:

Years	Sewer Sales	% Change
2002	268,979.00	
2003	309,581.00	15%
2004	341,976.00	10%
2005	403,498.00	18%
2006	509,798.00	26%
2007	485,948.00	(5%)
2008	546,556.00	13%
2009	572,299.00	4.7%
2010	774,022.00	35%
2011	946,269.00	22%
2012	994,332.00	5.1%

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT:**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, please do not hesitate to contact Mike Foreman, City Manager, or Jay Toutouchian, Director of Finance, by phone at (972) 382-2682 or by E-mail at [mforeman@celina-tx.gov](mailto:mforeman@celina-tx.gov) or [jtoutouchian@celina-tx.gov](mailto:jtoutouchian@celina-tx.gov) .

**CITY OF CELINA, TEXAS  
COMPARATIVE STATEMENTS OF NET ASSETS**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>ASSETS</b>						
Current and other assets	\$ 5,817,269	\$ 3,341,978	\$ 3,387,790	\$ 2,737,158	\$ 9,205,059	\$ 6,079,136
Capital assets, net	<u>17,566,161</u>	<u>16,262,773</u>	<u>13,940,974</u>	<u>14,017,796</u>	<u>31,507,135</u>	<u>30,280,569</u>
<b>Total Assets</b>	<b><u>23,383,430</u></b>	<b><u>19,604,751</u></b>	<b><u>17,328,764</u></b>	<b><u>16,754,954</u></b>	<b><u>40,712,194</u></b>	<b><u>36,359,705</u></b>
<b>LIABILITIES</b>						
Other liabilities	1,178,819	1,285,561	902,326	641,719	2,081,145	1,927,280
Long-term debt	<u>11,841,222</u>	<u>8,294,082</u>	<u>9,064,513</u>	<u>9,239,699</u>	<u>20,905,735</u>	<u>17,533,781</u>
<b>Total Liabilities</b>	<b><u>13,020,041</u></b>	<b><u>9,579,643</u></b>	<b><u>9,966,839</u></b>	<b><u>9,881,418</u></b>	<b><u>22,986,880</u></b>	<b><u>19,461,061</u></b>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	5,724,939	7,968,691	6,717,653	6,830,370	12,442,592	14,799,061
Restricted for debt service	422,120	469,988		422,120	422,120	892,108
Restricted for capital projects	3,473,356	214,348			3,473,356	214,348
Unrestricted	<u>742,974</u>	<u>1,372,081</u>	<u>644,272</u>	<u>(378,954)</u>	<u>1,387,246</u>	<u>993,127</u>
<b>Total Net Assets</b>	<b><u>\$ 10,363,389</u></b>	<b><u>\$ 10,025,108</u></b>	<b><u>\$ 7,361,925</u></b>	<b><u>\$ 6,873,536</u></b>	<b><u>\$ 17,725,314</u></b>	<b><u>\$ 16,898,644</u></b>

**CITY OF CELINA, TEXAS  
COMPARATIVE STATEMENTS OF ACTIVITIES**

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Program revenues:						
Charges for services	\$ 1,042,829	\$ 733,947	\$ 4,377,926	\$ 4,190,142	\$ 5,420,755	\$ 4,924,089
Operating grants/contributions	231,301	295,140			231,301	295,140
Capital grants/contributions	-	391,623	70,000		70,000	391,623
General revenues:						
Ad valorem taxes	3,021,800	2,967,206			3,021,800	2,967,206
Sales taxes	338,053	290,835			338,053	290,835
Franchise Taxes	299,999	355,576			299,999	355,576
Other	479,886	264,332	28,306	10,075	508,192	274,407
<b>Total revenues</b>	<b>5,413,868</b>	<b>5,298,659</b>	<b>4,476,232</b>	<b>4,200,217</b>	<b>9,890,100</b>	<b>9,498,876</b>
Expenses:						
Administration	799,116	993,291			799,116	993,291
Judicial	70,066	70,205			70,066	70,205
Fire and emergency services	1,176,359	1,169,196			1,176,359	1,169,196
Development services	472,329	363,133			472,329	363,133
Public works	366,560	369,952			366,560	369,952
Police department	749,274	938,031			749,274	938,031
Parks and recreation	503,298	362,409			503,298	362,409
Library	126,116	126,482			126,116	-
Infrastructure	207,097	418,484			207,097	418,484
Main street project	99,726	57,880			99,726	57,880
Interest and fiscal charges	358,718	326,153			358,718	326,153
Water, Sewer and Sanitation Services			3,572,057	3,306,335	3,572,057	3,306,335
<b>Total Expenses</b>	<b>4,928,659</b>	<b>5,195,216</b>	<b>3,572,057</b>	<b>3,306,335</b>	<b>8,500,716</b>	<b>8,501,551</b>
Excess (deficiency) before transfers	485,209	103,443	904,175	893,882	1,389,384	997,325
Transfers	95,000	75,000	(95,000)	(75,000)	-	-
<b>Change in Net Assets</b>	<b>580,209</b>	<b>178,443</b>	<b>809,175</b>	<b>818,882</b>	<b>1,389,384</b>	<b>997,325</b>
Net assets - October 1	10,025,108	9,846,665	6,873,536	6,054,654	16,898,644	15,901,319
Prior period adjustment	(241,928)	-	(320,786)	-	(562,714)	-
<b>Net assets - October 1 as restated</b>	<b>9,783,180</b>	<b>9,846,665</b>	<b>6,552,750</b>	<b>6,054,654</b>	<b>16,335,930</b>	<b>15,901,319</b>
<b>Net assets - September 30</b>	<b>\$ 10,363,389</b>	<b>\$ 10,025,108</b>	<b>\$ 7,361,925</b>	<b>\$ 6,873,536</b>	<b>\$ 17,725,314</b>	<b>\$ 16,898,644</b>

**CITY OF CELINA, TEXAS  
COMPARATIVE BALANCE SHEETS  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2012 and 2011**

	General	Debt Service	Capital Projects	Total Governmental Funds	
				2012	2011
<b><u>ASSETS</u></b>					
Cash and cash equivalents	\$ 1,451,301	\$ 473,576	\$ -	\$ 1,924,877	\$ 1,229,979
Cash and cash equivalents - restricted			3,494,081	3,494,081	\$ 983,006
Investment in Texpool	2,373			2,373	2,370
Sales taxes receivable	65,226			65,226	58,001
Property taxes receivable, net	49,810	9,488		59,298	57,384
EMS receivable	434,615			434,615	296,870
Other receivables	63,775			63,775	57,781
Due from other funds	400,000			400,000	400,000
Due from component units	27,979			27,979	27,530
<b>Total Assets</b>	<b>\$ 2,495,079</b>	<b>\$ 483,064</b>	<b>\$ 3,494,081</b>	<b>\$ 6,472,224</b>	<b>\$ 3,112,921</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
<b><u>LIABILITIES</u></b>					
Accounts payable	138,142		20,725	158,867	324,997
Accrued salaries and benefits	49,560			49,560	47,958
Other accrued liabilities	73,102	153		73,255	46,303
Due to other funds		20,278	647,965	668,243	20,278
Due to component units	93,795			93,795	79,326
Deferred revenue	445,535	9,488	516,320	971,343	853,605
<b>Total Liabilities</b>	<b>800,134</b>	<b>29,919</b>	<b>1,185,010</b>	<b>2,015,063</b>	<b>1,372,467</b>
<b><u>FUND BALANCES</u></b>					
Restricted for:					
Capital improvements			2,309,071	2,309,071	214,348
Debt service		453,145		453,145	473,465
Unassigned	1,694,945			1,694,945	1,052,641
<b>Total Fund Balances</b>	<b>1,694,945</b>	<b>453,145</b>	<b>2,309,071</b>	<b>4,457,161</b>	<b>1,740,454</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,495,079</b>	<b>\$ 483,064</b>	<b>\$ 3,494,081</b>	<b>\$ 6,472,224</b>	<b>\$ 3,112,921</b>

**CITY OF CELINA, TEXAS**  
**Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Years Ended September 30, 2012 and 2011**

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds	
				2012	2011
<b>REVENUES:</b>					
Ad valorem taxes	\$ 2,645,688	\$ 374,197		\$ 3,019,885	\$ 2,975,142
Franchise taxes	299,999			299,999	355,576
Sales tax	338,053			338,053	290,835
Permits and inspection fees	340,547			340,547	257,605
Component units contributions		340,000		340,000	165,000
Development fees	56,411			56,411	16,286
Fire department and EMS fees	244,505			244,505	262,435
Fines	186,302			186,302	95,016
Other income	96,809		23,196	120,005	82,758
Collin County road contributions	-			-	236,623
Donations and fund raising events	175,346			175,346	155,935
Interest	22,355	8,487	12,234	43,076	16,574
Park fees	85,111			85,111	18,907
Federal and state grants	32,760			32,760	294,205
<b>Total Revenues</b>	<b>4,523,886</b>	<b>722,684</b>	<b>35,430</b>	<b>5,282,000</b>	<b>5,222,897</b>
<b>EXPENDITURES:</b>					
Administration	774,209			774,209	979,059
Judicial	70,066			70,066	70,205
Fire and emergency services	1,062,174			1,062,174	1,140,328
Development services	472,329			472,329	363,133
Public works	350,295		23,007	373,302	568,890
Police department	729,737			729,737	913,898
Parks and recreation	288,239			288,239	176,313
Library	126,116			126,116	126,482
Main street project	99,726			99,726	57,880
Capital outlay	34,094		1,904,325	1,938,419	1,464,171
Debt Service:					
Principal retirement		363,145		363,145	257,590
Interest and fiscal charges		379,859		379,859	312,974
Bond issuance costs		2,518	47,887	50,405	33,292
<b>Total Expenditures</b>	<b>4,006,985</b>	<b>745,522</b>	<b>1,975,219</b>	<b>6,727,726</b>	<b>6,464,215</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>516,901</b>	<b>(22,838)</b>	<b>(1,939,789)</b>	<b>(1,445,726)</b>	<b>(1,241,318)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Proceeds from sale of capital assets	30,403			30,403	48,381
Proceeds from issuance of bonds		112,046	4,034,512	4,146,558	1,400,000
Payment to bond refunding agent		(109,528)		(109,528)	-
Operating transfers in (out)	95,000			95,000	75,000
<b>Net Other Financing Sources (Uses)</b>	<b>125,403</b>	<b>2,518</b>	<b>4,034,512</b>	<b>4,162,433</b>	<b>1,523,381</b>
<b>Net change in fund balances</b>	<b>642,304</b>	<b>(20,320)</b>	<b>2,094,723</b>	<b>2,716,707</b>	<b>282,063</b>
<b>Fund balance, October 1</b>	<b>1,052,641</b>	<b>473,465</b>	<b>214,348</b>	<b>1,740,454</b>	<b>1,458,391</b>
<b>Fund balance, September 30</b>	<b>\$ 1,694,945</b>	<b>\$ 453,145</b>	<b>\$ 2,309,071</b>	<b>\$ 4,457,161</b>	<b>\$ 1,740,454</b>

**CITY OF CELINA, TEXAS**  
**COMPARATIVE STATEMENTS OF FUND NET ASSETS**  
**PROPRIETARY FUND**  
**September 30, 2012 and 2011**

	<b>2012</b>	<b>2011</b>
	<b>Enterprise Fund</b>	<b>Enterprise Fund</b>
	<b>Water &amp; Sewer</b>	<b>Water &amp; Sewer</b>
	<b>Activities</b>	<b>Activities</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 491,418	\$ 90,042
Investment in TexPool	3,170	3,166
Investment in TexPool, restricted for capital projects	2,072,946	2,052,273
Accounts receivable, net	552,013	637,600
Due from other funds	668,243	20,278
<b>Total current assets</b>	<b>3,787,790</b>	<b>2,803,359</b>
<b>Capital Assets:</b>		
Land	154,114	154,115
Buildings	43,769	43,769
Water & sewer infrastructure	19,028,514	18,651,555
Vehicles	125,689	113,689
Equipment	327,746	323,768
Less accumulated depreciation	(5,738,858)	(5,269,100)
<b>Capital Assets, net</b>	<b>13,940,974</b>	<b>14,017,796</b>
Bond issuance costs	-	333,799
<b>Total assets</b>	<b>\$ 17,728,764</b>	<b>\$ 17,154,954</b>
<b>LIABILITIES</b>		
Accounts payable	185,784	217,202
Accrued salaries and benefits	53,620	38,514
Bonds payable - current	543,005	659,938
Infrastructure advance from CISD - current	141,587	109,171
Accrued interest payable	25,583	27,528
Meter deposits payable	168,095	145,715
Deferred revenue	237,490	212,760
Due to other funds	400,000	400,000
<b>Total current liabilities</b>	<b>1,755,164</b>	<b>1,810,828</b>
Infrastructure advance from CISD - long-term	614,283	783,535
Bonds payable - long-term	7,765,638	7,687,055
Deferred bond credits	231,754	-
<b>Total non-current liabilities</b>	<b>8,611,675</b>	<b>8,470,590</b>
<b>Total liabilities</b>	<b>10,366,839</b>	<b>10,281,418</b>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	6,717,653	6,830,370
Restricted for capital projects, net of related debt (\$2,072,946 each, 2012) (\$2,052,273 each, 2011)	-	-
Unrestricted	644,272	43,166
<b>Total Net Assets</b>	<b>\$ 7,361,925</b>	<b>\$ 6,873,536</b>

**CITY OF CELINA, TEXAS**  
**Comparative Statements of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Fund**  
**Years Ended September 30, 2012 and 2011**

	<b>2012</b>	<b>2011</b>
<b>OPERATING REVENUES:</b>		
Water sales	\$ 2,548,942	\$ 2,549,933
Sewer sales	994,332	946,269
Garbage fees	328,534	308,022
Penalties	66,785	70,218
Tap and reconnect fees	146,007	107,470
Impact fees	203,756	143,829
Other revenues	89,570	64,401
<b>Total Operating Revenues</b>	<b>4,377,926</b>	<b>4,190,142</b>
 <b>OPERATING EXPENSES:</b>		
Salaries and benefits	319,695	328,438
Garbage fees	321,236	307,009
Licenses and permits	8,369	6,993
Materials and supplies	73,336	106,768
Engineering	82,341	5,737
Postage	23,881	21,089
Repairs and facility maintenance	276,330	119,667
General insurance	12,949	5,449
Vehicle expense	36,122	34,739
Utilities and telephone	218,316	243,239
Chemicals	18,132	23,785
Water purchases and related fees	1,190,776	1,134,597
Bad debt provision	-	611
Depreciation & amortization	469,758	529,712
Other expense	51,730	28,664
<b>Total Operating Expenses</b>	<b>3,102,971</b>	<b>2,896,497</b>
<b>Operating Income</b>	<b>\$ 1,274,955</b>	<b>\$ 1,293,645</b>

(Continued)

**CITY OF CELINA, TEXAS**  
**Comparative Statements of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Fund**  
**Years Ended September 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Interest income	\$ 28,306	\$ 9,245
Gain on sale of fixed assets	-	830
Interest and fiscal charges	<u>(469,086)</u>	<u>(409,838)</u>
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(440,780)</u>	<u>(399,763)</u>
<b>Income (loss) before contributions and transfers</b>	<b>834,175</b>	<b>893,882</b>
Capital contributions	70,000	-
Transfers out to other funds	<u>(95,000)</u>	<u>(75,000)</u>
<b>Change in net assets</b>	<b>809,175</b>	<b>818,882</b>
<b>Total net assets, October 1</b>	<b>6,873,536</b>	<b>6,054,654</b>
<b>Prior Period Adjustment</b>	<u>(320,786)</u>	<u>-</u>
<b>Total net assets, October 1 as restated</b>	<u>6,552,750</u>	<u>6,054,654</u>
<b>Total net assets, September 30</b>	<u><u>\$ 7,361,925</u></u>	<u><u>\$ 6,873,536</u></u>

## **BASIC FINANCIAL STATEMENTS**

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**CITY OF CELINA, TEXAS  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2012**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,451,301	\$ 491,418	\$ 1,942,719	\$ 177,667
Investment in Texpool	2,373	3,170	5,543	
Property taxes receivable, net	49,810		49,810	
Sales taxes receivable	65,226		65,226	65,226
Fines receivable, net	13,288		13,288	
Accounts receivable, net	434,615	552,013	986,628	
Other receivables	63,775		63,775	
Due from component units	27,979		27,979	
Due from primary government				93,795
Internal balances	(268,243)	268,243		
<b>Restricted assets:</b>				
Cash and cash equivalents	3,967,657		3,967,657	
Property taxes receivable, net	9,488		9,488	
Investment in Texpool restricted for capital projects		2,072,946	2,072,946	
<b>Capital assets:</b>				
Land	666,931	154,115	821,046	
Construction in progress		1,392,555	1,392,555	
Capital assets, net	16,899,230	12,394,304	29,293,534	
<b>Total Assets</b>	<b>23,383,430</b>	<b>17,328,764</b>	<b>40,712,194</b>	<b>336,688</b>
<b>LIABILITIES</b>				
Accounts payable	138,142	185,784	323,926	
Accrued salaries and benefits	158,945	53,620	212,565	
Other accrued expenses	73,255		73,255	
Due to component units	93,795		93,795	
Deferred revenue	357	237,490	237,847	
Meter deposits payable		168,095	168,095	
Deferred bond credits	116,336	231,754	348,090	
Due to primary government				27,979
<b>Payable from restricted assets:</b>				
Accounts payable	20,725		20,725	
Deferred revenue	516,320		516,320	
Accrued interest	60,944	25,583	86,527	
<b>Long-term liabilities:</b>				
<b>Due within one year:</b>				
Bonds payable	451,995	543,005	995,000	
Capital leases	44,859		44,859	
Infrastructure advance from CISD		141,587	141,587	
<b>Due in more than one year:</b>				
Bonds payable	11,344,368	7,765,638	19,110,006	
Infrastructure advance from CISD		614,283	614,283	
<b>Total Liabilities</b>	<b>13,020,041</b>	<b>9,966,839</b>	<b>22,986,880</b>	<b>27,979</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	5,724,939	6,717,653	12,442,592	
Restricted for debt service	422,120		422,120	
Restricted for capital projects	3,473,356		3,473,356	
Restricted for capital projects (\$2,072,946) net of related debt (\$2,072,946)		-		
Unrestricted	742,974	644,272	1,387,246	308,709
<b>Total Net Assets</b>	<b>\$ 10,363,389</b>	<b>\$ 7,361,925</b>	<b>\$ 17,725,314</b>	<b>\$ 308,709</b>

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

**CITY OF CELINA, TEXAS  
STATEMENT OF ACTIVITIES  
Year Ended September 30, 2012**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Units
	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Governmental Activities	Business-type Activities	Primary Government	
<b>Governmental activities:</b>								
Administration	\$ 799,116	\$ -	\$ -	\$ -	\$ (799,116)	\$ -	\$ (799,116)	\$ -
Judicial	70,066				(70,066)		(70,066)	
Fire and emergency services	1,176,359	368,577	106,181		(701,601)		(701,601)	
Development services	472,329	56,411			(415,918)		(415,918)	
Public works	366,560	340,547			(26,013)		(26,013)	
Police department	749,274	192,183			(557,091)		(557,091)	
Parks and recreation	503,298	85,111			(418,187)		(418,187)	
Library	126,116		18,832		(107,284)		(107,284)	
Infrastructure	207,097		23,196		(183,901)		(183,901)	
Main street project	99,726		83,092		(16,634)		(16,634)	(90,808)
Economic development								
Interest and fiscal charges	358,718				(358,718)		(358,718)	
<b>Total governmental activities</b>	<b>4,928,659</b>	<b>1,042,829</b>	<b>231,301</b>	<b>-</b>	<b>(3,654,529)</b>		<b>(3,654,529)</b>	<b>(90,808)</b>
<b>Business-type activities:</b>								
Water and sewer services	3,572,057	4,377,926		70,000		875,869	875,869	
<b>Total business-type activities</b>	<b>3,572,057</b>	<b>4,377,926</b>	<b>-</b>	<b>70,000</b>	<b>-</b>	<b>875,869</b>	<b>875,869</b>	
<b>Total all activities</b>	<b>\$ 8,500,716</b>	<b>\$ 5,420,755</b>	<b>\$ 231,301</b>	<b>\$ 70,000</b>	<b>\$ (3,654,529)</b>	<b>\$ 875,869</b>	<b>\$ (2,778,660)</b>	<b>\$ (90,808)</b>
<b>General revenues:</b>								
Ad valorem taxes					3,021,800		3,021,800	
Sales taxes					338,053		338,053	341,021
Franchise taxes					299,999		299,999	
Miscellaneous income and contributions					96,810		96,810	(3,731)
Unrestricted investment earnings					43,076	28,306	71,382	1,890
Intergovernmental transfers					340,000		340,000	(340,000)
Transfers					95,000	(95,000)	-	
<b>Total general revenues and transfers</b>					<b>4,234,738</b>	<b>(66,694)</b>	<b>4,168,044</b>	<b>(820)</b>
<b>Change in net assets</b>					<b>580,209</b>	<b>809,175</b>	<b>1,389,384</b>	<b>(91,628)</b>
<b>Net assets-beginning of year</b>					<b>10,025,108</b>	<b>6,873,536</b>	<b>16,898,644</b>	<b>400,337</b>
<b>Prior period adjustment</b>					<b>(241,928)</b>	<b>(320,786)</b>	<b>(562,714)</b>	
<b>Net assets-beginning of year as restated</b>					<b>9,783,180</b>	<b>6,552,750</b>	<b>16,335,930</b>	<b>400,337</b>
<b>Net assets-end of year</b>					<b>\$ 10,363,389</b>	<b>\$ 7,361,925</b>	<b>\$ 17,725,314</b>	<b>\$ 308,709</b>

The accompanying notes are an integral part of these financial statements

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

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>				
Pooled cash and cash equivalents	\$ 1,451,301	\$ 473,576	\$ -	\$ 1,924,877
Cash and cash equivalents - restricted			3,494,081	3,494,081
Investment in Texpool	2,373			2,373
Sales taxes receivable	65,226			65,226
Property taxes receivable, net	49,810	9,488		59,298
EMS receivable, net	434,615			434,615
Other receivables	63,775			63,775
Due from other funds	400,000			400,000
Due from component units	27,979			27,979
<b>Total Assets</b>	<b>\$ 2,495,079</b>	<b>\$ 483,064</b>	<b>\$ 3,494,081</b>	<b>\$ 6,472,224</b>

**LIABILITIES AND FUND BALANCES**

**LIABILITIES**

Accounts payable	138,142		20,725	158,867
Accrued salaries and benefits	49,560			49,560
Other accrued liabilities	73,102	153		73,255
Due to other funds		20,278	647,965	668,243
Due to component units	93,795			93,795
Deferred revenue	445,535	9,488	516,320	971,343
	<b>800,134</b>	<b>29,919</b>	<b>1,185,010</b>	<b>2,015,063</b>

**FUND BALANCES**

Restricted for:				
Capital Projects			2,309,071	2,309,071
Debt Service		453,145		453,145
Unassigned	1,694,945			1,694,945
<b>Total Fund Balances</b>	<b>1,694,945</b>	<b>453,145</b>	<b>2,309,071</b>	<b>4,457,161</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,495,079</b>	<b>\$ 483,064</b>	<b>\$ 3,494,081</b>	<b>\$ 6,472,224</b>

**Governmental fund balances as presented above:** **4,457,161**

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

Capital assets reported in the statement of net assets are not financial resources and are not reported in the fund balance sheet. 17,566,161

Other long-term assets (receivables) are not available to pay current-period expenditures and therefore are deferred in the funds. These include deferred property taxes of \$59,298 and EMS and fines receivable of \$395,368 and \$13,288. 467,954

Interest due on long-term debt is recorded as accrued interest payable in the statement of net assets but do not become a liability on the fund statements until the date due. (60,944)

Long-term liabilities are reported in the statement of net assets but they are not due and payable in the current period and therefore are not reported as liabilities in the fund balance sheet. (12,066,943)

**\$ 10,363,389**

**CITY OF CELINA, TEXAS**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended September 30, 2012**

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<b>REVENUES:</b>				
Ad valorem taxes	\$ 2,645,688	\$ 374,197	\$ -	\$ 3,019,885
Franchise taxes	299,999			299,999
Sales tax	338,053			338,053
Permits and inspection fees	340,547			340,547
Component units contributions		340,000		340,000
Development fees	56,411			56,411
Fire department and EMS revenues	244,505			244,505
Fines	186,302			186,302
Other income	96,809		23,196	120,005
Donations	175,346			175,346
Interest	22,355	8,487	12,234	43,076
Park fees	85,111			85,111
Federal and state grants	32,760			32,760
<b>Total Revenues</b>	<b>4,523,886</b>	<b>722,684</b>	<b>35,430</b>	<b>5,282,000</b>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
Administration	774,209			774,209
Judicial	70,066			70,066
Fire and emergency services	1,062,174			1,062,174
Development services	472,329			472,329
Public works	350,295		23,007	373,302
Police department	729,737			729,737
Parks and recreation	288,239			288,239
Library	126,116			126,116
Main street project	99,726			99,726
Capital Outlay	34,094		1,904,325	1,938,419
<b>Debt Service:</b>				
Principal		363,145		363,145
Interest and fiscal charges		379,859		379,859
Bond issuance costs		2,518	47,887	50,405
<b>Total Expenditures</b>	<b>4,006,985</b>	<b>745,522</b>	<b>1,975,219</b>	<b>6,727,726</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>516,901</b>	<b>(22,838)</b>	<b>(1,939,789)</b>	<b>(1,445,726)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of assets	30,403			30,403
Proceeds from issuance of bonds		112,046	4,034,512	4,146,558
Payment to bond refunding agent		(109,528)		(109,528)
Operating transfers in (out)	95,000			95,000
<b>Net Other Financing Sources (Uses)</b>	<b>125,403</b>	<b>2,518</b>	<b>4,034,512</b>	<b>4,162,433</b>
<b>Net change in fund balances</b>	<b>642,304</b>	<b>(20,320)</b>	<b>2,094,723</b>	<b>2,716,707</b>
<b>Fund balance, October 1</b>	<b>1,052,641</b>	<b>473,465</b>	<b>214,348</b>	<b>1,740,454</b>
<b>Fund balance, September 30</b>	<b>\$ 1,694,945</b>	<b>\$ 453,145</b>	<b>\$ 2,309,071</b>	<b>\$ 4,457,161</b>

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

**CITY OF CELINA, TEXAS**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**Year Ended September 30, 2012**

<b>Net change in fund balances - total governmental funds</b>	<b>\$ 2,716,707</b>
 <b>Amounts reported for governmental activities in the statement of net assets are different because:</b>	
Governmental funds report capital outlays as expenditures, while in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay of \$1,938,419 exceeded depreciation expense of \$(630,332).	1,308,087
In the statement of activities, the gain on the disposal of assets is reported, but in the governmental funds, proceeds from the sale increase current financial resources. The change in net assets differs from the change in fund balance by the net book value of the assets disposed.	(4,699)
Proceeds from the issuance of long-term debt provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of debt retired for the year \$406,270 and refunded \$106,590 less bonds issued (\$4,060,000).	(3,547,140)
Changes in the liability for compensated absences do not require the use of current resources and therefore are not recorded in the funds.	(12,540)
Revenues in the statement of activities that do not provide current resources are not reported as revenues in the funds. This includes the change in unavailable deferred ad valorem taxes of \$1,915, court fines receivable \$5,881, and EMS receivables \$124,072.	131,868
Some expenses in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. These include the amortization of bond premiums, \$(15,781); and the increase in accrued interest on debt \$27,855.	<u>(12,074)</u>
<b>Change in net assets of governmental activities</b>	<b><u>\$ 580,209</u></b>

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

**CITY OF CELINA, TEXAS  
STATEMENT OF FUND NET ASSETS  
PROPRIETARY FUND  
SEPTEMBER 30, 2012**

	<b>Enterprise Fund Water &amp; Sewer Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 491,418
Investment in TexPool	3,170
Investment in TexPool restricted for capital projects	2,072,946
Accounts receivable, net	552,013
Due from other funds	668,243
<b>Total current assets</b>	<b>3,787,790</b>
<b>Capital Assets:</b>	
Land	154,114
Buildings	43,769
Water & sewer infrastructure	19,028,514
Vehicles	125,689
Equipment	327,746
Less accumulated depreciation	(5,738,858)
<b>Capital Assets, net</b>	<b>13,940,974</b>
<b>Total assets</b>	<b>\$ 17,728,764</b>
 <b>LIABILITIES</b>	
Accounts payable	185,784
Accrued salaries and benefits	53,620
Bonds payable - current	543,005
Infrastructure advance from CISD - current	141,587
Accrued interest payable	25,583
Meter deposits payable	168,095
Deferred revenue	237,490
Due to other funds	400,000
<b>Total current liabilities</b>	<b>1,755,164</b>
Infrastructure advance from CISD - long-term	614,283
Bonds payable - long-term	7,765,638
Deferred bond credits	231,754
<b>Total non-current liabilities</b>	<b>8,611,675</b>
<b>Total liabilities</b>	<b>10,366,839</b>
 <b>NET ASSETS</b>	
Invested in capital assets, net of related debt	6,717,653
Restricted for capital projects (\$2,072,946), net of related debt (\$2,072,946)	-
Unrestricted	644,272
<b>Total Net Assets</b>	<b>\$ 7,361,925</b>

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

**CITY OF CELINA, TEXAS**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Fund**  
**Year Ended September 30, 2012**

	<b>Enterprise Fund</b>
	<b>Water &amp; Sewer</b>
	<b>Activities</b>
<b>OPERATING REVENUES:</b>	
Water sales	\$ 2,548,942
Sewer sales	994,332
Garbage fees	328,534
Penalties	66,785
Tap and reconnect fees	146,007
Impact fees	203,756
Other revenues	89,570
<b>Total Operating Revenues</b>	<b>4,377,926</b>
 <b>OPERATING EXPENSES:</b>	
Salaries and benefits	319,695
Garbage fees	321,236
Licenses and permits	8,369
Materials and supplies	73,336
Engineering	82,341
Postage	23,881
Repairs and facility maintenance	276,330
General insurance	12,949
Vehicle expense	36,122
Utilities and telephone	218,316
Chemicals	18,132
Water purchases and related fees	1,190,776
Depreciation & amortization	469,758
Other expense	51,730
<b>Total Operating Expenses</b>	<b>3,102,971</b>
<b>Operating Income</b>	<b>\$ 1,274,955</b>

(Continued)

**CITY OF CELINA, TEXAS**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Fund**  
**Year Ended September 30, 2012**

	<b>Enterprise Fund</b>
	<b>Water &amp; Sewer</b>
	<b>Activities</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>	
Interest income	\$ 28,306
Interest and fiscal charges	(469,086)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(440,780)</b>
<b>Income (loss) before contributions and transfers</b>	<b>834,175</b>
Capital contributions	70,000
Operating Transfers in (out)	(95,000)
	<b>809,175</b>
<b>Change in net assets</b>	
<b>Total net assets, October 1</b>	<b>6,873,536</b>
<b>Prior Period Adjustment</b>	<b>(320,786)</b>
<b>Total net assets, October 1 as restated</b>	<b>6,552,750</b>
<b>Total net assets, September 30</b>	<b>\$ 7,361,925</b>

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

**CITY OF CELINA, TEXAS**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**Year Ended September 30, 2012**

	<b>Enterprise Fund</b>
	<b>Water &amp; Sewer</b>
	<b>Activities</b>
<b>Cash flows from operating activities:</b>	
Cash received from customers and users	\$ 4,506,490
Cash paid to suppliers	(2,363,181)
Cash paid to employees	(304,589)
<b>Net cash provided (used) by operating activities</b>	<b>1,838,720</b>
<b>Cash flows from noncapital financing activities:</b>	
Change in customer deposits	22,380
Operating transfers (to) from other funds	(95,000)
Advances (to) from other funds	(647,965)
<b>Net cash provided (used) for noncapital financing activities</b>	<b>(720,585)</b>
<b>Cash flows from capital and related financing activities:</b>	
Acquisition of capital assets	(392,937)
Proceeds from issuance of bonds	4,969,766
Capital contributions	70,000
Principal payments - bonds payable	(4,763,350)
Principal payments - other obligations	(136,836)
Interest paid on bonds payable and other long-term obligations	(471,031)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(724,388)</b>
<b>Cash flows from investing activities:</b>	
Net redemptions (purchases) of investments	(20,677)
Investment income	28,306
<b>Net cash provided (used) by investing activities</b>	<b>7,629</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>401,376</b>
<b>Cash and cash equivalents, October 1</b>	<b>90,042</b>
<b>Cash and cash equivalents, September 30</b>	<b>\$ 491,418</b>

(Continued)

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

**CITY OF CELINA, TEXAS**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**Year Ended September 30, 2012**

**Reconciliation of Net Income to Net Cash Provided (Used)**  
**by Operating Activities**

	<b>Enterprise Fund</b>
	<b>Water &amp; Sewer</b>
	<b>Activities</b>
<b>Operating income (loss)</b>	<b>\$ 1,274,955</b>
<b>Adjustments to reconcile net income to net cash provided (used)</b>	
<b>by operating activities:</b>	
Depreciation and amortization	469,758
(Increase) decrease in accounts receivable (net)	85,587
Increase (decrease) in accounts payable and accrued expense	(16,312)
Increase (decrease) in deferred revenues	24,732
Total Adjustments	563,765
<b>Net cash provided by operating activities</b>	<b>\$ 1,838,720</b>

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

**City of Celina, Texas**  
**Notes to Financial Statements**  
**September 30, 2012**

**1. Introduction and Summary of Significant Accounting Policies**

The financial statements of the City of Celina, Texas and its component units, Celina Economic Development Corporation and Celina Community Development Corporation, collectively identified as the "City" have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The accounting and reporting framework and the more significant accounting principles and practices of the City are discussed in subsequent sections of this note. The remainder of the notes are organized to provide explanations, including required disclosures, of the City's financial activities for the fiscal year ending September 30, 2012.

**(A) Reporting Entity and Related Organizations**

The City is a municipal corporation governed by an elected mayor and six member City Council. The City provides general administration, public works, police and judicial, and fire and emergency services to its residents. The Council hires a City Manager for day to day operations.

The City Council has the authority to make decisions, appoint administrators and managers, significantly influence operations; and has the primary accountability for fiscal matters. The City is not included in any other governmental "reporting entity" as defined by Governmental Accounting and Financial Reporting Standards.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in GASB Statements No. 14 and 39. These statements define the reporting entity as the primary government and those component units for which the primary government is financially accountable. In addition, component units may be included in the reporting entity based on the nature and significance of the relationship with the primary government, or based on being closely related or financially integrated with the primary government. Based on these criteria, the City has the following component units at September 30, 2012:

Discretely Presented Component Units:

Celina Economic Development Corporation (CEDC) - CEDC serves all citizens of the government and is governed by a board appointed by the City Council. The City Council may remove the CEDC board for cause. CEDC is a nonprofit corporation governed by Section 4A of the Texas Development Corporation Act of 1979 and organized for the public purpose of aiding, promoting and furthering economic development within the City of Celina, Texas.

## 1. Introduction and Summary of Significant Accounting Policies - continued

Celina Community Development Corporation (CCDC) - CCDC serves all citizens of the government and is governed by a board appointed by the City Council. The City Council may remove the CCDC board for cause. CCDC is a nonprofit corporation governed by Section 4B of the Texas Development Corporation Act of 1979 and organized for the public purpose of the promotion and development of industrial and manufacturing enterprises to promote and encourage employment and the public welfare of the City of Celina, Texas.

Neither CEDC nor CCDC prepare separate financial statements.

### (B) Government-Wide and Fund Financial Statements

#### *Government-wide financial statements*

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the City as a whole excluding fiduciary activities. The primary government and component units are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

#### *Fund financial statements*

Fund financial statements are provided for governmental and proprietary funds. Major individual governmental funds and enterprise funds are reported in separate columns with composite columns for non-major funds.

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

The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The City does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

## 1. Introduction and Summary of Significant Accounting Policies - continued

The government-wide statements report using the *economic resources measurement focus* and the *accrual basis of accounting* generally including the reclassification or elimination of internal activity (between or within funds). Proprietary fund financial statements and financial statements of City component units also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements report using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond and capital lease principal and interest which are reported as expenditures in the year due.

Major revenues sources susceptible to accrual include: sales and use taxes, property taxes, franchise taxes, grant revenues, and investment income. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for the proprietary fund are charges to customers for water and sewer sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed.

### (D) Fund Types and Major Funds

#### *Governmental Funds*

The City reports the following major governmental funds:

*General Fund* - reports as the primary operating fund of the City. This fund is used to account for all financial resources not reported in other funds.

*Debt Service Fund* - accounts for the accumulation of financial resources for the payment of principal and interest on the City's general obligation debt. The City annually levies ad valorem taxes restricted for the retirement of general obligation bonds, capital leases, and interest. This fund reports all such ad valorem taxes collected.

*Capital Projects Fund* – accounts for the financing and acquisition of major capital projects. Fund resources are provided primarily through bond sales and interest earnings.

## 1. Introduction and Summary of Significant Accounting Policies - continued

### *Proprietary Funds*

The City reports the following major enterprise fund:

*Water and Sewer Fund* - accounts for the operating activities of the City's water and sewer utilities services.

### **(E) Assets, Liabilities and Net Assets or Equity**

#### Cash and Investments

The City maintains cash and investment pools which are shared by the various governmental funds. In addition, non-pooled cash and investments are separately held and reflected in the respective individual funds. These pooled and non-pooled cash and investment pools are displayed on its respective balance sheet as "cash and cash equivalents" and "investment in TexPool."

Investments are reported at fair value determined as follows. Short-term, highly liquid investments are reported at cost, which approximates fair value. Cash deposits are reported at the carrying amount which reasonably estimates fair value.

Bank certificates of deposit are carried at cost which approximates fair value.

The City reporting entity considers highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

#### **Inventories and Prepaids**

Inventories consisting of expendable supplies held for consumption in governmental funds are reported using the expenditure method. Under this method, amounts paid for these items are reported as expenditures when purchased. Inventories, when material, are recorded at cost stated on a first-in, first-out basis in the government-wide financial statements.

Prepaids record payments to vendors that benefit future reporting periods and are reported on the consumption basis at cost. Prepaids are similarly reported in government-wide and fund financial statements.

**1. Introduction and Summary of Significant Accounting Policies - continued**

**Capital Assets, Depreciation, and Amortization**

The City's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost, or if historical cost is not available, they are stated at estimated historical cost. These assets are comprehensively reported in the government-wide financial statements. The City maintains infrastructure asset records consistent with all other capital assets. Donated assets are stated at fair value on the date donated. The City generally capitalizes assets with a cost of \$5,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	40
Road infrastructure	15 - 50
Water & sewer infrastructure & rights	20 - 40
Vehicles	5
Furniture, machinery, and equipment	5

The City has not capitalized any interest costs in the carrying value of capital assets.

**Long-term Debt, Deferred Debt Expense, and Bond Discounts/Premiums**

In the government-wide, proprietary, and component unit financial statements, outstanding debt is reported as liabilities. Bond discounts or premiums are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

**Fund Equity**

The City implemented GASB Statement 54 standards for the classification of fund balances in the governmental funds. The fund balances of governmental funds are defined as follows:

*Non-spendable* - amounts that cannot be spent either because they are in non-spendable form, such as inventory or prepaid items or because they are legally or contractually required to be maintained intact.

*Restricted* - amounts that can be spent only for specific purposes because of constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.

## 1. Introduction and Summary of Significant Accounting Policies – continued

*Committed* - amounts that can be used only for specific purposes determined by a formal action of the City Council. The City Council is the highest level of decision making authority for the City. Commitments may be established, modified, or rescinded only through a formal resolution of the City Council.

*Assigned* - amounts that do not meet the criteria to be classified as restricted or committed but are intended to be used for specific purposes that have been established by the City Council.

*Unassigned* - all other spendable amounts in the general fund.

The City Council delegates the responsibility to assign funds to the City Manager, Director of Finance, or other designee as determined by the Council.

When expenditures are incurred for which both restricted and unrestricted fund balance is available the City considers restricted funds to have been spent first. Similarly, committed funds are considered to have been spent first when there is a choice for the use of less restricted funds, then assigned and then unassigned funds.

### **Compensated Absences**

Full-time employees earn vacation leave for each month of work performed. Progressive accrual of vacation leave is based on the number of years the individual is employed by the City. After completion of a probationary period of employment, accrued vacation leave is paid upon termination of employment. Full-time employees also earn sick leave time. Unused sick leave is not paid upon termination of employment.

Compensated absences are reported as accrued in the government-wide, proprietary and component unit financial statements. Governmental funds report only matured compensated absences payable to currently terminating employees. These are included in wages and benefits payable.

### **(F) Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a participant in the Texas Municipal League (TML) Employees Health Insurance Fund, Texas Municipal League Workers' Compensation Joint Insurance Fund (WC Fund) and the Texas Municipal League Joint Self-Insurance Fund (Property-Liability Fund), a public entity risk pool operated by the Texas Municipal League Board for the benefit of individual governmental units located within Texas. The agreement provides that the trust established by TML will be self-sustaining through member premiums. The City pays annual premiums to TML for worker's compensation, general and auto liability, property damage, employee dishonesty, public officials liability, and law enforcement professional liability coverage. The City does not anticipate any material additional insurance cost assessments as a result of participation in this risk management pool. There were no reductions in insurance coverage from the prior year. Settlements have not exceeded insurance coverage during any of the past three fiscal years.

## 1. Introduction and Summary of Significant Accounting Policies – continued

### (G) Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

## 2. Stewardship, Compliance, and Accountability

### Budgetary Information

The City Manager submits an annual budget to the City Council in accordance with the laws of the State of Texas and the city charter. The budget is presented to the City Council for review, budget workshops are held with the various City department officials, and public hearings are held to address priorities and the allocation of resources. Generally in August, the City Council adopts the annual fiscal year budgets for all City operating funds. Once approved, the City Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

Each fund's approved budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: personnel services and related fringe benefits, supplies, other services and charges, capital outlay, transfers, and debt service. Expenditures may not exceed appropriations at the department level. Within this control level, management may transfer appropriations between line items. Budget revisions and line item transfers are subject to final review by the City Council. Revisions to the budget were made throughout the year.

The budgets for the operating funds are prepared on the cash and expenditure basis. Revenues are budgeted in the year receipt is expected; and expenditures, which do not include encumbrances, are budgeted in the year that the liability is to be incurred. The Debt Service Fund budget is prepared to provide funding for general obligation debt service when liabilities are due for payment. The budget and actual required supplementary information is presented on these bases. Unexpended appropriations for annually budgeted funds lapse at fiscal year-end.

## 3. Deposits and Investments

**Custodial credit risk** for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's policy requires deposits to be fully secured by collateral valued at market or par, whichever is lower, less the amount of Federal Deposit Insurance Corporation (FDIC) insurance. Deposited funds may be invested in certificates of deposit in institutions with an established record of fiscal health. Collateral agreements must be approved prior to deposit of funds. The City Council approves authorized depository institutions based on the recommendations of City management.

Deposits of City of Celina, Texas (primary government) and its component units, CEDC and CCDC, are fully insured or collateralized with securities held by the City or component unit, its agent, or by the pledging financial institution's trust department or agent in the name of the City or component unit, respectively.

### 3. Deposits and Investments - continued

#### Investments

During the year ended September 30, 2012 the City invested only in Texas Local Government Investment Pool ("TexPool"). TexPool, a public funds investment pool created by the Treasurer of the State of Texas acting by and through the Texas Treasury Safekeeping Trust Company, is empowered to invest funds and act as custodian of investments purchased with local investment funds. Authorized investments of TexPool include obligations of the United States of America or its agencies, direct obligations of the State of Texas or its agencies, certificates of deposit and repurchase agreements. At September 30, 2012, the carrying amount of City's investments in TexPool approximate its fair value. At September 30, 2012, the carrying amount and fair value of the City's investment in TexPool was \$2,078,489. TexPool is rated for credit risk as AAAM.

**Credit risk** is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the City's investing activities are managed under the custody of the Treasurer (in his absence the City Manager). Investing is performed in accordance with investment policies adopted by the City Council complying with state statutes. City investment policy and state statute generally permit the City to invest in FDIC insured or fully collateralized certificates of deposit, fully collateralized repurchase agreements, public funds investment pools, obligations of the United States of America or its agencies, direct obligations of the State of Texas, and obligations of agencies, counties, cities and other political subdivisions of Texas having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent. During the year ended September 30, 2012, the City did not own any types of securities other than those permitted by statute.

**Interest rate risk** is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. City policy generally requires investment maturities to correspond to anticipated cash flow needs. In addition, investment maturities shall not exceed the following limits:

- Operating funds - 30 days
- Capital project funds - corresponding draw schedules
- Debt service funds - corresponding payment dates, not to exceed (6) six months
- Bond reserve funds - (5) five years

City policy states that volatile investment instruments shall be avoided and that nonmarketable instruments with maturities beyond one month shall not exceed 30 percent of the portfolio.

**Concentration of credit risk** is the risk of loss attributed to the magnitude of the City's investment in a single issuer. City policy requires that the risk of principal loss in the portfolio as a whole shall be minimized by diversifying investment types to eliminate the risk of loss from over-concentration of assets in a specific issuer, or a specific class of securities.

For investments, **custodial credit risk** is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities in the possession of an outside party. The City's policy on safekeeping and custody requires that investments shall be secured through safekeeping agreements. All investment funds shall be placed directly with qualified financial institutions selected through the City's banking procurement process. All transactions shall be executed on a delivery versus payment basis.

#### 4. Receivables, Uncollectible Accounts, and Deferred Revenue

##### *Enterprise Fund Receivables, Uncollectible Accounts and Deferred Revenue*

Significant receivables include amounts due from customers primarily for utility services. These receivables are due within one year. The Enterprise Fund reports accounts receivable net of an allowance for uncollectible accounts and revenues net of uncollectible amounts. The allowance amount is estimated using accounts receivable past due more than 60 to 90 days. Following is the detail of the Enterprise Fund receivables and the related allowance for uncollectible accounts:

Accounts receivable, gross	\$552,013
Less: allowance for uncollectible accounts	<u>-0-</u>
Net accounts receivable	<u>\$552,013</u>

The City reports deferred revenue of \$237,490 for water and sewer impact fees that have been collected, but are awaiting expenditure for the designated purpose.

##### *Property Taxes Receivable, Deferred Revenue, and Property Tax Calendar*

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 located within the City. Appraised values are established by the Collin County Central Appraisal District at 100% of market value. As of January 1, 2011, all real property was assessed at a net taxable value of \$461,631,888.

The property tax rate for the year ended September 30, 2012 was .645 per \$100 of the assessed valuation on taxable property. Following is a summary of the overall tax rate as levied by fund type:

Maintenance and operations-General Fund	.5652
Debt Service Fund	<u>.0798</u>
Total tax rate	<u>.6450</u>

The property tax levy for the year ending September 30, 2012 was \$2,977,526. Collections of the current year property tax levy were \$2,933,137 or 99% of the current year tax levied.

In the governmental fund financial statements, property taxes are recorded as receivables in each of the respective funds on the tax levy date with appropriate allowances for estimated uncollectible amounts. At fiscal year-end, property tax receivables represent delinquent taxes. If delinquent taxes are not paid within 60 days of year-end, they are recorded as deferred revenue.

In the government-wide financial statements, property taxes receivable and related revenue include all amounts due the City with a 10% allowance for estimated uncollectible amounts regardless of when cash is received. Over time substantially all property taxes are collected.

The City's full year property tax calendar is as follows:

October 1-Full year tax levy assessed for the current fiscal year-taxes are due and payable.

January 1-Tax lien is attached to property to secure the payment of taxes, and penalty and interest as applicable.

February 1-Penalty and interest charges begin to accrue on unpaid past due taxes.

July 1-Taxes become delinquent and are subject to attorney fees incurred for collection.

#### **4. Receivables, Uncollectible Accounts, and Deferred Revenue - continued**

##### *Allowance for Uncollectible Taxes*

The City records an allowance for uncollectible property taxes in order to estimate the amount of taxes that will ultimately prove to be uncollectible. Management has determined that an allowance in the amount of ten percent (10%) of the property taxes receivable in each of the applicable fund types should be adequate to provide for uncollectible property taxes. No provisions are made for uncollectible sales tax receivables, or grants receivable as management estimates that these amounts will be fully collectible.

##### *Fines and Court Costs Receivable and Related Allowances*

In the governmental fund financial statements, fines and court costs are recognized as revenue on the cash basis.

In the government-wide financial statements, the City records fines and court costs receivable net of amounts estimated to be uncollectible and net of any amounts that would be due to other governmental entities as a result of collection. Management has determined the estimate of uncollectible fines and court costs through an analysis of actual amounts collected subsequent to year end. Amounts due to other governmental entities have been determined based on distribution requirements of the State of Texas.

##### *Grants Receivable*

Grants receivable were collected within 60 days of the end of the fiscal year, accordingly, no allowance for uncollectible amounts has been recorded. These amounts are recorded similarly in both the governmental fund statements and the government-wide financial statements. Grant revenues are recorded as earned when eligibility requirements are met. Grant revenues received prior to meeting grant eligibility requirements are recorded as deferred revenue.

## 5. Capital Assets

The following table provides a summary of changes in capital assets, including assets recorded under capital leases:

	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>
<b><i>Governmental Activities:</i></b>				
Capital assets not being depreciated:				
Land	\$ 459,931	\$ 207,000	\$ -0-	\$ 666,931
Construction in progress	<u>1,327,170</u>	<u>223,864</u>	<u>1,551,034</u>	<u>-0-</u>
Total capital assets not being depreciated	<u>1,787,101</u>	<u>430,864</u>	<u>1,551,034</u>	<u>666,931</u>
Capital assets being depreciated:				
Buildings & Improvements	128,908	1,132,614		1,261,522
Parks	6,076,593	1,308,231		7,384,824
Road Infrastructure	11,069,312	242,803		11,312,115
Vehicles	839,047	282,103	120,913	1,000,237
Furniture & Equipment	<u>770,357</u>	<u>92,838</u>		<u>863,195</u>
Total capital assets	<u>18,884,217</u>	<u>3,058,589</u>	<u>120,913</u>	<u>21,821,893</u>
Total accumulated depreciation	<u>4,408,545</u>	<u>630,332</u>	<u>116,214</u>	<u>4,922,663</u>
Governmental Activities Capital Assets, net	<u>\$16,262,773</u>	<u>\$ 2,859,121</u>	<u>\$ 1,555,733</u>	<u>\$ 17,566,161</u>
<b><i>Business-Type Activities:</i></b>				
Capital assets not being depreciated:				
Land and easements	\$ 154,114	\$	\$	\$ 154,114
Construction in progress	<u>1,092,579</u>	<u>299,976</u>		<u>1,392,555</u>
Total capital assets not being depreciated	<u>1,246,693</u>	<u>299,976</u>	<u>-0-</u>	<u>1,546,669</u>
Other capital assets being depreciated:				
Buildings	43,769			43,769
Water & sewer infrastructure	17,558,976	76,983		17,635,959
Vehicles	113,689	12,000		125,689
Equipment	<u>323,768</u>	<u>3,978</u>		<u>327,746</u>
Total capital assets	<u>19,286,895</u>	<u>392,937</u>	<u>-0-</u>	<u>19,679,832</u>
Less: accumulated depreciation	<u>5,269,099</u>	<u>469,759</u>		<u>5,738,858</u>
Business-type Activities Capital Assets, net	<u>\$14,017,796</u>	<u>\$ (76,822)</u>	<u>\$ -0-</u>	<u>\$ 13,940,974</u>

**5. Capital Assets - continued**

Depreciation expense for governmental activities was charged to functions of the City as follows:

Administration	\$ 20,727
Fire and emergency services	124,399
Road infrastructure	207,097
Public works	4,568
Parks	215,059
Police department	<u>58,482</u>
Total	<u>\$ 630,332</u>

Depreciation expense recorded in business-type activities and the Enterprise Fund was \$469,758.

The gross amount of assets included in the equipment category above which were recorded under capital lease obligations is \$383,320. Accumulated amortization of these assets is \$268,328. Amortization expense is included in depreciation expense.

**6. Long-Term Obligations**

*Long-term Obligations Supporting Governmental Activities*

Certificates of obligation bonds issued by the City are backed by the full faith and credit of the City. These bonds are to be repaid with property taxes levied for debt service and recorded in the Debt Service Fund. The City's borrowing capacity is restrained by maintaining the City's debt at a responsible level. Other debt issued to support governmental activities are capital lease obligations which are primarily paid from the General Fund.

Interest expense for governmental activities was \$308,313 and is reported as a separate line item in the statement of activities.

*Business-type Activities - Revenue Bonds*

Revenue bonds consist of debt issued to support activities of the Enterprise (water and sewer) Fund. In addition to being backed by the full faith and credit of the City, revenue bonds are secured by a lien on and a pledge of the surplus revenues of the water and sewer system. Other debt issued to support business-type activities are capital lease obligations which are secured by the equipment purchased with the capital lease proceeds.

Interest expense for business-type activities and the Enterprise (water and sewer) Fund was \$469,086 for the year.

The following page contains is a summary of changes in bonds payable and capital lease obligations for the year:

## 6. Long-Term Obligations - continued

	Balance 10/01/11	Issued	Retired	Refunded	Balance 9/30/12	Due Within One Year
<b>Governmental Activities:</b>						
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2012, 2.0%-4.0%, 2013-2032	\$	\$ 3,955,000	\$	\$	\$ 3,955,000	\$ 115,000
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2011, 3.0%-4.125%, 2012-2031	1,400,000		10,000		1,390,000	35,000
Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation Series 2004, 4.625%-5.00%, 2004-2029	5,885,217		217,097		5,668,120	231,258
Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation Series 2001, 5.25%-5.55%, 2003-2021	106,590			106,590	-0-	
General Obligation Refunding Bonds Series 2012, 2.0%-3.0%, 2013-2023		105,000			105,000	-0-
General Obligation Refunding Bonds Series 2007, 4.00%-4.25%, 2008-2021	746,206		67,963		678,243	70,737
Capital lease obligations	<u>156,069</u>		<u>111,210</u>		<u>44,859</u>	<u>44,859</u>
<b>Total Governmental Activities</b>	<b><u>\$ 8,294,082</u></b>	<b><u>\$ 4,060,000</u></b>	<b><u>\$ 406,270</u></b>	<b><u>\$ 106,590</u></b>	<b><u>\$11,841,222</u></b>	<b><u>\$ 496,854</u></b>
<b>Business-type Activities:</b>						
Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation Series 2001, 5.25%-5.55%, 2003-2021	233,410			233,410	-0-	
Tax and Waterworks and Sewer System Revenue Refunding bonds Series 2001, 4.625%-5.25%, 2003-2015	50,000		15,000	35,000	-0-	
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2003, 3.0%-4.50%, 2003-2023	4,110,000		275,000	3,835,000	-0-	
Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation Series 2004, 4.625 %-5.00%, 2004-2029	349,784		12,903		336,881	13,742
Tax & Waterworks and Sewer System Surplus Revenue Certificates of Obligation Series 2007, 2.60%-3.60%, 2009-2028	1,660,000		180,000		1,480,000	185,000
Tax & Waterworks and Sewer System Surplus Revenue Certificates of Obligation Series 2012, 2.0%-4.0%, 2013-2032		720,000			720,000	25,000
General Obligation Refunding Bonds Series 2012, 2.0%-3.0%, 2013-2023		4,005,000			4,005,000	135,000
General Obligation Refunding Bonds Series 2007, 4.00%-4.25%, 2008-2021	<u>1,943,799</u>		<u>177,037</u>		<u>1,766,762</u>	<u>184,263</u>
<b>Total Business-type Activities</b>	<b><u>\$ 8,346,993</u></b>	<b><u>\$4,725,000</u></b>	<b><u>\$ 659,940</u></b>	<b><u>\$ 4,103,410</u></b>	<b><u>\$ 8,308,643</u></b>	<b><u>\$ 543,005</u></b>
<b>Total Primary Government Long-term Debt</b>	<b><u>\$16,641,075</u></b>	<b><u>\$8,785,000</u></b>	<b><u>\$ 1,066,210</u></b>	<b><u>\$ 4,210,000</u></b>	<b><u>\$20,149,865</u></b>	<b><u>\$1,039,859</u></b>

## 6. Long-Term Obligations - continued

The City's general obligation bonds are guaranteed by the full faith and credit of the City. The bond issues are approved by the voters and repaid with property taxes recorded in the Debt Service Fund. Current requirements for principal and interest of these obligations are accounted for in the Debt Service Fund.

Capital lease agreements represent general obligations of the City, and are secured by the equipment acquired by the capital lease proceeds. Current requirements for principal and interest of capital lease obligations are accounted for in the appropriate fund for which the liability was incurred.

Compensated absences are paid from the fund responsible for the employee's compensation with significant liabilities payable from the General Fund.

### *Debt Service Requirements to Maturity*

The annual debt service requirements to maturity for bonded debt and capital lease obligations are as follows at year-end:

Fiscal Year Ending September 30,	<i>Governmental Activities</i>					
	Bonds Payable		Capital Lease Obligations		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 451,995	\$ 488,631	\$ 44,859	\$ 1,803	\$ 496,854	\$ 490,434
2014	495,595	443,806			495,595	443,806
2015	521,141	424,550			521,141	424,550
2016	536,128	404,328			536,128	404,328
2017	587,512	384,058			587,512	384,058
2018-2022	3,157,322	1,599,282			3,157,322	1,599,282
2023-2027	3,440,296	982,073			3,440,296	982,073
2028-2032	<u>2,606,374</u>	<u>263,539</u>			<u>2,606,374</u>	<u>263,539</u>
Totals	<u>\$ 11,796,363</u>	<u>\$ 4,990,267</u>	<u>\$ 44,859</u>	<u>\$ 1,083</u>	<u>\$11,841,222</u>	<u>\$4,992,070</u>

Fiscal Year Ending September 30,	<i>Business-type Activities</i>					
	Bonds Payable		Capital Lease Obligations		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 543,005	\$ 263,259			\$ 543,005	\$ 263,259
2014	559,405	241,548			559,405	241,548
2015	808,859	223,926			808,859	223,926
2016	843,872	201,069			843,872	201,069
2017	862,488	177,015			862,488	177,015
2018-2022	3,677,678	499,587			3,677,678	499,587
2023-2027	734,704	105,241			734,704	105,241
2028-2032	<u>278,632</u>	<u>31,287</u>			<u>278,632</u>	<u>31,287</u>
Totals	<u>\$ 8,308,643</u>	<u>\$1,742,932</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 8,308,643</u>	<u>\$1,742,932</u>

## 6. Long-Term Obligations - continued

In addition to the bonds and capital leases above, the City also has the following long-term obligations:

	Balance 10/01/11	Increase	Decrease	Balance 9/30/12	Due Within One Year
<b>Governmental Activities:</b>					
Compensated absences	\$ 96,845	\$ 12,540	\$ -0-	\$ 109,385	\$ 109,385

It is anticipated that the liability for compensated absences described above will be paid from the General Fund when due.

	Balance 10/01/11	Increase	Decrease	Balance 9/30/12	Due Within One Year
<b>Business-type Activities:</b>					
Obligation due to Celina ISD	\$ 892,706	\$	\$ 136,836	\$ 755,870	\$141,587

The obligation due to Celina ISD is a result of the school district funding the cost for the installation of a new water line that provides service to school facilities. The obligation is non-interest bearing however, the City has discounted the debt to estimated present value using the assumption of a 5.5% annual interest rate. The agreement with Celina ISD is that the City will not bill the school for water use until such time as the cumulative billings are equal to the cost of installing the water line. At the current rate of water use by Celina ISD, City management estimates approximately \$180,000 of gross billings for annual water use will be credited to this obligation over each of the next five years.

## 7. Refunded Debt

During 2012, the City issued general obligation refunding bonds of \$4,110,000 (par value) with interest rates ranging from 2.0% to 3.0% as a current refunding of term bonds with interest rates ranging from 3.15% to 5.55%, and a par value of \$4,210,000. The term bonds mature on September 1, 2023. The general obligation refunding bonds were issued at par plus a premium of \$238,408 and, after paying issuance costs of \$94,308, the net proceeds were \$4,254,100. As a result of this current refunding, the City reduced its total debt service requirements by \$522,668, which resulted in an economic gain (difference between the present value of the debt service requirements on the old and new debt) of \$333,480.

## 8. Retirement Plan

### *Plan Description*

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

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (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, TX 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at [www.TMRS.com](http://www.TMRS.com).

**8. Retirement Plan - continued**

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:

Employee deposit rate	7.0%
Matching ratio (city to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20
Updated service credit	0%
Annuity increase (to retirees)	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 (over funded) actuarial liability (asset) over the applicable period for the 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) and three year trend information for the City are as follows:

**Three Year Trend Information**

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Contributions Made</u>	<u>Net Pension Obligation</u>
09/30/10	\$ 110,371	\$110,371	-0-
09/30/11	\$ 127,984	127,984	-0-
09/30/12	\$ 92,028	92,028	-0-

The required contribution rates for fiscal year 2012 were determined as part of the December 31, 2009 and 2010 actuarial valuations. Additional information for the three most recent actuarial valuations, as of December 31 are as follows:

**8. Retirement Plan - continued**

**Annual Pension Cost**

Valuation Date	<u>12/31/2009</u>	<u>12/31/2010</u>	<u>12/31/2011</u>
Actuarial Cost Method - Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level percent of payroll	Level percent of payroll	Level percent of payroll
GASB 25 Equivalent Single Amortization Period	27.9 years closed period	30.0 years closed period	24.6 years closed period
Amortization period for New Gains/Losses	25 years	25 years	25 years
Asset Valuation Method	10-year smoothed Market	10-year smoothed Market	10-year smoothed Market
Actuarial assumptions:			
Investment rate of return*	7.5%	7.0%	7.0%
Projected salary increases*	Varies by age and service	Varies by age and service	Varies by age and service
*Includes inflation at	3.0%	3.0%	3.0%
Cost-of-Living adjustments	0.0%	0.0%	0.0%

*Funding Status and Funding Progress* – The funded status as of December 31, 2011, the most recent actuarial valuation date, is presented as follows:

**Analysis of Funding Progress  
(in Thousands of Dollars)**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded (Over-funded) Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/09	\$1,658	\$1,709	52	97%	\$2,147	2.4%
12/31/10	\$2,056	\$2,066	10	99%	\$2,313	0.4%
12/31/11	\$2,455	\$2,260	(195)	109%	\$2,376	(8.2%)

**8. Retirement Plan - continued**

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 valuations 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 to actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented above provides multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

**9. Litigation**

From time to time, the City is involved in litigation in the ordinary course of business. City management considers the likelihood of any material liability resulting from this litigation to be remote.

**10. Contingencies**

The City participates in various state and federal grant programs and contracts which are subject to financial and compliance audits by the grantors or their representatives. Audits of these programs for the year ended September 30, 2012 have not been conducted. Accordingly, the City's compliance with applicable grant and contract requirements will be established at some future date. The City expects that costs disallowed by these various awarding agencies, if any, would be minimal.

**11. Balances and Transfers/Payments Within the Reporting Entity**

*Receivables and Payables*

Generally, outstanding balances between funds reported as "due to/from other funds" in the governmental fund financial statements include outstanding charges by one fund to another for services or goods, and other miscellaneous receivables/payables between funds. Activity between funds that are representative of lending/borrowing arrangements that are outstanding at the end of the fiscal year are described as "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

The following schedule reports receivables and payables within the reporting entity at year-end:

	<u>Receivable</u>	<u>Payable</u>
Debt Service Fund	\$	\$ 20,278
Enterprise Fund	668,243	400,000
General Fund	427,979	93,795
Capital Projects Fund		647,965
Component units	93,795	27,979

*Transfers and Payments*

Transfers and payments within the reporting entity are substantially for the purposes of funding capital projects and asset acquisitions, or maintaining debt service on a routine basis. Resources are accumulated in a fund to support and simplify the administration of various projects or programs.

**11. Balances and Transfers/Payments Within the Reporting Entity – continued:**

The government-wide statement of activities eliminates transfers reported within governmental activities. The following schedule reports transfers and payments within the reporting entity:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 95,000	\$
Enterprise Fund		95,000

The above transfer provided the General Fund with supplementary revenue for the year.

**12. Service Area Acquisition**

The City has entered into an agreement with Marilee Special Utility District formerly known as Gunter Rural Water Supply Corporation (GRWSC) whereby the City would acquire the rights to provide water and/or sewer services to certain areas within GRWSC jurisdiction. The City compensates GRWSC for the right to provide these services. The City capitalized the cost of acquiring these rights and amortizes these costs over a period of 40 years. These costs are included in the cost of water and sewer infrastructure on the statements of net assets.

**13. Operating Lease**

The City has entered into a lease agreement for copier machines. Following is a summary of the annual minimum lease requirements under this agreement:

<u>Year ending 9/30</u>	<u>Annual lease requirement</u>
2013	10,489
2014	8,472
2015	<u>706</u>
Total required	<u>\$19,667</u>

Municipal building rental expense for the year ending September 30, 2012 was \$111,524. The City purchased the municipal building in 2012. This lease payment ceased in 2012 and is included in debt service requirements for future periods.

**14. Economic Dependence**

City operations are funded by taxes and revenues provided by the residents of the City of Celina, Texas. Accordingly, the City is economically dependent on the property values and local economy of City of Celina, Texas and the surrounding area.

**15. Subsequent Events**

Management has considered the need to disclose subsequent events as of March 17, 2013 which is the date the financial statements were available for review.

Subsequent to year end, the City purchased the Methodist church building located adjacent to the square for approximately \$800,000 using bond proceeds available for that purpose.

**15. Subsequent Events – continued:**

The fire station incurred a fire loss subsequent to year end. The City is considering options to rebuild or replace the fire station with another facility. The fire was covered by TML insurance, and the City expects that the loss will be covered by insurance. The City Council is considering options to replace the fire station.

**16. Prior Period Adjustments**

The City implemented new accounting standards issued by the Governmental Accounting Standards Board that states the cost of issuing bonds should no longer be maintained on the balance sheet and amortized over the life of the bonds. Current guidance states that the cost of issuing bonds should be expensed in the year incurred. The prior period adjustment removes previously capitalized bond issuance costs from the proprietary fund balance sheet and the statement of net assets in accordance with this guidance.

**REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF CELINA, TEXAS**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Year Ended September 30, 2012**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES:</b>				
Ad valorem taxes	\$ 2,665,338	\$ 2,644,808	\$ 2,645,688	\$ 880
Franchise taxes	247,000	263,380	299,999	36,619
Sales tax	275,000	314,081	338,053	23,972
Permits and inspection fees	170,500	261,545	340,547	79,002
Development fees	15,000	45,000	56,411	11,411
Fire department and EMS revenues	250,000	196,964	244,505	47,541
Fines	96,500	132,310	186,302	53,992
Other income	67,565	86,115	96,809	10,694
Collin County road contribution			-	-
Donations	111,000	132,961	175,346	42,385
Interest	30,000	20,928	22,355	1,427
Park fees	44,000	70,308	85,111	14,803
Federal and state grants	30,188	31,188	32,760	1,572
<b>Total Revenues</b>	<b>4,002,091</b>	<b>4,199,588</b>	<b>4,523,886</b>	<b>324,298</b>
<b>EXPENDITURES:</b>				
Administration	968,812	893,900	774,209	119,691
Judicial	72,921	81,440	70,066	11,374
Fire and emergency services	1,050,395	1,111,875	1,062,174	49,701
Development services	326,125	484,955	472,329	12,626
Public works	427,015	417,317	350,295	67,022
Police department	726,932	711,992	729,737	(17,745)
Parks and recreation	284,970	294,898	288,239	6,659
Library	130,704	130,588	126,116	4,472
Main street project	87,369	114,217	99,726	14,491
Capital outlay			34,094	(34,094)
<b>Total Expenditures</b>	<b>4,075,243</b>	<b>4,241,182</b>	<b>4,006,985</b>	<b>234,197</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(73,152)</b>	<b>(41,594)</b>	<b>516,901</b>	<b>558,495</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of assets			30,403	30,403
Operating transfers in (out)	75,000	75,000	95,000	20,000
<b>Total Other Financing Sources (Uses)</b>	<b>75,000</b>	<b>75,000</b>	<b>125,403</b>	<b>50,403</b>
<b>Net change in fund balance</b>	<b>1,848</b>	<b>33,406</b>	<b>642,304</b>	<b>608,898</b>
<b>Fund balance, October 1</b>	<b>1,052,641</b>	<b>1,052,641</b>	<b>1,052,641</b>	<b>-</b>
<b>Fund balance, September 30</b>	<b>\$ 1,054,489</b>	<b>\$ 1,086,047</b>	<b>\$ 1,694,945</b>	<b>\$ 608,898</b>

**SCHEDULE NOTES:**

The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles.

## **SUPPLEMENTARY SCHEDULES**

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**CITY OF CELINA, TEXAS**  
**SCHEDULE OF DELINQUENT TAXES RECEIVABLE**  
**YEAR ENDED SEPTEMBER 30, 2012 (Unaudited)**

<u>Tax Roll Year</u>	<u>Fiscal Year Ended September 30</u>	<u>Outstanding Balance</u>
2011	2012	\$ 40,728
2010	2011	\$ 6,064
2009	2010	4,493
2008	2009	2,890
2007	2008	2,024
2006	2007	2,387
2005	2006	2,464
2004	2005	1,054
2003	2004	615
2002	2003	324
2001	2002	169
2000	2001	439
1999	2000	377
1998	1999	297
	1997 and prior	<u>1,562</u>
	Allowance for uncollectible tax	<u>\$ (6,589)</u>
	<b>Delinquent tax receivable, net</b>	<b><u><u>\$ 59,298</u></u></b>

**CITY OF CELINA, TEXAS**  
**HISTORICAL SCHEDULE OF ASSESSED PROPERTY VALUATION**  
**YEAR ENDED SEPTEMBER 30, 2012 (Unaudited)**

<b>Tax Roll Year</b>	<b>Fiscal Year Ended September 30</b>	<b>Net Taxable Valuation</b>
2011	2012	461,631,888
2010	2011	454,151,622
2009	2010	453,846,095
2008	2009	463,330,201
2007	2008	418,824,688
2006	2007	284,847,298
2005	2006	224,412,066
2004	2005	181,232,497
2003	2004	143,297,951
2002	2003	114,032,871
2001	2002	87,884,199
2000	2001	74,397,227

**CITY OF CELINA, TEXAS  
HISTORICAL SCHEDULE OF PROPERTY TAX RATES  
YEAR ENDED SEPTEMBER 30, 2012 (Unaudited)**

<b>Tax Roll Year</b>	<b>Fiscal Year Ended September 30</b>	<b>Tax Rates</b>
2011	2012	0.6450
2010	2011	0.6450
2009	2010	0.6450
2008	2009	0.6450
2007	2008	0.6550
2006	2007	0.6900
2005	2006	0.7400
2004	2005	0.7500
2003	2004	0.7600
2002	2003	0.8066
2001	2002	0.8066
2000	2001	0.8066

**CITY OF CELINA, TEXAS**  
**Additional Information (Unaudited)**  
**September 30, 2012**

<b>Name</b>	<b>Title</b>	<b>Date First Elected to Council</b>	<b>Current Term Expires</b>
Jim Lewis	Mayor	2008	2014
Todd McCally	Mayor Pro Tem	2009	2015
Larry Berg	Council Member	2011	2013
Sean Terry	Council Member	2008	2013
Wayne Nabors	Council Member	2007	2012
Carmen Roberts	Council Member	2011	2014
Bill Webber	Council Member	2010	2014

<u>City Manager</u> Mike Foreman	<u>City Secretary</u> Vicki Faulkner	<u>Water Operator</u> David Stone
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- Class Certificate: C
- Date of Last Chemical Analysis of Water: August 2, 2012
- Number of Residential/Commercial Water Users with one inch meters: Approximately 338
- Number of Residential/Commercial Water Users with 3/4 inch meters: Approximately 2,128
- Number of Commercial Water Users with larger than one inch meters: Approximately 55
- Number of Residential/Commercial Sewer Users with 4 inch meters: Approximately 11
- Number of Commercial Sewers with larger than one inch meters: Approximately 26

**CITY OF CELINA, TEXAS**  
**Additional Information (Unaudited)**  
**September 30, 2012**

RESIDENTIAL/COMMERCIAL

Water Rates

Residential

0 - 2,000 gallons (Minimum):

5/8 and 3/4 inch meter

1 inch meter

1 ½ -inch meter

2-inch meter

2,001 to 10,000 gallons

10,001 to 20,000 gallons

20,001 to 30,000 gal

30,001 and above gallons

July, 2010

Effective

December, 2011

\$ 21.60

\$ 37.80

\$ 75.60

\$ 120.96

\$ 4.82 per 1,000 gal

\$ 7.23 per 1,000 gal

\$ 8.43 per 1,000 gal

\$ 12.04 per 1,000 gal

\$ 22.25

\$ 38.93

\$ 77.87

\$ 124.59

\$ 4.96 per 1,000 gal

\$ 7.44 per 1,000 gal

\$ 8.68 per 1,000 gal

\$ 12.40 per 1,000 gal

Commercial

0 - 2,000 gallons (Minimum):

5/8 and 3/4 inch meter

1 inch meter

1 ½ inch meter

2 inch meter

3 inch meter

4 inch meter

\$ 27.00

\$ 47.25

\$ 94.50

\$ 151.20

\$ 226.80

\$ 378.00

\$ 27.81

\$ 48.67

\$ 97.34

\$ 155.74

\$ 233.60

\$ 389.34

2,001 to 10,000 gallons

10,001 to 20,000 gallons

20,001 to 30,000 gal

30,001 and above gallons

\$ 4.82 per 1,000 gal

\$ 7.23 per 1,000 gal

\$ 8.43 per 1,000 gal

\$ 12.04 per 1,000 gal

\$ 4.96 per 1,000 gal

\$ 7.44 per 1,000 gal

\$ 8.68 per 1,000 gal

\$ 12.40 per 1,000 gal

Sewer Rates

Residential

0-2,000 gal (Minimum):

5/8 and 3/4 inch meter

1 or 2 inch meter

1 ½ inch meter

2,001 to 14,000 gal

Usage fees cap at 14,000 gal

\$ 20.00

\$ 37.50

\$ 70.00

\$ 5.57 per 1,000 gal

\$ 86.84 Max

\$ 20.60

\$ 38.63

\$ 72.10

\$ 5.74 per 1,000 gal

\$ 89.45 Max

Commercial

0-2,000 gal (Minimum):

5/8 and 3/4 inch meter

1 inch meter

1 ½ inch meter

2 inch meter

4 inch meter

2,001 and above gal

\$ 25.00

\$ 46.88

\$ 87.50

\$ 150.00

\$ 375.00

\$ 5.57 per 1,000 gal

\$ 25.75

\$ 48.29

\$ 90.13

\$ 154.50

\$ 386.25

\$ 5.74 per 1,000 gal