

CITY OF CELINA, TEXAS
ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2015

**City of Celina, Texas
Annual Financial Report
Year Ended September 30, 2015**

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FINANCIAL SECTION

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Independent Auditor's Report

To the City Council
City of Celina, Texas

Report on the Financial Statements

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 City of Celina, Texas ("City") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of City of Celina, Texas as of September 30, 2015, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule, schedule of changes in net pension liability and related ratios, and schedule of contributions on pages 7 through 21, and pages 55 through 57, 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.

Other Information

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

February 8, 2016

REQUIRED SUPPLEMENTARY INFORMATION

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, 2015. 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 position reported in the Statement of Net Position is \$33,390,135. Of this amount \$24,944,012 is invested in capital assets or restricted for debt service and capital projects, and the balance of \$8,446,123 is available as unrestricted net position.
- Government-wide net position increased by \$6,592,763 during 2015.
- Each of the City's fund financial statements reported changes in equity as follows:

General Fund – \$1,547,869 increase
Water & Sewer Fund - \$2,923,281 increase
Debt Service Fund - \$104,705 increase
Capital Projects Fund - \$3,858,602 decrease

USING THIS ANNUAL REPORT:

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position 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. Governmental funds reflect the *flow of current financial resources*. 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 Position 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 Position 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 position and the changes in it. The City's net position (the difference between assets and liabilities) provides one measure of the City's financial health or financial position. Over time, increases or decreases in the City's net position 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 Position 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 funds and proprietary funds 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 Position 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 position serves as one useful indicator of a government's financial position. In the case of the City, the combined net position exceeded liabilities by \$33,390,135 and \$26,797,372 at the close of FY 2015 and FY 2014, respectively.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS:

The combined net position of the City's activities increased from \$26,797,372 to \$33,390,135 or \$6,592,763 during 2015. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements was \$8,446,123.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS:

As the City completed the year, its governmental funds \$12,273,765 and proprietary fund \$13,695,800 reported combined fund balance and net position of \$25,969,565 a \$796,363 increase from last year. Water and sewer operations also provided \$2,923,281 of the increase.

CAPITAL ASSET AND DEBT ADMINISTRATION:

Capital Assets – the City’s investment in capital assets reported in governmental activities and business-type activities was \$26,191,788 and \$19,731,271, respectively. 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 \$4,579,594 and \$2,827,592 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 \$29,899,406 in bonds and capital leases outstanding – an increase of \$882,179. Additional information on long-term liabilities can be found in note 6 to the financial statements.

BUDGETARY HIGHLIGHTS & ECONOMIC FACTORS:

Our employees at the City of Celina constantly strive to price solutions for the needs of our community. As a connection between our citizens and the City Council, our City staff interacts with the community to develop a vision for growth, set goals for the use of revenues, and to foster innovative change within the community.

As a City, we have governmental responsibility for that which is tangible and measurable-steel, asphalt, water and concrete. And, also for “community,” the intangible “quality of life” initiatives – public safety, programs offered through our parks and recreational leagues, our library, the festivals and annual events such as Cajun Fest, Balloon Fest, Splash & Blast. Other community events such as Farmers Markets, Movie Nights, and Trick or Treat on the Square are growing every year.

Our city infrastructure programs along with our community programs are all “building Celina.” With proper planning and execution of both, people will not only come to Celina, they will stay. We just completed a Citizen Survey to identify citizens’ priorities for the Council’s annual budget retreat at the end of July. In one way, the survey is a report card (with 93% reporting satisfaction with Celina’s Quality of Life and 98% feeling safe here), in another, a guide to ensure our focus is on citizen priorities. This survey will aid us in preparing for the future of Celina. The survey results will provide guidance for us on what type of special event the community seeks, what park amenities they want and which additional services are essential. We will learn why citizens came to Celina and why they chose to stay here. This valuable information will add a community perspective to our process and enable the Council in setting the budget to deliver and plan for citizen identified priorities.

One goal for every year is to continue to increase sales tax receipts by providing more opportunities for our citizens and visitors to shop locally. Since 2011, shopping opportunities in Celina have increased and so have our sales tax receipts. In 2015, revenues are up by nearly 20%. Sales tax receipts spread the burden of governmental responsibility (Fire, Police, street construction and repairs, water, sewer and parks) amongst all who use the services. The opening of the new Fire Station in early August, the completion of street repairs on Sunset and Utah in late August, and Ash Street in October, are examples of projects funded by our tax dollars.

Economic Development success can be achieved by creating attractive and competitive business environments where businesses choose our community over others. Celina is an emerging economy with single family homes being built in every area of our community. Additions in Light Farms, Carter Ranch and Heritage will be joined by development in Parkside, Lakes of Mustang Ranch, Creeks of Legacy, and Wellspring. New water and waste-water infrastructure slated for construction beginning in October through mid-2016 will open the Southeast sector of our City for additional development including planned communities which will provide new options for residential, retail and service sector business development. The recent purchase of additional land at Wilson Creek Park and the future construction of a walking/hiking trail linking Old Celina Park and Wilson Creek Park will begin our intermodal initiative for Celina and enhance connectivity across our City.

An effective economic development equation includes partnering with our community to create a destination that people will treasure. Great schools, special events, and collaborative approach to recruiting and retaining our business citizens will guide our journey. We also want to include residents in the design of where and how our community grows. Many of our best ideas come from brainstorming sessions with residents. Every day they see things that can be improved and have ideas on how it can be done. The continued gathering of information, from the survey, from resident communications to elected leaders and to staff, provides the feedback to help us to evaluate and assess our performance.

Our goals include creating positive business environments that facilitate sustainable growth through great customer service delivery, strategic design and location for our infrastructure investments and the management of our future through advanced planning. While our employees continue to deliver excellent customer service, we always look to the citizens of Celina to learn more from them about our community needs so we can constantly strive for performance standards and meet or exceed their expectations.

The City of Celina has increased its use of social media to help in collaborating with citizens on issues that concern them. We will continue using social media to network, organize and reach out to our customers on changes to our systems, special events, volunteer opportunities and happenings in Celina. We continue to create avenues for citizens to obtain data via our website. We encourage citizens to use the data to improve their knowledge of how local government operates.

Public infrastructure and public safety remained a priority during fiscal year 2014-2015 and will remain a priority in the 2015-2016 fiscal year. Several projects will be started and completed next year that will fulfill promises to our citizens. The Ash Street road construction project finished in fiscal year 2015 which provides a long needed improvement to a road that is paramount in the connection between Preston Road and Business 289. It also included the redesign and construction of a bridge that aids in the alleviation of flooding to the surrounding neighborhood. The reconstruction of Sunset Boulevard near Celina Elementary school will be completed before the end of 2016.

The construction of new fire station was completed in fiscal year 2015 and we relocated our existing fire station to a more viable location on Preston Road. Celina citizens have awaited this construction for many years. The new design includes three bays to accommodate all of the fire department vehicles currently used to provide public safety.

We added two new building inspectors to aid in the review of building plans and the inspection of new homes. When council approved this measure it provided a new level of customer service not only to our current residents, but also to our new builders, developers and the citizens of the future.

Each of our employees provides a uniqueness to our team. We began bridging the gap between technology and access to government by using the special talents of our employees. Our citizens and our employees have an expectation for our organization to be absolutely transparent. Now you can find all of our financial information online with just the click of a button. The City of Celina earned the Gold Award from the Texas Comptroller's office for Transparency in Financial Management. We also continued to renovate our website to make it easier for our employees to provide accessible information for our citizens.

The City provided three new vehicles for our Police Department to aid them in their goal of preventing crime and providing support to our citizens in their time of need. By anticipating the rate of growth for the City, for our next budget cycle, we have asked and council approved three more fire personnel as well as four new police officers. Once again this shows council's continued support for our community's public safety needs.

The Police Department's Criminal Investigation division has been using an innovative case management system that facilitated the effective and efficient investigation of offenses, case processing, and case presentation to the District Attorney's Office. New policies affecting property forfeiture has been working for a year now. A property and evidence management system was created to provide effective, efficient, and code compliant operation of the property and evidence room.

The Fire Department's hazard mitigation plan is in place. They continued to develop the Texas Best Practices program to improve our service delivery processes. The Fire Department installed the City's first all-hazard alert warning siren at Old Celina Park for immediate warning applications during special events.

Our Parks department continued to expand our programs. They continued to provide baseball, basketball, flag football, girls' softball, 7-on-7 football, soccer and adult softball tournaments to our citizens as well as to many visitors of our community.

As development comes to Celina, our Planning and Development staff has been working hard to educate our development community on the International Code Council's 2012 Building & Fire Codes. Celina also adopted the city's first hotel/motel tax. Many projects were completed this year including the rezoning of three different tracts and adding three annexed tracts into one Master Planned Community PD (Creeks of Legacy). The Preston Road Overlay design requirements were also updated. And the staff aided in the design and completion of two commercial projects, O'Reillys Auto Part and First United Methodist Church.

In 2016, we will continue to constantly work to reinvent government into a model that listens to and serves the needs of our citizens as well as competitively look for more efficient and effective service methods for our community.

The main goal the Council has charged staff with is to build a community that is prepared for our future and that reverently remembers our past. Together, with our citizens, we are building a great Celina!

The City of Celina continued to enjoy tremendous constant growth in 2015. The City issued 478 building permits, compared to 346 permits last year. Accordingly, permit fee collections have increased by \$446,346 or 34 percentage points for the same period. For the fiscal year 2014-2015, the City collected \$1,767,856 in permit fees compared with \$1,321,510 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 health environment in housing market for the region as well as the state.

The City of Celina’s portion of sales tax collection increased from \$505,221 in FY 2013-2014 to \$603,949 in FY 2014-2015 (figures do not include CEDC or CCDC collections). The City is experiencing a 19.5 percentage points or \$98,728 increase in sales tax collections in FY 2014-2015. The increase follows the trend through the state. The reduction in unemployment in conjunction with the sales tax collection from internet purchases has contributed to the increase. The opening of 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 2015-2016 with a moderate pace.

Total assessed value of the properties for the City of Celina increased from \$554,210,534 in FY 2014 to \$561,671,666 FY 2015. With the exception of FY 2010, the City of Celina has enjoyed an increase in its property values since FY 2001. This increases are representing a city that is in a health growth mode. In FY 2014-2015 the assessed property value has increased by 1.35%. This increase mainly resulted from new construction in housing in the City along with 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.

Year	Assessed Value	% Change	Year	Assessed Value	% Change
2004	143,297,951		2010	455,200,487	-1.7%
2005	181,232,497	26.5%	2011	461,849,745	1.5%
2006	224,412,066	23.8%	2012	482,062,285	4.4%
2007	284,847,298	26.9%	2013	507,835,848	5.3%
2008	418,824,688	47.0%	2014	554,210,534	9.1%
2009	463,300,493	10.6%	2015	561,671,666	1.3%

Total water sales for the FY 2015 has increased by substantial amount. This increase is a direct result of new developments and increase of number of houses in those developments along with installation of new and accurate electronic meter system. Total revenue from water sales for the FY 2015 was \$3,489,083 which represent 25 % increase over previous year.

A review of the history of the City’s water sales over past few years indicates a healthy average increase of over 19 percentage points in water sales. History of water sales is illustrated below:

Year	Water Sales	% Change	Year	Water Sales	% Change
2004	818,403		2010	1,944,348	21.3%
2005	1,157,066	41.4%	2011	2,549,933	31.1%
2006	1,871,163	61.7%	2012	2,548,942	0.0%
2007	1,298,932	-30.6%	2013	2,772,632	8.8%
2008	1,598,567	23.1%	2014	2,780,983	0.3%
2009	1,602,364	0.2%	2015	3,489,083	25.5%

Total sewer increased from \$1,160,403 in FY 2014 to \$1,409,070 in FY 2014-2015. The increase of \$248,667 or 21.4 percentage points is primarily the result of increase in number of customers and partially is due to accurate reading of the water meters that correlate to sewer sale.. 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:

Year	Sewer Sales	% Change	Year	Sewer Sales	% Change
2004	341,976		2010	774,022	35.2%
2005	403,498	18.0%	2011	946,269	22.3%
2006	509,798	26.3%	2012	994,332	5.1%
2007	485,948	-4.7%	2013	1,060,773	6.7%
2008	546,556	12.5%	2014	1,160,403	9.4%
2009	572,299	4.7%	2015	1,409,070	21.4%

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, including financial information for the City’s two component units, 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 or jtoutouchian@celina-tx.gov .

CITY OF CELINA, TEXAS
COMPARATIVE STATEMENTS OF NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets						
Current and other assets	\$ 15,914,705	\$ 16,428,633	\$ 7,926,046	\$ 5,469,492	\$ 23,840,751	\$ 21,898,125
Deferred outflows of resources	154,369		21,771		176,140	-
Capital assets, net	26,191,788	21,612,194	19,731,271	16,903,679	45,923,059	38,515,873
Total Assets & Deferred Outflows	42,260,862	38,040,827	27,679,088	22,373,171	69,939,950	60,413,998
Liabilities						
Other liabilities	3,384,190	2,052,988	2,861,665	1,324,263	6,245,855	3,377,251
Long-term debt	19,182,337	19,883,876	11,121,623	10,355,499	30,303,960	30,239,375
Total Liabilities	22,566,527	21,936,864	13,983,288	11,679,762	36,549,815	33,616,626
Net Position						
Net investment in capital assets	8,693,312	7,667,954	11,575,656	9,589,572	20,268,968	17,257,526
Restricted for debt service	646,075	541,370			646,075	541,370
Restricted for capital projects	4,028,969	3,994,414			4,028,969	3,994,414
Unrestricted	6,325,979	3,900,225	2,120,144	1,103,837	8,446,123	5,004,062
Total Net Position	\$ 19,694,335	\$ 16,103,963	\$ 13,695,800	\$ 10,693,409	\$ 33,390,135	\$ 26,797,372

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

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Program revenues:						
Charges for services	\$ 3,755,293	\$ 2,082,964	\$ 7,518,331	\$ 6,154,311	\$ 11,273,624	\$ 8,237,275
Operating grants/contributions	214,115	61,432			214,115	61,432
Capital grants/contributions	625,237	2,403,093	45,289	-	670,526	2,403,093
General revenues:						
Ad valorem taxes	3,739,841	3,333,015			3,739,841	3,333,015
Sales taxes	603,949	505,221			603,949	505,221
Franchise Taxes	364,763	320,805			364,763	320,805
Special events & fundraising	221,696	245,163			221,696	245,163
Other	217,124	572,570	39,470	11,703	256,594	584,273
Total revenues	9,742,018	9,524,263	7,603,090	6,166,014	17,345,108	15,690,277
Expenses:						
Administration	1,170,613	1,203,576			1,170,613	1,203,576
Judicial	84,853	88,531			84,853	88,531
Fire and emergency services	1,453,477	1,213,416			1,453,477	1,213,416
Development services	529,067	708,220			529,067	708,220
Public works	824,527	725,922			824,527	725,922
Police department	1,114,266	806,191			1,114,266	806,191
Parks and recreation	886,212	448,202			886,212	448,202
Library	140,104	134,815			140,104	134,815
Infrastructure	198,868	202,699			198,868	202,699
Main street project	70,510	26,869			70,510	26,869
Bond issuance costs		72,326			-	72,326
Interest and fiscal charges	635,090	585,469			635,090	585,469
Water, Sewer and Sanitation Services			4,284,809	3,496,782	4,284,809	3,496,782
Total Expenses	7,107,587	6,216,236	4,284,809	3,496,782	11,392,396	9,713,018
Excess (deficiency) before transfers	2,634,431	3,308,027	3,318,281	2,669,232	5,952,712	5,977,259
Transfers	395,000	348,050	(395,000)	(348,050)	-	-
Change in Net Position	3,029,431	3,656,077	2,923,281	2,321,182	5,952,712	5,977,259
Net Position - October 1	16,103,963	12,447,886	10,693,409	8,372,227	26,797,372	20,820,113
Prior period adjustment	560,941		79,110		640,051	
Net Position - September 30	\$ 19,694,335	\$ 16,103,963	\$ 13,695,800	\$ 10,693,409	\$ 33,390,135	\$ 26,797,372

CITY OF CELINA, TEXAS
COMPARATIVE BALANCE SHEETS
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015 and 2014

	General	Debt Service	Capital Projects	Total Governmental Funds	
				2015	2014
<u>Assets</u>					
Cash and cash equivalents	\$ 6,106,562	\$ 666,506	\$ -	\$ 6,773,068	\$ 3,892,934
Investment in Texpool	2,375			2,375	2,375
Cash and cash equivalents - restricted			10,091,873	10,091,873	14,161,704
Sales taxes receivable	105,443			105,443	96,030
Property taxes receivable, net	32,335	5,996		38,331	47,950
EMS receivable	30,587			30,587	30,586
Grants receivable	300,000			300,000	-
Other receivables	48,022			48,022	63,056
Prepaid items	19,941			19,941	20,784
Due from other funds	400,000			400,000	400,000
Due from component units	38,916			38,916	45,582
Total Assets	\$ 7,084,181	\$ 672,502	\$ 10,091,873	\$ 17,848,556	\$ 18,761,001
<u>Liabilities</u>					
Accounts payable	331,239		380,910	712,149	538,370
Accrued expenses	99,815	153		99,968	524,915
Escrowed funds	496,700			496,700	-
Due to other funds		20,278	2,378,019	2,398,297	2,398,297
Unearned revenue	1,518,263		311,083	1,829,346	766,320
Total Liabilities	2,446,017	20,431	3,070,012	5,536,460	4,227,902
<u>Deferred Inflows of Resources</u>					
Unavailable property taxes receivable	32,335	5,996		38,331	53,306
Total Deferred Inflows of Resources	32,335	5,996	-	38,331	53,306
<u>Fund Balances</u>					
Nonspendable:					
Prepays	19,941			19,941	20,784.00
Restricted for:					
Capital improvements			7,021,861	7,021,861	10,880,463
Debt service		646,075		646,075	541,370
Unassigned	4,585,888			4,585,888	3,037,176
Total Fund Balances	4,605,829	646,075	7,021,861	12,273,765	14,479,793
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 7,084,181	\$ 672,502	\$ 10,091,873	\$ 17,848,556	\$ 18,761,001

CITY OF CELINA, TEXAS
Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Years Ending September 30, 2015 and 2014

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds	
				2015	2014
REVENUES:					
Ad valorem taxes	\$ 2,537,123	\$ 1,217,693		\$ 3,754,816	\$ 3,314,591
Franchise taxes	364,763			364,763	320,805
Sales tax	603,949			603,949	505,221
Permits and inspection fees	1,767,856			1,767,856	1,321,510
Component unit contributions	120,000	200,000		320,000	170,000
Development fees	924,249			924,249	239,739
Fire department and EMS fees	241,005			241,005	196,753
Fines	254,370			254,370	155,962
Special events and donations	221,696			221,696	305,430
Park fees	602,626			602,626	169,000
Other income	92,349			92,349	296,867
Interest	40,609	4,858	66,434	111,901	90,424
Federal, state and local grants	314,114		205,587	519,701	2,404,258
Total Revenues	8,084,709	1,422,551	272,021	9,779,281	9,490,560
EXPENDITURES:					
Administration	1,133,574			1,133,574	1,106,865
Judicial	84,853			84,853	88,531
Fire and emergency services	1,316,275			1,316,275	1,083,464
Development services	524,712			524,712	702,862
Public works	806,788			806,788	505,659
Police department	1,046,160			1,046,160	770,254
Parks and Recreation	667,908			667,908	443,625
Library	140,857			140,857	135,315
Main street project	70,510			70,510	26,869
Capital outlay	1,122,728		4,130,623	5,253,351	1,421,925
Debt Service:	-				
Principal retirement	-	678,366		678,366	510,445
Interest and fiscal charges	-	669,480		669,480	610,693
Bond issuance costs	-				72,326
Total Expenditures	6,914,365	1,347,846	4,130,623	12,392,834	7,478,833
Excess (Deficiency) of Revenues Over Expenditures	1,170,344	74,705	(3,858,602)	(2,613,553)	2,011,727
OTHER FINANCING SOURCES (USES):					
Proceeds from sale of capital assets	12,525	-		12,525	15,279
Proceeds from issuance of bonds				-	3,257,485
Operating transfers in (out)	365,000	30,000		395,000	348,050
Net Other Financing Sources (Uses)	377,525	30,000	-	407,525	3,620,814
Net change in fund balances	1,547,869	104,705	(3,858,602)	(2,206,028)	5,632,541
Fund balance, October 1	3,057,960	541,370	10,880,463	14,479,793	8,847,252
Fund balance, September 30	\$ 4,605,829	\$ 646,075	\$ 7,021,861	\$ 12,273,765	\$ 14,479,793

CITY OF CELINA, TEXAS
COMPARATIVE STATEMENTS OF FUND NET POSITION
PROPRIETARY FUND
September 30, 2015 and 2014

	2015	2014
	Enterprise Fund	Enterprise Fund
	Water & Sewer	Water & Sewer
	Activities	Activities
Assets		
Cash and cash equivalents	\$ 3,939,490	\$ 943,305
Investment in TexPool	3,174	1,172,123
Investment in TexPool, restricted for capital projects	835,000	663,373
Accounts receivable, net	1,088,972	692,394
Due from other funds	2,398,297	2,398,297
Total current assets	8,264,933	5,869,492
Noncurrent Assets:		
Net pension asset	61,113	-
Capital Assets:		
Non-depreciable land	304,115	154,115
Non-depreciable construction in progress	1,677,529	-
Depreciable capital assets, net	17,749,627	16,749,564
Capital Assets, net	19,731,271	16,903,679
Deferred outflows of resources:		
Deferred outflows - related to pensions	21,771	-
Total deferred outflows of resources	21,771	-
Total assets and deferred outflows of resources	\$ 28,079,088	\$ 22,773,171
Liabilities		
Accounts payable	426,318	414,352
Accrued expenses	26,384	65,725
Bonds payable - current	848,875	808,862
Infrastructure advance from CISD - current	108,089	91,439
Leases payable - current	27,253	-
Accrued interest payable	51,762	63,568
Meter deposits payable	305,922	242,632
Unearned revenue	1,288,779	537,986
Escrow deposits	762,500	-
Due to other funds	400,000	400,000
Total current liabilities	4,245,882	2,624,564
Infrastructure advance from CISD - long-term	296,465	411,117
Leases payable - long-term	18,704	-
Bonds payable - long-term	9,822,237	9,044,081
Total non-current liabilities	10,137,406	9,455,198
Total liabilities	14,383,288	12,079,762
Net Position		
Net investment in capital assets	11,575,656	9,589,572
Restricted for capital projects, net of related debt (\$2,966,008 each, 2015) (\$3,041,392 each, 2014)	-	-
Unrestricted	2,120,144	1,103,837
Total Net Position	\$ 13,695,800	\$ 10,693,409

CITY OF CELINA, TEXAS
Comparative Statements of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
Years Ended September 30, 2015 and 2014

	2015	2014
Operating Revenues:		
Water sales	\$ 3,489,083	\$ 2,780,983
Sewer sales	1,409,070	1,160,403
Garbage fees	405,433	402,514
Penalties	73,654	58,682
Tap and reconnect fees	832,360	633,765
Impact fees	1,113,065	977,688
Other revenues	195,666	140,276
Total Operating Revenues	7,518,331	6,154,311
Operating Expenses:		
Salaries and benefits	545,287	373,648
Garbage fees	354,733	368,754
Materials and supplies	260,113	104,757
Postage	29,282	30,120
Repairs and facility maintenance	182,113	177,015
General insurance	14,402	11,914
Utilities and telephone	254,778	252,189
Water purchases and related fees	1,606,698	1,344,283
Depreciation & amortization	598,135	456,509
Other expense	79,333	28,040
Total Operating Expenses	3,924,874	3,147,229
Operating Income	\$ 3,593,457	\$ 3,007,082

(Continued)

CITY OF CELINA, TEXAS
Comparative Statements of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
Years Ended September 30, 2015 and 2014

	2015	2014
Non-operating revenues (expenses):		
Interest income	\$ 39,470	\$ 10,153
Gain on disposal of capital assets	-	1,550
Interest and fiscal charges	(319,811)	(297,267)
Bond issuance costs	(40,124)	(52,286)
Total Non-operating Revenues (Expenses)	(320,465)	(337,850)
 Income before contributions and transfers	3,272,992	2,669,232
Capital contribution	45,289	-
Transfers out to other funds	(395,000)	(348,050)
	2,923,281	2,321,182
Change in net position	2,923,281	2,321,182
 Net position, October 1	10,693,409	8,372,227
Prior period adjustment	79,110	-
Net position, September 30	\$ 13,695,800	\$ 10,693,409

BASIC FINANCIAL STATEMENTS

CITY OF CELINA, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 6,773,068	\$ 3,939,490	\$ 10,712,558	\$ 423,573
Investment in Texpool	2,375	3,174	5,549	
Property taxes receivable, net	31,479		31,479	
Sales taxes receivable	105,443		105,443	105,442
Accounts receivable, net	30,587	1,088,972	1,119,559	
Other receivables	379,994		379,994	
Due from component units	38,916		38,916	
Prepaid items	19,941		19,941	
Internal balances	(1,998,297)	1,998,297	-	
Net pension asset	433,330	61,113	494,443	
Restricted assets:				
Cash and cash equivalents	10,091,873		10,091,873	
Property taxes receivable, net	5,996		5,996	
Investment in Texpool restricted for capital projects		835,000	835,000	
Capital assets:				
Land	2,295,651	304,115	2,599,766	
Construction in progress	1,227,615	1,677,529	2,905,144	
Capital assets, net	22,668,522	17,749,627	40,418,149	
Deferred outflows of resources:				
Deferred outflows - related to pensions	154,369	21,771	176,140	
Total Assets and deferred outflows of resources	42,260,862	27,679,088	69,939,950	529,015
Liabilities				
Accounts payable	712,149	426,318	1,138,467	
Accrued expenses	284,196	26,384	310,580	
Unearned revenue	1,829,346	1,288,779	3,118,125	
Meter deposits payable		305,922	305,922	
Escrow deposits	496,700	762,500	1,259,200	
Due to primary government				38,916
Payable from restricted assets:				
Accrued interest	61,799	51,762	113,561	
Long-term liabilities:				
Due within one year:				
Bonds payable	751,125	848,875	1,600,000	
Capital leases		27,253	27,253	
Infrastructure advance from CISD		108,089	108,089	
Due in more than one year:				
Bonds payable	18,431,212	9,822,237	28,253,449	
Capital leases		18,704	18,704	
Infrastructure advance from CISD		296,465	296,465	
Total Liabilities	22,566,527	13,983,288	36,549,815	38,916
Net Position				
Net investment in capital assets	8,693,312	11,575,656	20,268,968	
Restricted for debt service	646,075		646,075	
Restricted for capital projects (\$5,712,830) net of related debt (\$1,683,861)	4,028,969		4,028,969	
Restricted for capital projects (\$2,966,008) net of related debt (\$2,966,008)				
Unrestricted	6,325,979	2,120,144	8,446,123	490,099
Total Net Position	\$ 19,694,335	\$ 13,695,800	\$ 33,390,135	\$ 490,099

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

**CITY OF CELINA, TEXAS
STATEMENT OF ACTIVITIES
Year Ended September 30, 2015**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Aggregate Component Units
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total Primary Government	
Governmental activities:								
Administration	\$ 1,170,613	\$ -	\$ -	\$ -	\$ (1,170,613)		\$ (1,170,613)	\$ -
Judicial	84,853				(84,853)		(84,853)	
Fire and emergency services	1,453,477	188,364	12,950		(1,252,163)		(1,252,163)	
Development services	529,067	924,249			395,182		395,182	
Public works	824,527	1,767,856		205,237	1,148,566		1,148,566	
Police department	1,114,266	272,198	1,165		(840,903)		(840,903)	
Parks and recreation	886,212	602,626		420,000	136,414		136,414	
Library	140,104				(140,104)		(140,104)	
Infrastructure	198,868				(198,868)		(198,868)	
Main street project	70,510				(70,510)		(70,510)	
Economic development					-		-	(517,533)
Interest and fiscal charges	635,090		200,000		(435,090)		(435,090)	
Total governmental activities	7,107,587	3,755,293	214,115	625,237	(2,512,942)		(2,512,942)	(517,533)
Business-type activities:								
Water and sewer services	4,284,809	7,518,331		45,289		3,278,811	3,278,811	
Total business-type activities	4,284,809	7,518,331	-	45,289	-	3,278,811	3,278,811	
Total all activities	\$ 11,392,396	\$ 11,273,624	\$ 214,115	\$ 670,526	\$ (2,512,942)	\$ 3,278,811	\$ 765,869	\$ (517,533)
General revenues:								
Ad valorem taxes					3,739,841		3,739,841	
Sales taxes					603,949		603,949	601,790
Franchise taxes					364,763		364,763	
Special events and fundraising					221,696		221,696	
Miscellaneous income and contributions					105,223		105,223	934
Unrestricted investment earnings					111,901	39,470	151,371	3,694
Transfers					395,000	(395,000)	-	
Total general revenues and transfers					5,542,373	(355,530)	5,186,843	606,418
Change in net position					3,029,431	2,923,281	5,952,712	88,885
Net Position-beginning of year					16,103,963	10,693,409	26,797,372	401,214
Prior period adjustment					560,941	79,110	640,051	
Net Position-end of year					\$ 19,694,335	\$ 13,695,800	\$ 33,390,135	\$ 490,099

The accompanying notes are an integral part of these financial statements

**CITY OF CELINA, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2015**

	General	Debt Service	Capital Projects	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 6,106,562	\$ 666,506	\$ -	\$ 6,773,068
Investment in Texpool	2,375			2,375
Cash and cash equivalents - restricted			10,091,873	10,091,873
Sales taxes receivable	105,443			105,443
Property taxes receivable, net	32,335	5,996		38,331
Grant receivable	300,000			300,000
EMS receivable, net	30,587			30,587
Other receivables	48,022			48,022
Prepaid items	19,941			19,941
Due from other funds	400,000			400,000
Due from component units	38,916			38,916
Total Assets	\$ 7,084,181	\$ 672,502	\$ 10,091,873	\$ 17,848,556
Liabilities				
Accounts payable	331,239		380,910	712,149
Accrued salaries and benefits	99,815	153		99,968
Escrowed funds	496,700			496,700
Due to other funds		20,278	2,378,019	2,398,297
Unearned revenue	1,518,263		311,083	1,829,346
Total Liabilities	2,446,017	20,431	3,070,012	5,536,460
Deferred Inflows of Resources				
Unavailable property taxes receivable	32,335	5,996		38,331
Total Deferred Inflows of Resources	32,335	5,996	-	38,331
Fund Balances				
Nonspendable:				
Prepays	19,941			19,941
Restricted for:				
Capital Projects			7,021,861	7,021,861
Debt Service		646,075		646,075
Unassigned	4,585,888			4,585,888
Total Fund Balances	4,605,829	646,075	7,021,861	12,273,765
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 7,084,181	\$ 672,502	\$ 10,091,873	\$ 17,848,556

Governmental fund balances as presented above: **12,273,765**

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

Capital assets reported in the statement of net position are not financial resources and are not reported in the fund balance sheet.	26,191,788
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 \$38,331 and fines receivable of \$31,116.	69,447
Net pension assets (\$433,330) and the related deferred outflows of resources (\$154,369) are not available to pay current-period expenditures and therefore are not recorded in the funds.	587,699
Interest due on long-term debt is recorded as accrued interest payable in the statement of net position but does not become a liability on the fund statements until the date due.	(61,799)
Long-term liabilities are reported in the statement of net position but they are not due and payable in the current period and therefore are not reported as liabilities in the fund balance sheet.	(19,366,565)

Net Position of Governmental Activities **\$ 19,694,335**

CITY OF CELINA, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2015

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Revenues:				
Ad valorem taxes	\$ 2,537,123	\$ 1,217,693	\$ -	\$ 3,754,816
Franchise taxes	364,763			364,763
Sales tax	603,949			603,949
Permits and inspection fees	1,767,856			1,767,856
Component unit contributions	120,000	200,000		320,000
Development fees	924,249			924,249
Fire department and EMS revenues	241,005			241,005
Fines	254,370			254,370
Special events and donations	221,696			221,696
Park fees and donations	602,626			602,626
Other income	92,349			92,349
Interest	40,609	4,858	66,434	111,901
Federal, state & local grants	314,114		205,587	519,701
Total Revenues	8,084,709	1,422,551	272,021	9,779,281
Expenditures:				
Current:				
Administration	1,133,574			1,133,574
Judicial	84,853			84,853
Fire and emergency services	1,316,275			1,316,275
Development services	524,712			524,712
Public works	806,788			806,788
Police department	1,046,160			1,046,160
Parks and recreation	667,908			667,908
Library	140,857			140,857
Main street project	70,510			70,510
Capital Outlay	1,122,728		4,130,623	5,253,351
Debt Service:				
Principal		678,366		678,366
Interest and fiscal charges		669,480		669,480
Total Expenditures	6,914,365	1,347,846	4,130,623	12,392,834
Excess of Revenues Over Expenditures	1,170,344	74,705	(3,858,602)	(2,613,553)
Other Financing Sources (Uses):				
Proceeds from sale of assets	12,525			12,525
Operating transfers in (out)	365,000	30,000		395,000
Net Other Financing Sources (Uses)	377,525	30,000	-	407,525
Net change in fund balances	1,547,869	104,705	(3,858,602)	(2,206,028)
Fund balance, October 1	3,057,960	541,370	10,880,463	14,479,793
Fund balance, September 30	\$ 4,605,829	\$ 646,075	\$ 7,021,861	\$ 12,273,765

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, 2015

Net change in fund balances - total governmental funds **\$ (2,206,028)**

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

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 \$5,253,351 exceeded depreciation expense of \$(673,757). 4,579,594

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 position differs from the change in fund balance by the net book value of the assets disposed.

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 position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of debt retired for the year \$678,366, less new bonds issued (\$0-), 678,366

Changes in the liabilities for compensated absences do not require the use of current resources and therefore are not recorded in the funds. (33,861)

Changes in long term amounts for net pension assets (\$69,559) and the related deferred inflows of resources related to pensions \$96,317 are not recorded in the funds. 26,758

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 deferred inflows from ad valorem taxes of (\$14,975) and the change in fines receivable \$17,828 and EMS receivables \$(52,641). (49,788)

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, \$23,173; and the decrease in accrued interest on debt \$11,217. 34,390

Change in net position - governmental activities **\$ 3,029,431**

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

CITY OF CELINA, TEXAS
STATEMENT OF FUND NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2015

	Enterprise Fund
	Water & Sewer
	Activities
Assets	
Cash and cash equivalents	\$ 3,939,490
Investment in TexPool	3,174
Investment in TexPool restricted for capital projects	835,000
Accounts receivable, net	1,088,972
Due from other funds	2,398,297
Total current assets	8,264,933
Noncurrent Assets:	
Net pension asset	61,113
Capital Assets:	
Non-depreciable land	304,115
Non-depreciable construction in progress	1,677,529
Depreciable capital assets, net	17,749,627
Capital Assets, net	19,731,271
Deferred outflows of resources:	
Deferred outflows - related to pensions	21,771
Total deferred outflows of resources	21,771
Total assets and deferred outflows of resources	\$ 28,079,088
Liabilities	
Accounts payable	426,318
Accrued salaries and benefits	26,384
Bonds payable - current	848,875
Infrastructure advance from CISD - current	108,089
Leases payable - current	27,253
Accrued interest payable	51,762
Meter deposits payable	305,922
Unearned revenue	1,288,779
Escrow deposits	762,500
Due to other funds	400,000
Total current liabilities	4,245,882
Infrastructure advance from CISD - long-term	296,465
Leases payable - long-term	18,704
Bonds payable - long-term	9,822,237
Total non-current liabilities	10,137,406
Total liabilities	14,383,288
Net Position	
Net investment in capital assets	11,575,656
Restricted for capital projects (\$2,966,008), net of related debt (\$2,966,008)	
Unrestricted	2,120,144
Total Net Position	\$ 13,695,800

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

City of Celina, Texas
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
Year Ended September 30, 2015

	Enterprise Fund
	Water & Sewer
	Activities
Operating revenues:	
Water sales	\$ 3,489,083
Sewer sales	1,409,070
Garbage fees	405,433
Penalties	73,654
Tap and reconnect fees	832,360
Impact fees	1,113,065
Other revenues	195,666
Total Operating Revenues	7,518,331
Operating expenses:	
Salaries and benefits	545,287
Garbage fees	354,733
Materials and supplies	260,113
Postage	29,282
Repairs and facility maintenance	182,113
General insurance	14,402
Utilities and telephone	254,778
Water purchases and related fees	1,606,698
Depreciation & amortization	598,135
Other expense	79,333
Total Operating Expenses	3,924,874
Operating Income	\$ 3,593,457
Non-operating revenues (expenses):	
Interest income	39,470
Gain on sale of capital assets	
Interest and fiscal charges	(319,811)
Bond issuance costs	(40,124)
Total non-operating revenues (expenses)	(320,465)
Income (loss) before contributions and transfers	3,272,992
Capital contribution	45,289
Operating Transfers in (out)	(395,000)
Change in net position	2,923,281
Net position, October 1	10,693,409
Prior period adjustment	79,110
Net position, September 30	\$ 13,695,800

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, 2015

	Enterprise Fund
	Water & Sewer
	Activities
Cash flows from operating activities:	
Cash received from customers and users	\$ 7,872,546
Cash paid to suppliers	(2,769,486)
Cash paid to employees	(588,402)
Net cash provided (used) by operating activities	4,514,658
Cash flows from noncapital financing activities:	
Change in customer deposits	63,290
Operating transfers (to) from other funds	(395,000)
Net cash provided (used) for noncapital financing activities	(331,710)
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(3,425,728)
Capital contributions	45,289
Change in escrow deposits	762,500
Bond proceeds	1,645,000
Bond issuance costs	(40,124)
Principal payments - bonds payable	(808,862)
Principal payments - other obligations	(98,002)
Capital lease proceeds	56,833
Principal payments - capital leases	(10,876)
Interest paid on bonds payable and other long-term obligations	(349,585)
Net cash provided (used) by capital and related financing activities	(2,223,555)
Cash flows from investing activities:	
Net redemptions (purchases) of investments	997,322
Investment income	39,470
Net cash provided (used) by investing activities	1,036,792
Net increase (decrease) in cash and cash equivalents	2,996,185
Cash and cash equivalents, October 1	943,305
Cash and cash equivalents, September 30	\$ 3,939,490

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, 2015

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

	Enterprise Fund
	Water & Sewer
	Activities
Operating income	\$ 3,593,457
Adjustments to reconcile net income to net cash provided (used) by operating activities:	
Depreciation and amortization	598,135
(Increase) decrease in accounts receivable (net)	(396,578)
(Increase) decrease in net pension asset	9,810
(Increase) decrease in deferred outflows or resources	(13,584)
Increase (decrease) in accounts payable	11,966
Increase (decrease) in accrued expenses	(39,341)
Increase (decrease) in unearned revenues	750,793
	921,201
Net cash provided by operating activities	\$ 4,514,658

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

City of Celina, Texas
Notes to Financial Statements
September 30, 2015

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 remaining notes are organized to provide explanations, including required disclosures, of the City's financial activities for the fiscal year ending September 30, 2015.

(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 as amended by GASB Statement 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*. 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, 2015:

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 position 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 proprietary 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.

1. Introduction and Summary of Significant Accounting Policies - continued

The government-wide statements are prepared 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 measurement 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 are prepared 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 Proprietary fund:

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

(E) Assets, Liabilities and Net Position 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.

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

Deferred Inflows and Outflows of Resources

Deferred inflows of resources represent the acquisition of resources that apply to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Deferred outflows of resources represent a consumption of resources that applies to a future period and so will not be recognized as an outflow of resources (expense) until that time.

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 Bond Credits, 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 straight-line 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.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

1. Introduction and Summary of Significant Accounting Policies – continued

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.

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.

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.

1. Introduction and Summary of Significant Accounting Policies – continued

(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.

(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.

Investments

During the year ended September 30, 2015 the City invested only in Texas Local Government Investment Pool ("TexPool"). TexPool is a public funds investment pool overseen by the Texas State Comptroller of Public Accounts acting by and through its full service provider, Federated Investors 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, 2015, the carrying amount and fair value of the City's investment in TexPool was \$840,549. TexPool is rated for credit risk as AAAM and maintained a weighted average days to maturity of 40 days at September 30, 2015.

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 in compliance with the Public Funds Investment Act (PFIA). City investment policy and the PFIA 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, 2015, the City did not own any types of securities other than those permitted by the City investment policy or the Public Funds Investment Act.

3. Deposits and Investments – continued

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. City policy further 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. 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

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 Unearned Revenue

Proprietary Fund Receivables, Uncollectible Accounts and Unearned Revenue

Significant receivables include amounts due from customers primarily for utility services. These receivables are due within one year. The Proprietary 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 Proprietary Fund receivables and the related allowance for uncollectible accounts:

Accounts receivable, gross	\$1,105,409
Less: allowance for uncollectible accounts	<u>(16,437)</u>
Net accounts receivable	<u>\$1,088,972</u>

The City has recorded unearned revenue of \$1,288,779 water and sewer impact fees and sewer capacity fees that have been collected, but are awaiting expenditure for the designated purpose.

Property Taxes Receivable, Unearned Revenues, and the 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, 2014, all real property was assessed at a net taxable value of \$550,278,293.

4. Receivables, Uncollectible Accounts, and Unearned Revenue - continued

The property tax rate for the year ended September 30, 2015 was .645 per \$100 of the assessed valuation on taxable property. Following is a summary of the overall tax rate as levied by fund:

Maintenance and operations-General Fund	.4327
Debt Service Fund	<u>.2123</u>
Total tax rate	<u>.6450</u>

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 inflows of resources.

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.

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.

4. Receivables, Uncollectible Accounts, and Unearned Revenue - continued

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 unearned 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>
Governmental Activities:				
Nondepreciable capital assets:				
Land	\$ 2,295,651			\$ 2,295,651
Construction in progress	815,596	1,114,286	702,267	1,227,615
Total nondepreciable capital assets	<u>2,997,917</u>	<u>1,114,286</u>	<u>702,267</u>	<u>3,523,266</u>
Depreciable capital assets:				
Buildings and improvements	2,033,373	3,471,177		5,504,550
Parks	9,059,669	984,737		10,044,406
Road infrastructure	11,238,642			11,238,642
Vehicles	1,131,606	305,886		1,437,492
Furniture and equipment	1,239,659	79,532	24,283	1,294,908
Total depreciable capital assets	<u>24,816,279</u>	<u>4,841,332</u>	<u>24,283</u>	<u>29,519,998</u>
Total capital assets	27,814,196	5,955,618	726,550	33,043,264
Less: accumulated depreciation	<u>6,202,002</u>	<u>673,757</u>	<u>24,283</u>	<u>6,851,476</u>
Capital assets, net	<u>\$ 21,612,194</u>	<u>\$ 5,281,861</u>	<u>\$ 702,267</u>	<u>\$ 26,191,788</u>
Business-Type Activities:				
Nondepreciable capital assets:				
Land	\$ 154,114	\$ 150,001		\$ 304,115
Construction in progress	2,904,841	1,527,392	2,754,704	1,677,529
Total nondepreciable capital assets	<u>3,058,955</u>	<u>1,677,393</u>	<u>2,754,704</u>	<u>1,981,644</u>
Depreciable capital assets:				
Buildings and improvements	43,769			43,769
Water & sewer infrastructure	19,921,723	3,287,438		23,209,161
Vehicles	183,101	91,948		275,049
Equipment	334,011	1,123,653		1,457,664
Total depreciable capital assets	<u>20,482,604</u>	<u>4,503,039</u>	<u>-</u>	<u>24,985,643</u>
Total capital assets	23,541,559	6,180,432	2,754,704	26,967,287
Less: accumulated depreciation	<u>6,637,880</u>	<u>598,136</u>		<u>7,236,016</u>
Capital assets, net	<u>\$ 16,903,679</u>	<u>\$ 5,582,296</u>	<u>\$ 2,754,704</u>	<u>\$ 19,731,271</u>

5. Capital Assets - continued

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

Administration	\$ 59,480
Fire and emergency services	123,097
Road infrastructure	198,868
Public works	18,936
Parks	213,464
Police department	<u>59,912</u>
Total	<u>\$673,757</u>

Depreciation expense recorded in business-type activities and the Proprietary Fund was \$598,136.

The gross amount of assets included in the equipment category above recorded under capital lease obligations is \$30,752. Accumulated amortization of these assets is \$5,766. Amortization expense is included in depreciation expense. Capital lease obligations are secured by the equipment purchased.

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 \$635,090 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 Proprietary (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.

Interest expense for business-type activities and the Proprietary (water and sewer) Fund was \$319,811 for the year.

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

<i>Governmental Activities:</i>	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>	<u>Due in One Year</u>
General Obligation Refunding Bonds Series 2013, 2.0%-3.5%, 2015-2027	\$ 4,315,000	\$ -	\$ 265,000	\$ 4,050,000	\$ 270,000
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2014, 2.0%-4.0%, 2015-2034	3,085,000		95,000	2,990,000	140,000
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2013, 2.0%-4.0%, 2015-2033	5,325,000		35,000	5,290,000	65,000
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2012, 2.0%-4.0%, 2013-2032	3,695,000		150,000	3,545,000	150,000
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2011, 3.0%-4.125%, 2012-2031	1,320,000		35,000	1,285,000	35,000
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2004, 4.625%-5.0%, 2004-2029	1,106,170		4,853	1,101,317	4,292
General Obligation Refunding Bonds Series 2012, 2.0%-3.0%, 2013-2023	105,000		5,000	100,000	5,000
General Obligation Refunding Bonds Series 2007, 4.0%-4.25%, 2008-2021	532,607		76,285	456,322	81,833
Capital Lease Obligations	12,228		12,228	-	
Total Governmental Activities	\$ 19,496,005	\$ -	\$ 678,366	\$ 18,817,639	\$ 751,125
 <i>Business-type Activities:</i>					
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2014A, 2.65%, 2017-2024	\$ -	\$ 1,645,000	\$ -	1,645,000	\$ -
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2014, 2.0%-4.0%, 2015-2034	2,315,000			2,315,000	5,000
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2012, 2.0%-4.0%, 2013-2032	665,000		30,000	635,000	30,000
General Obligation Refunding Bonds Series 2012, 2.0%-3.0%, 2013-2023	3,740,000		370,000	3,370,000	380,000
General Obligation Refunding Bonds Series 2007, 4.0%-4.25%, 2008-2021	1,387,393		198,715	1,188,678	213,167
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2007, 2.60%-3.60%, 2009-2028	1,105,000		195,000	910,000	205,000
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2004, 4.625%-5.0%, 2004-2029	308,829		15,147	293,682	15,708
Capital Lease Obligations		45,957		45,957	27,253
Total Business-type Activities	\$ 9,521,222	\$ 1,690,957	\$ 808,862	\$ 10,403,317	\$ 876,128

6. Long-Term Obligations - continued

The financial statement presentation for bonds payable is increased by \$364,698 in governmental activities and by \$313,752 in both business-type activities and the proprietary fund to reflect bond premiums that will be amortized over the life of the bonds.

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:

Year ending September 30	Governmental Activities				Total Required
	Bond principal	Bond interest	Capital lease principal	Capital lease interest	
2016	\$ 751,125	\$ 644,324			\$ 1,395,449
2017	767,509	626,905			1,394,414
2018	901,110	609,032			1,510,142
2019	918,333	588,476			1,506,809
2020	938,320	565,926			1,504,246
2021-2025	5,133,625	2,400,497			7,534,122
2026-2030	5,977,617	1,407,727			7,385,344
2031-2035	3,430,000	277,438			3,707,438
Totals	<u>\$ 18,817,639</u>	<u>\$ 7,120,325</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,937,964</u>

Year ending September 30	Business-type Activities				Total Required
	Bond principal	Bond interest	Capital lease principal	Capital lease interest	
2016	\$ 848,875	\$ 352,975	27,253	1,173	\$ 1,230,276
2017	892,490	298,791	18,704	247	1,210,232
2018	993,891	273,747			1,267,638
2019	1,026,667	245,901			1,272,568
2020	1,061,680	212,686			1,274,366
2021-2025	4,246,375	557,451			4,803,826
2026-2030	762,382	189,354			951,736
2031-2035	525,000	48,975			573,975
Totals	<u>\$ 10,357,360</u>	<u>\$ 2,179,880</u>	<u>\$ 45,957</u>	<u>\$ 1,420</u>	<u>\$ 12,584,617</u>

6. Long-Term Obligations - continued

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

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<i>Governmental Activities:</i>					
Compensated absences	\$ 150,367	\$ 184,228	\$ 150,367	\$ 184,228	\$ 184,228

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

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<i>Business-type Activities:</i>					
Obligation due to Celina ISD	\$ 502,556	\$	\$ 98,002	\$ 404,554	\$ 108,089

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 \$126,000 of gross billings for annual water use will be credited to this obligation over each of the next four years.

Special Assessment Revenue Bonds

In 2014, the City issued Special Assessment Revenue Bonds, Series 2014 (Creeks of Legacy Public Improvement District Phase #1 Project) in the amount of \$8,750,000 and Special Assessment Revenue Bonds, Series 2014 (Creeks of Legacy Public Improvement District Phases #2-3 Major Improvement Project) in the amount of \$6,575,000. Total bond principal outstanding for these two issues is \$15,325,000 at year-end.

Proceeds of the bonds were deposited into trust accounts with U.S. Bank N.A. (U.S. Bank) for the purpose of funding improvements in the projects described above. U.S. Bank serves as trustee, for the benefit of the bond holders, for these funds as well as any and all other property or money of every name and nature, which is, from time to time hereafter by delivery or in writing of any kind, conveyed, pledged, assigned or transferred to the trustee.

The City is not obligated in any manner for this special assessment debt, but merely acts as the property owner’s agent in handling the debt service transactions by collecting any special assessment tax collections and forwarding them to the bondholders. These collections have not yet begun.

7. Defined Benefit Pension Plans

Plan Description

The City of Celina, Texas participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

All eligible employees of the City are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

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

Employees covered by benefit terms.

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	2
Inactive employees entitled to but not yet receiving benefits	31
Active employees	<u>58</u>
	<u>91</u>

7. Defined Benefit Pension Plans - continued

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each City is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Celina, Texas were required to contribute 7.0% of their annual gross earnings during the fiscal year. The contribution rates for the City of Celina, Texas were 3.47% and 5.24% in calendar years 2014 and 2015, respectively. The City's contributions to TMRS for the year ended September 30, 2015, were \$162,349, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2014, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	7.0%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2014, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

7. Defined Benefit Pension Plans – continued

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.50%	4.80%
International Equity	17.50%	6.05%
Core Fixed Income	30.00%	1.50%
Non-Core Fixed Income	10.00%	3.50%
Real Return	5.00%	1.75%
Real Estate	10.00%	5.25%
Absolute Return	5.00%	4.25%
Private Equity	5.00%	8.50%
Total	100.00%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

7. Defined Benefit Pension Plans – continued

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at 12/31/2013	\$ 2,755,535	\$ 3,329,347	\$ (573,812)
Changes for the year:			
Service cost	349,532		349,532
Interest	204,236		204,236
Change of benefit terms	-		-
Difference between expected and actual experience	11,213		11,213
Changes of assumptions	-		-
Contributions - employer		96,209	(96,209)
Contributions – employee		201,034	(201,034)
Net investment income		190,520	(190,520)
Benefit payments, including refunds of employee contributions	(25,289)	(25,289)	-
Administrative expense		(1,988)	1,988
Other changes		(163)	163
Net changes	\$ 539,692	\$ 460,323	\$ 79,369
Balance at 12/31/2014	\$ 3,295,227	\$ 3,789,670	\$ (494,443)

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.0%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1 % Decrease in Discount Rate (6.0%)	Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
City's net pension liability	\$ 105,014	\$ (494,443)	\$ (975,854)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2015, the City recognized pension expense of \$132,002.

7. Defined Benefit Pension Plans – continued

At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 9,549	
Changes in actuarial assumptions		
Difference between projected and actual investment earnings	34,027	
Contributions subsequent to the measurement date	132,564	
Total	\$ 176,140	\$ -

\$132,564 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2015. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended Dec 31:</u>	
2015	\$10,171
2016	\$10,171
2017	\$10,171
2018	\$10,170
2019	\$ 1,664
Thereafter	\$ 1,229

8. 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.

9. 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, 2015 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.

10. 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
Proprietary Fund	2,398,297	400,000
General Fund	438,916	
Capital Projects Fund		2,378,019
Component units		38,916
	<u>\$2,837,213</u>	<u>\$2,837,213</u>

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.

The following schedule reports transfers and payments within the reporting entity:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 395,000	\$
Proprietary Fund		395,000

The transfer in from the Proprietary Fund provided the General Fund with supplementary revenue for the year. In addition to the above transfers, the component units contributed \$200,000 to the debt service fund in order to supplement debt service payments for the year.

11. Operating Leases

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

<u>Year ending 9/30</u>	<u>Annual lease requirement</u>
2016	19,638
2017	16,824
2018	16,824
2019	14,235
2020	<u>5,589</u>
Total required	<u>\$ 73,110</u>

Lease expense for the year ending September 30, 2015 was \$28,746.

12. 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.

13. Post-Employment Benefits

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

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

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. The City's contributions to the TMRS SDBF for the years ended 2015, 2014 and 2013 were \$4,405, \$3,570 and \$3,237, respectively, which equaled the required contributions each year.

14. Prior Period Adjustments

In 2015, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, and GASB Statement 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The adoption of this new standard required a prior period adjustment to opening equity in Business-type activities and the Proprietary fund in the amount of \$79,110. It also required an adjustment to opening equity in Governmental activities in the amount of \$560,941.

15. Subsequent Events

Subsequent to year-end, the City has issued additional certificates of obligation in the total amount of \$19,425,000 which represent direct obligations of the City and will have an effect on future debt service requirements.

Subsequent to year-end, the City has issued special assessment revenue bonds in the total amount of \$64,365,000. These bonds are special assessment obligations of the City payable solely from the pledged revenues and other funds in the trust estate. These special assessment bonds do not give rise to a charge against the general credit or the taxing power of the City and are payable solely from the sources identified in the indenture.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CELINA, TEXAS
Budgetary Comparison Schedule
General Fund
Year Ended September 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Ad valorem taxes	\$ 2,430,445	\$ 2,510,000	\$ 2,537,123	\$ 27,123
Franchise taxes	284,550	306,700	364,763	58,063
Sales tax	494,891	600,000	603,949	3,949
Permits and inspection fees	1,241,825	1,757,500	1,767,856	10,356
Development fees	80,000	920,000	924,249	4,249
Fire department and EMS revenues	175,000	172,000	241,005	69,005
Fines	151,400	205,000	254,370	49,370
Special events and donations	117,266	216,766	221,696	4,930
Park fees	100,000	284,000	602,626	318,626
Other income	97,412	183,301	526,463	343,162
Interest	35,000	40,000	40,609	609
Total Revenues	<u>5,207,789</u>	<u>7,195,267</u>	<u>8,084,709</u>	<u>889,442</u>
EXPENDITURES:				
Administration	1,346,978	1,161,954	1,133,574	28,380
Judicial	79,451	86,443	84,853	1,590
Fire and emergency services	1,438,253	1,362,090	1,316,275	45,815
Development services	747,586	545,980	524,712	21,268
Public works	858,056	838,614	806,788	31,826
Police department	1,187,836	1,118,195	1,046,160	72,035
Parks and recreation	591,055	680,142	667,908	12,234
Library	146,336	141,434	140,857	577
Main street project	63,960	100,975	70,510	30,465
Capital outlay			1,122,728	(1,122,728)
Debt service			-	-
Total Expenditures	<u>6,459,511</u>	<u>6,035,827</u>	<u>6,914,365</u>	<u>(878,538)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,251,722)</u>	<u>1,159,440</u>	<u>1,170,344</u>	<u>10,904</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of assets			12,525	12,525
Operating transfers in (out)	1,252,000	345,000	365,000	20,000
Total Other Financing Sources (Uses)	<u>1,252,000</u>	<u>345,000</u>	<u>377,525</u>	<u>32,525</u>
Net change in fund balance	<u>278</u>	<u>1,504,440</u>	<u>1,547,869</u>	<u>43,429</u>
Fund balance, October 1	<u>3,057,960</u>	<u>3,057,960</u>	<u>3,057,960</u>	<u>-</u>
Fund balance, September 30	<u>\$ 3,058,238</u>	<u>\$ 4,562,400</u>	<u>\$ 4,605,829</u>	<u>\$ 43,429</u>

SCHEDULE NOTES:

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

CITY OF CELINA, TEXAS
Schedule of Changes in Net Pension Liability and Related Ratios
Last 10 Fiscal Years (will ultimately be displayed)

	2014
Total pension liability	
Service Cost	\$ 349,532
Interest (on the Total Pension Liability)	204,236
Changes of benefit terms	-
Difference between expected and actual experience	11,213
Change of assumptions	-
Benefit payments, including refunds of employee contributions	(25,289)
Net Change in Total Pension Liability	539,692
Total Pension Liability - Beginning	2,755,535
Total Pension Liability - Ending	\$ 3,295,227
 Plan Fiduciary Net Position	
Contributions - Employer	\$ 96,209
Contributions - Employee	201,034
Net Investment Income	190,520
Benefit payments, including refunds of employee contributions	(25,289)
Administrative Expense	(1,988)
Other	(163)
Net Change in Plan Fiduciary Net Position	460,323
Plan Fiduciary Net Position - Beginning	3,329,347
Plan Fiduciary Net Position - Ending	\$ 3,789,670
Net Pension Liability (Asset) - Ending	\$ (494,443)
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	115.00%
 Covered Employee Payroll	\$ 2,871,910
 Net Pension Liability as a Percentage of Covered Employee Payroll	-17.22%

CITY OF CELINA, TEXAS
Schedule of Contributions
Last 10 Fiscal Years (will ultimately be displayed)

	2015
Actuarially Determined Contribution	\$ 162,349
Contributions in relation to the actuarially determined contribution	162,349
Contribution deficiency (excess)	\$ -
Covered employee payroll	\$ 3,388,197
Contributions as a percentage of covered employee payroll	4.79%

Schedule Notes:

Valuation Dates:

Notes Actuarially determined contribution rates are calculated as of December 31 and become effective January, 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	3.00%
Salary Increases	3.50% to 12.00% including inflation
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updates for the 2010 valuation pursuant to an experience study of the period 2005-2009.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with males rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information:

Notes There were no benefit changes during the year.

SUPPLEMENTARY SCHEDULES

CITY OF CELINA, TEXAS
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
YEAR ENDED SEPTEMBER 30, 2015 (Unaudited)

Tax Roll Year	Fiscal Year Ended September 30	Outstanding Balance
2014	2015	\$ 14,479
2013	2014	3,813
2012	2013	4,275
2011	2012	3,602
2010	2011	2,800
2009	2010	2,034
2008	2009	2,471
2007	2008	1,696
2006	2007	2,215
	2005 and prior	4,254
	Allowance for uncollectible tax	(4,164)
	Delinquent tax receivable, net	\$ 37,475

**CITY OF CELINA, TEXAS
HISTORICAL SCHEDULE OF ASSESSED PROPERTY VALUATION
YEAR ENDED SEPTEMBER 30, 2015 (Unaudited)**

Tax Roll Year	Fiscal Year Ended September 30	Net Taxable Valuation
2014	2015	550,278,293
2013	2014	505,896,214
2012	2013	478,640,217
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

**CITY OF CELINA, TEXAS
HISTORICAL SCHEDULE OF PROPERTY TAX RATES
YEAR ENDED SEPTEMBER 30, 2015 (Unaudited)**

<u>Tax Roll Year</u>	<u>Fiscal Year Ended September 30</u>	<u>Tax Rates</u>
2014	2015	0.6450
2013	2014	0.6450
2012	2013	0.6450
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

CITY OF CELINA, TEXAS
Additional Information (Unaudited)
September 30, 2015

Name	Title	Date First Elected to Council	Current Term Expires
Sean Terry	Mayor	2008	2017
Erik Geiger	Council Member	2015	2016
Andy Hopkins	Council Member	2015	2018
Chad Anderson	Council Member	2013	2016
Wayne Nabors	Council Member	2007	2018
Carmen Roberts	Council Member	2011	2017
Lori Vaden	Council Member	2014	2017

City Manager
Mike Foreman

City Secretary
Vicki Faulkner

Water Operator
David Stone

- Class Certificate: C
- Date of Last Chemical Analysis of Water: August 11, 2014
- Number of Residential/Commercial Water Users with one inch meters: Approximately 593
- Number of Residential/Commercial Water Users with 3/4 inch meters: Approximately 2,793
- Number of Commercial Water Users with larger than one inch meters: Approximately 96
- Number of Residential/Commercial Sewer Users with 4 inch meters: Approximately 2
- Number of Commercial Sewers with larger than one inch meters: Approximately 40

CITY OF CELINA, TEXAS
Additional Information (Unaudited)
September 30, 2015

<u>Water Rates</u>	Effective
<u>Residential</u>	<u>December, 2011</u>
0 - 2,000 gallons (Minimum):	
5/8 and 3/4 inch meter	\$ 22.25
1 inch meter	\$ 38.93
1 ½ -inch meter	\$ 77.87
2-inch meter	\$ 124.59
2,001 to 10,000 gallons	\$ 4.96 per 1,000 gal
10,001 to 20,000 gallons	\$ 7.44 per 1,000 gal
20,001 to 30,000 gal	\$ 8.68 per 1,000 gal
30,001 and above gallons	\$ 12.40 per 1,000 gal
<u>Commercial</u>	
0 - 2,000 gallons (Minimum):	
5/8 and 3/4 inch meter	\$ 27.81
1 inch meter	\$ 48.67
1 ½ inch meter	\$ 97.34
2 inch meter	\$ 155.74
3 inch meter	\$ 233.60
4 inch meter	\$ 389.34
2,001 to 10,000 gallons	\$ 4.96 per 1,000 gal
10,001 to 20,000 gallons	\$ 7.44 per 1,000 gal
20,001 to 30,000 gal	\$ 8.68 per 1,000 gal
30,001 and above gallons	\$ 12.40 per 1,000 gal
<u>Sewer Rates</u>	
<u>Residential</u>	
0-2,000 gal (Minimum):	
5/8 and 3/4 inch meter	\$ 20.60
1 or 2 inch meter	\$ 38.63
1 ½ inch meter	\$ 72.10
2,001 to 14,000 gal	\$ 5.74 per 1,000 gal
Usage fees cap at 14,000 gal	\$ 89.45 Max
<u>Commercial</u>	
0-2,000 gal (Minimum):	
5/8 and 3/4 inch meter	\$ 25.75
1 inch meter	\$ 48.29
1 ½ inch meter	\$ 90.13
2 inch meter	\$ 154.50
4 inch meter	\$ 386.25
2,001 and above gal	\$ 5.74 per 1,000 gal