

**CITY OF CELINA, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**YEAR ENDED SEPTEMBER 30, 2011**

**City of Celina, Texas  
Annual Financial Report  
Year Ended September 30, 2011**

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Annual Financial Report  
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## **FINANCIAL SECTION**

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Independent Auditor's Report

To the City Council  
City of Celina, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of City of Celina, Texas, as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of the City of Celina, Texas, as of September 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 6 through 18 and pages 50 and 51, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Celina, Texas' financial statements as a whole. The supplementary schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The supplementary schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Respectfully submitted,

*Scott, Singleton, Fincher and Company, PC*

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

February 9, 2012

**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, 2011. This discussion should be read in conjunction with the financial statements and related notes. Comparative data is also presented for government-wide and fund financial statements at the end of this section.

### **FINANCIAL HIGHLIGHTS:**

- Government-wide net assets reported in the Statement of Net Assets are \$16,898,644. Of this amount \$15,483,397 is invested in capital assets or restricted for debt service and capital projects, and the balance of \$1,415,247 is in unrestricted net assets.
- Government-wide net assets increased by \$997,235 during 2011.
- Each of the City's fund financial statements reported changes in equity as follows:
  - General Fund – \$402,196 increase
  - Water & Sewer Fund - \$818,882 increase
  - Debt Service Fund - \$120,133 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 Assets and the Statement of Activities. These provide information about the activities of the City as a whole and present a long-term view of the City's financial condition. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

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

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

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

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

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

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

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

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

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

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

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

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

#### **Fund Financial Statements**

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

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

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

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS:**

Net assets serve as one useful indicator of a government's financial position. In the case of the City, the combined net assets exceeded liabilities by \$16,898,644 and \$15,901,319 at the close of FY 2011 and FY 2010, respectively.

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

The combined net assets of the City's activities increased from \$15,901,319 to \$16,898,644 or \$997,325 during 2011. Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements was \$1,415,247.

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

As the City completed the year, its governmental funds \$1,740,454 and proprietary fund \$6,873,536 reported combined fund balance and net assets of \$8,613,990, a \$1,100,945 increase from last year.

**CAPITAL ASSET AND DEBT ADMINISTRATION:**

*Capital Assets* – the City's investment in capital assets reported in governmental activities and business-type activities was \$16,262,773 and \$14,017,796. 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 \$839,015 and (\$226,738) 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 \$17,533,781 in bonds and capital leases outstanding – an increase of \$274,729. Additional information on long-term liabilities can be found in note 6 to the financial statements.

**BUDGETARY HIGHLIGHTS & ECONOMIC FACTORS:**

Looking back at 2011 the City of Celina saw a tremendous amount of celebrations and improvements. Construction was completed on the Downtown Square and our citizens helped us celebrate the 100th anniversary of the Square On October 15th. McDonalds and Quik Lube and Tune are among several of our newest businesses. New homes are again adorning the horizon. Texas Health Association will be moving into lease spaces in Celina in the summer of 2012. Recently Celina enjoyed a balloon festival that attracted thousands of patrons to our community to enjoy food, fun and festivities.

The future of Celina looks great and with the support of our citizens we will accomplish amazing goals. This year we will begin the journey to effectively address and solve structural and public challenges. We will creatively solve the development issues that face us in the near future. Financial challenges will constantly create avenues for us to improve through necessity. Our local economy continues to show slow but steady improvement. Monthly sales tax receipts have increased in the last four months and we forecast that this should continue throughout 2012.

The focus for this organization is to be creative while also being accountable and transparent about our actions. We must be open to new opportunities as they are presented to us and be able to respond to requests by gathering facts and focusing on what is best for our community.

We will cultivate diverse ideas by bringing in experts from outside our normal realm. Ideas that we wish to pursue will be analyzed by our development team and examined from several viewpoints to ensure that we are all on the right path. We will constantly be searching for contacts that have experience in developing communities, while making comparisons to other communities to ensure that the best developments are created here in Celina.

This is a very exciting time in the history of Celina with some significant transportation projects in the near future that will increase our economic development opportunities. Preston Road will be widened to four lanes from FM 1461 to FM 455 within the next year. With the completion of this project TXDOT will then continue the widening of Preston Road through Celina to the High School. These projects will enable our city to grow and meet our current and future transportation needs. Additional transportation projects are in the planning stages including an Outer Loop that could allow you to travel easier through Celina from the Dallas North Toll way to State Highway 75.

In 2012 our City leaders will continue with a conservative fiscal policy by closely monitoring expenditures while maintaining the ability to provide great customer service to our citizens. Our employees are constantly investigating areas to save money and obtain funding for new projects from outside sources such as grants and energy cost saving programs. 2012 will be an exciting time for growth in Celina.

The City of Celina continued to enjoy constant but moderate growth in fiscal year 2010-2011 The City has issued 75 building permits for the fiscal year 2011. In comparison with 52 permits issued last fiscal year, the number of building permits increased by 44 percentage points. Accordingly, permit fee collections have increased by \$44,412 or 21.5 percentage points for the same period. For the fiscal year 2010-2011, the City collected \$250,939 in permit fees compared with \$206,427 for the same period last year. The City of Celina possesses a vast amount of land that makes it attractive to housing developers. The increase in building permits and fees can be contributed to the improvement in housing construction for the region as well as the state.

The City of Celina's portion of sales tax collection increased from \$271,670 in FY 2009-2010 to \$290,835 in FY 2010-2011 (figures do not include CEDC or CCDC collections). The City is experiencing a 7 percentage points or \$19,165 increase in sales tax collections in FY 2010-2011. The increase follows the trend all through the state. The cost of fuel has forced the population to travel less and shop more, closer to their homes. Opening of a few retail shops and restaurants have played a role in the increase of sales tax revenue as well. Management anticipates that this increase will continue through FY 2011-2012 more aggressively. Total assessed value of the properties for the City of Celina increased from \$454,151,622 in FY 2010 to \$461,631,888 FY 2011. This increase represents a recovery from declining property values and is a sign that economy stabilizing in this region. The City of Celina almost completely recovers from last year's drop in property values. The increase resulted from new constructions and annexation of new parcels of land. Reviewing the history of the City's assessed property values provides evidence of the City's measurable growth in last decade.

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

Total water sales increased from \$1,944,348 in FY 2010 to \$2,549,933 in FY 2010-2011. The increase of \$605,585 or 31 percentage points partly is the result of the second rate increase that was implemented in the month of April 2011. However, a review of the history of the City's water sales over past few years indicates a healthy average increase of 20 percentage points in water sales. History of water sales is illustrated below:

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

Total sewer sales increased from \$774,022 in FY 2010 to \$946,269 in FY 2010-2011. The increase of \$172,247 or 22 percentage points entirely is the result of increase in sale since the second utility rate increase in April 2011 excluded the Sewer. A review of the history of the City's sewer sales over past few years indicates a healthy average increase of 14 percentage points in sewer sales. History of sewer sales is illustrated below:

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

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

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

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>						
Current and other assets	\$ 3,341,978	\$ 2,444,572	\$ 2,737,158	\$ 2,282,699	\$ 6,079,136	\$ 4,727,271
Capital assets, net	16,262,773	15,423,758	14,017,796	14,244,534	30,280,569	29,668,292
<b>Total Assets</b>	<b>19,604,751</b>	<b>17,868,330</b>	<b>16,754,954</b>	<b>16,527,233</b>	<b>36,359,705</b>	<b>34,395,563</b>
<b>LIABILITIES</b>						
Other liabilities	1,285,561	763,641	641,719	471,551	1,927,280	1,235,192
Long-term debt	8,294,082	7,258,024	9,239,699	10,001,028	17,533,781	17,259,052
<b>Total Liabilities</b>	<b>9,579,643</b>	<b>8,021,665</b>	<b>9,881,418</b>	<b>10,472,579</b>	<b>19,461,061</b>	<b>18,494,244</b>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	7,968,691	8,165,734	6,830,370	6,289,011	14,799,061	14,454,745
Restricted for debt service	469,988	624,480	-	-	469,988	624,480
Restricted for capital projects	214,348				214,348	-
Unrestricted	1,372,081	1,056,451	43,166	(234,357)	1,415,247	822,094
<b>Total Net Assets</b>	<b>\$ 10,025,108</b>	<b>\$ 9,846,665</b>	<b>\$ 6,873,536</b>	<b>\$ 6,054,654</b>	<b>\$ 16,898,644</b>	<b>\$ 15,901,319</b>

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

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Program revenues:						
Charges for services	\$ 733,947	\$ 566,637	\$ 4,190,142	\$ 3,360,517	\$ 4,924,089	\$ 3,927,154
Operating grants/contributions	295,140	283,849			295,140	283,849
Capital grants/contributions	391,623	144,460			391,623	144,460
General revenues:						
Ad valorem taxes	2,967,206	3,015,298			2,967,206	3,015,298
Sales taxes	290,835	271,670			290,835	271,670
Franchise Taxes	355,576	253,500			355,576	253,500
Other	264,332	225,174	10,075	8,144	274,407	233,318
Total revenues	5,298,659	4,760,588	4,200,217	3,368,661	9,498,876	8,129,249
Expenses:						
Administration	993,291	896,155			993,291	896,155
Judicial	70,205	70,102			70,205	70,102
Fire and emergency services	1,169,196	1,068,864			1,169,196	1,068,864
Development services	363,133	329,794			363,133	329,794
Public works	369,952	397,095			369,952	397,095
Police department	938,031	892,283			938,031	892,283
Parks and recreation	362,409	406,446			362,409	406,446
Library	126,482	129,637			126,482	-
Infrastructure	418,484	208,373			418,484	208,373
Main street project	57,880	60,868			57,880	60,868
Interest and fiscal charges	326,153	336,386			326,153	336,386
Water, Sewer and Sanitation Services			3,306,335	3,425,151	3,306,335	3,425,151
Total Expenses	5,195,216	4,796,003	3,306,335	3,425,151	8,501,551	8,221,154
Excess (deficiency) before transfers	103,443	(35,415)	893,882	(56,490)	997,325	(91,905)
Transfers	75,000	325,000	(75,000)	(325,000)	-	-
<b>Change in Net Assets</b>	<b>178,443</b>	<b>289,585</b>	<b>818,882</b>	<b>(381,490)</b>	<b>997,325</b>	<b>(91,905)</b>
<b>Net assets - October 1</b>	<b>9,846,665</b>	<b>9,557,080</b>	<b>6,054,654</b>	<b>6,436,144</b>	<b>15,901,319</b>	<b>15,993,224</b>
<b>Net assets - September 30</b>	<b>\$ 10,025,108</b>	<b>\$ 9,846,665</b>	<b>\$ 6,873,536</b>	<b>\$ 6,054,654</b>	<b>\$ 16,898,644</b>	<b>\$ 15,901,319</b>

**CITY OF CELINA, TEXAS  
COMPARATIVE BALANCE SHEETS  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2011 and 2010**

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>	
			<u>2011</u>	<u>2010</u>
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 736,084	\$ 493,895	\$ 1,229,979	\$ 1,131,576
Cash and cash equivalents - restricted	983,006		983,006	332,943
Investment in Texpool	2,370		2,370	2,367
Sales taxes receivable	58,001		58,001	50,468
Property taxes receivable, net	48,202	9,182	57,384	65,319
EMS receivable	296,870		296,870	203,457
Other receivables	57,781		57,781	21,904
Due from other funds	400,000		400,000	400,000
Due from component units	27,530		27,530	25,533
<b>Total Assets</b>	<b>\$ 2,609,844</b>	<b>\$ 503,077</b>	<b>\$ 3,112,921</b>	<b>\$ 2,233,567</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b><u>LIABILITIES</u></b>				
Accounts payable	72,659		72,659	78,655
Accrued salaries and benefits	47,958		47,958	38,394
Other accrued liabilities	46,150	153	46,303	42,699
Due to other funds		20,278	20,278	20,278
Due to component units	79,326		79,326	-
Deferred revenue	328,104	9,181	337,285	262,207
<b>Payable from restricted assets:</b>				
Accounts payable	252,338		252,338	8,934
Deferred revenue	516,320		516,320	324,009
<b>Total Liabilities</b>	<b>1,342,855</b>	<b>29,612</b>	<b>1,372,467</b>	<b>775,176</b>
<b><u>FUND BALANCES</u></b>				
Restricted for:				
Capital improvements	214,348		214,348	
Debt service		473,465	473,465	593,598
Unassigned	1,052,641		1,052,641	864,793
<b>Total Fund Balances</b>	<b>1,266,989</b>	<b>473,465</b>	<b>1,740,454</b>	<b>1,458,391</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,609,844</b>	<b>\$ 503,077</b>	<b>\$ 3,112,921</b>	<b>\$ 2,233,567</b>

**CITY OF CELINA, TEXAS**  
**Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Years Ended September 30, 2011 and 2010**

	General Fund	Debt Service Fund	Total Governmental Funds	
			2011	2010
<b>REVENUES:</b>				
Ad valorem taxes	\$ 2,692,510	\$ 282,632	\$ 2,975,142	\$ 3,015,507
Franchise taxes	355,576		355,576	253,500
Sales tax	290,835		290,835	271,670
Permits and inspection fees	257,605		257,605	172,173
Component units contributions		165,000	165,000	165,000
Development fees	16,286		16,286	45,894
Fire department and EMS fees	262,435		262,435	180,203
Fines	95,016		95,016	93,867
Other income	82,758		82,758	40,999
Collin County road contributions	236,623		236,623	144,460
Donations and fund raising events	155,935		155,935	134,565
Interest	13,775	2,799	16,574	19,175
Park fees	18,907		18,907	24,786
Federal and state grants	294,205		294,205	149,284
<b>Total Revenues</b>	<b>4,772,466</b>	<b>450,431</b>	<b>5,222,897</b>	<b>4,711,083</b>
<b>EXPENDITURES:</b>				
Administration	979,059		979,059	880,101
Judicial	70,205		70,205	70,102
Fire and emergency services	1,140,328		1,140,328	1,049,716
Development services	363,133		363,133	329,794
Public works	568,890		568,890	392,527
Police department	913,898		913,898	865,304
Parks and recreation	176,313		176,313	222,959
Library	126,482		126,482	129,637
Main street project	57,880		57,880	60,868
Capital outlay	1,464,171		1,464,171	474,465
Debt Service:				
Principal retirement		257,590	257,590	251,798
Interest and fiscal charges		312,974	312,974	331,881
<b>Total Expenditures</b>	<b>5,860,359</b>	<b>570,564</b>	<b>6,430,923</b>	<b>5,059,152</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(1,087,893)</b>	<b>(120,133)</b>	<b>(1,208,026)</b>	<b>(348,069)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Issuance of capital leases	-		-	174,797
Proceeds from sale of capital assets	48,381		48,381	73,283
Proceeds from issuance of bonds	1,400,000		1,400,000	-
Bond issuance costs	(33,292)		(33,292)	-
Operating transfers in (out)	75,000		75,000	325,000
<b>Net Other Financing Sources (Uses)</b>	<b>1,490,089</b>	<b>-</b>	<b>1,490,089</b>	<b>573,080</b>
<b>Net change in fund balances</b>	<b>402,196</b>	<b>(120,133)</b>	<b>282,063</b>	<b>225,011</b>
<b>Fund balance, October 1</b>	<b>864,793</b>	<b>593,598</b>	<b>1,458,391</b>	<b>1,233,380</b>
<b>Fund balance, September 30</b>	<b>\$ 1,266,989</b>	<b>\$ 473,465</b>	<b>\$ 1,740,454</b>	<b>\$ 1,458,391</b>

**CITY OF CELINA, TEXAS**  
**COMPARATIVE STATEMENTS OF FUND NET ASSETS**  
**PROPRIETARY FUND**  
**September 30, 2011 and 2010**

	<b>2011</b>	<b>2010</b>
	<u><b>Enterprise Fund</b></u>	<u><b>Enterprise Fund</b></u>
	<u><b>Water &amp; Sewer</b></u>	<u><b>Water &amp; Sewer</b></u>
	<u><b>Activities</b></u>	<u><b>Activities</b></u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 90,042	\$ (204,279)
Investment in TexPool	3,166	3,162
Investment in TexPool, restricted for capital projects	2,052,273	2,045,505
Accounts receivable, net	637,600	458,243
Due from other funds	20,278	20,278
<b>Total current assets</b>	<u><b>2,803,359</b></u>	<u><b>2,322,909</b></u>
<b>Capital Assets:</b>		
Land	154,115	154,115
Buildings	43,769	43,769
Water & sewer infrastructure	18,651,555	18,353,581
Vehicles	113,689	116,689
Equipment	323,768	324,268
Less accumulated depreciation	(5,269,100)	(4,747,888)
<b>Capital Assets, net</b>	<u><b>14,017,796</b></u>	<u><b>14,244,534</b></u>
Bond issuance costs	333,799	359,790
<b>Total assets</b>	<u><u><b>\$ 17,154,954</b></u></u>	<u><u><b>\$ 16,927,233</b></u></u>
 <b>LIABILITIES</b>		
Accounts payable	217,202	169,282
Accrued salaries and benefits	38,514	25,950
Bonds payable - current	659,938	652,408
Infrastructure advance from CISD - current	109,171	91,198
Accrued interest payable	27,528	29,456
Meter deposits payable	145,715	125,563
Deferred revenue	212,760	121,300
Due to other funds	400,000	400,000
<b>Total current liabilities</b>	<u><b>1,810,828</b></u>	<u><b>1,615,157</b></u>
Infrastructure advance from CISD - long-term	783,535	910,427
Bonds payable - long-term	7,687,055	8,346,995
<b>Total non-current liabilities</b>	<u><b>8,470,590</b></u>	<u><b>9,257,422</b></u>
<b>Total liabilities</b>	<u><b>10,281,418</b></u>	<u><b>10,872,579</b></u>
 <b>NET ASSETS</b>		
Invested in capital assets, net of related debt	6,830,370	6,289,011
Restricted for capital projects, net of related debt (\$2,052,273 each, 2011) (\$2,045,505 each, 2010)	-	-
Unrestricted	43,166	(234,357)
<b>Total Net Assets</b>	<u><u><b>\$ 6,873,536</b></u></u>	<u><u><b>\$ 6,054,654</b></u></u>

**CITY OF CELINA, TEXAS**  
**Comparative Statements of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Fund**  
**Years Ended September 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
<b>OPERATING REVENUES:</b>		
Water sales	\$ 2,549,933	\$ 1,944,348
Sewer sales	946,269	774,022
Garbage fees	308,022	310,997
Penalties	70,218	55,372
Tap and reconnect fees	107,470	78,931
Impact fees	143,829	127,007
Other revenues	64,401	69,840
<b>Total Operating Revenues</b>	<u><b>4,190,142</b></u>	<u><b>3,360,517</b></u>
<b>OPERATING EXPENSES:</b>		
Salaries and benefits	328,438	335,575
Garbage fees	307,009	297,545
Licenses and permits	6,993	6,452
Materials and supplies	106,768	111,855
Engineering	5,737	31,745
Postage	21,089	19,022
Repairs and facility maintenance	119,667	112,768
General insurance	5,449	15,588
Vehicle expense	34,739	19,863
Utilities and telephone	243,239	256,066
Chemicals	23,785	17,652
Water purchases and related fees	1,134,597	1,063,361
Bad debt provision	611	3,523
Depreciation & amortization	529,712	533,064
Other expense	28,664	34,458
<b>Total Operating Expenses</b>	<u><b>2,896,497</b></u>	<u><b>2,858,537</b></u>
<b>Operating Income</b>	<u><b>\$ 1,293,645</b></u>	<u><b>\$ 501,980</b></u>

(Continued)

**CITY OF CELINA, TEXAS**  
**Comparative Statements of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Fund**  
**Years Ended September 30, 2011 and 2010**

	<b>2011</b>	<b>2010</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Interest income	\$ 9,245	\$ 8,144
Gain on sale of fixed assets	830	
Interest and fiscal charges	(409,838)	(566,614)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(399,763)</b>	<b>(558,470)</b>
 <b>Income (loss) before contributions and transfers</b>	<b>893,882</b>	<b>(56,490)</b>
 Transfers out to other funds	(75,000)	(325,000)
<b>Change in net assets</b>	<b>818,882</b>	<b>(381,490)</b>
 <b>Total net assets, October 1</b>	<b>6,054,654</b>	<b>6,436,144</b>
 <b>Total net assets, September 30</b>	<b>\$ 6,873,536</b>	<b>\$ 6,054,654</b>

## **BASIC FINANCIAL STATEMENTS**

**CITY OF CELINA, TEXAS**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2011**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 736,084	\$ 90,042	\$ 826,126	\$ 221,404
Investment in Texpool	2,370	3,166	5,536	
Bank certificates of deposit				69,137
Property taxes receivable, net	48,202		48,202	
Sales taxes receivable	58,001		58,001	58,000
Fines receivable, net	7,407		7,407	
Accounts receivable, net	296,870	637,600	934,470	
Other receivables	57,781		57,781	
Due from component units	27,530		27,530	
Due from primary government				79,326
Internal balances	379,722	(379,722)		
Bond issuance costs	241,928	333,799	575,727	
<b>Restricted assets:</b>				
Cash and cash equivalents	1,476,901		1,476,901	
Property taxes receivable, net	9,182		9,182	
Investment in Texpool restricted for capital projects		2,052,273	2,052,273	
<b>Capital assets:</b>				
Land	459,931	154,114	614,045	
Construction in progress	1,327,170	887,045	2,214,215	
Capital assets, net	14,475,672	12,976,637	27,452,309	
<b>Total Assets</b>	<b>19,604,751</b>	<b>16,754,954</b>	<b>36,359,705</b>	<b>427,867</b>
<b>LIABILITIES</b>				
Accounts payable	72,659	217,202	289,861	
Accrued salaries and benefits	144,803	38,514	183,317	
Other accrued expenses	46,303		46,303	
Due to component units	79,326		79,326	
Deferred revenue	8,606	212,760	221,366	
Meter deposits payable		145,715	145,715	
Deferred bond credits	132,117		132,117	
Due to primary government				27,530
<b>Payable from restricted assets:</b>				
Accounts payable	252,338		252,338	
Deferred revenue	516,320		516,320	
Accrued interest	33,089	27,528	60,617	
<b>Long-term liabilities:</b>				
<b>Due within one year:</b>				
Bonds payable	295,062	659,938	955,000	
Capital leases	111,212		111,212	
Infrastructure advance from CISD		109,171	109,171	
<b>Due in more than one year:</b>				
Bonds payable	7,842,951	7,687,055	15,530,006	
Capital leases	44,857		44,857	
Infrastructure advance from CISD		783,535	783,535	
<b>Total Liabilities</b>	<b>9,579,643</b>	<b>9,881,418</b>	<b>19,461,061</b>	<b>27,530</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	7,968,691	6,830,370	14,799,061	
Restricted for debt service	469,988		469,988	
Restricted for capital projects	214,348		214,348	
Restricted for capital projects (\$2,052,273) net of related debt (\$2,052,273)		-		
Unrestricted	1,372,081	43,166	1,415,247	400,337
<b>Total Net Assets</b>	<b>\$ 10,025,108</b>	<b>\$ 6,873,536</b>	<b>\$ 16,898,644</b>	<b>\$ 400,337</b>

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

**CITY OF CELINA, TEXAS  
STATEMENT OF ACTIVITIES  
Year Ended September 30, 2011**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units
	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total Primary Government	
<b>Governmental activities:</b>							
Administration	\$ 993,291	\$ -	\$ -	\$ (993,291)	\$	\$ (993,291)	\$ -
Judicial	70,205			(70,205)		(70,205)	
Fire and emergency services	1,169,196	220,973	155,000	(447,090)		(447,090)	
Development services	363,133			(346,847)		(346,847)	
Public works	369,952			(112,347)		(112,347)	
Police department	938,031	1,177		(841,838)		(841,838)	
Parks and recreation	362,409			(343,502)		(343,502)	
Library	126,482	22,690		(103,792)		(103,792)	
Infrastructure	418,484		236,623	(181,861)		(181,861)	
Main street project	57,880	50,300		(7,580)		(7,580)	
Economic development							(115,709)
Interest and fiscal charges	326,153			(326,153)		(326,153)	
<b>Total governmental activities</b>	<b>5,195,216</b>	<b>295,140</b>	<b>391,623</b>	<b>(3,774,506)</b>		<b>(3,774,506)</b>	<b>(115,709)</b>
<b>Business-type activities:</b>							
Water and sewer services	3,306,335	4,190,142			883,807	883,807	
<b>Total business-type activities</b>	<b>3,306,335</b>	<b>4,190,142</b>	<b>-</b>	<b>-</b>	<b>883,807</b>	<b>883,807</b>	
<b>Total all activities</b>	<b>\$ 8,501,551</b>	<b>\$ 4,924,089</b>	<b>\$ 391,623</b>	<b>\$ (3,774,506)</b>	<b>\$ 883,807</b>	<b>\$ (2,890,699)</b>	<b>\$ (115,709)</b>
<b>General revenues:</b>							
Ad valorem taxes				2,967,206		2,967,206	
Sales taxes				290,835		290,835	290,835
Franchise taxes				355,576		355,576	
Miscellaneous income and contributions				82,758	830	83,588	4,964
Unrestricted investment earnings				16,574	9,245	25,819	1,235
Intergovernmental transfers				165,000		165,000	(165,000)
Transfers				75,000	(75,000)	-	
<b>Total general revenues and transfers</b>				<b>3,952,949</b>	<b>(64,925)</b>	<b>3,888,024</b>	<b>132,034</b>
<b>Change in net assets</b>				<b>178,443</b>	<b>818,882</b>	<b>997,325</b>	<b>16,325</b>
<b>Net assets-beginning of year</b>				<b>9,846,665</b>	<b>6,054,654</b>	<b>15,901,319</b>	<b>384,012</b>
<b>Net assets-end of year</b>				<b>\$ 10,025,108</b>	<b>\$ 6,873,536</b>	<b>\$ 16,898,644</b>	<b>\$ 400,337</b>

The accompanying notes are an integral part of these financial statements

**CITY OF CELINA, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2011**

	General	Debt Service	Total Governmental Funds
<b>ASSETS</b>			
Pooled cash and cash equivalents	\$ 736,084	\$ 493,895	\$ 1,229,979
Cash and cash equivalents - restricted	983,006		983,006
Investment in Texpool	2,370		2,370
Sales taxes receivable	58,001		58,001
Property taxes receivable, net	48,202	9,182	57,384
EMS receivable, net	296,870		296,870
Other receivables	57,781		57,781
Due from other funds	400,000		400,000
Due from component units	27,530		27,530
<b>Total Assets</b>	<b>\$ 2,609,844</b>	<b>\$ 503,077</b>	<b>\$ 3,112,921</b>

**LIABILITIES AND FUND BALANCES**

**LIABILITIES**

Accounts payable	72,659		72,659
Accrued salaries and benefits	47,958		47,958
Other accrued liabilities	46,150	153	46,303
Due to other funds		20,278	20,278
Due to component units	79,326		79,326
Deferred revenue	328,104	9,181	337,285
<b>Payable from restricted assets:</b>			
Accounts payable	252,338		252,338
Deferred revenue	516,320		516,320
	<b>1,342,855</b>	<b>29,612</b>	<b>1,372,467</b>

**FUND BALANCES**

Restricted for:			
Capital Projects	214,348		214,348
Debt Service		473,465	473,465
Unassigned	1,052,641		1,052,641
<b>Total Fund Balances</b>	<b>1,266,989</b>	<b>473,465</b>	<b>1,740,454</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,609,844</b>	<b>\$ 503,077</b>	<b>\$ 3,112,921</b>

Governmental fund balances as presented above: 1,740,454

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

Capital assets reported in the statement of net assets are not financial resources and are not reported in the fund balance sheet. 16,262,773

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 \$57,383, EMS and fines receivable of \$271,296, and \$7,407 and prepaid bond issuance cost \$241,928. 578,014

Interest due on long-term debt is recorded as accrued interest payable in the statement of net assets but do not become a liability on the fund statements until the date due. (33,089)

Long-term liabilities are reported in the statement of net assets but they are not due and payable in the current period and therefore are not reported as liabilities in the fund balance sheet. (8,523,044)

**\$ 10,025,108**

**CITY OF CELINA, TEXAS**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended September 30, 2011**

	General Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES:</b>			
Ad valorem taxes	\$ 2,692,510	\$ 282,632	\$ 2,975,142
Franchise taxes	355,576		355,576
Sales tax	290,835		290,835
Permits and inspection fees	257,605		257,605
Component units contributions		165,000	165,000
Development fees	16,286		16,286
Fire department and EMS revenues	262,435		262,435
Fines	95,016		95,016
Other income	82,758		82,758
Collin County road contribution	236,623		236,623
Donations	155,935		155,935
Interest	13,775	2,799	16,574
Park fees	18,907		18,907
Federal and state grants	294,205		294,205
<b>Total Revenues</b>	<b>4,772,466</b>	<b>450,431</b>	<b>5,222,897</b>
<b>EXPENDITURES:</b>			
<b>Current:</b>			
Administration	979,059		979,059
Judicial	70,205		70,205
Fire and emergency services	1,140,328		1,140,328
Development services	363,133		363,133
Public works	568,890		568,890
Police department	913,898		913,898
Parks and recreation	176,313		176,313
Library	126,482		126,482
Main street project	57,880		57,880
Capital Outlay	1,464,171		1,464,171
<b>Debt Service:</b>			
Principal		257,590	257,590
Interest and fiscal charges		312,974	312,974
<b>Total Expenditures</b>	<b>5,860,359</b>	<b>570,564</b>	<b>6,430,923</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(1,087,893)</b>	<b>(120,133)</b>	<b>(1,208,026)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Proceeds from sale of assets	48,381		48,381
Proceeds from issuance of bonds	1,400,000		1,400,000
Bond issuance costs	(33,292)		(33,292)
Operating transfers in (out)	75,000		75,000
<b>Net Other Financing Sources (Uses)</b>	<b>1,490,089</b>	<b>-</b>	<b>1,490,089</b>
<b>Net change in fund balances</b>	<b>402,196</b>	<b>(120,133)</b>	<b>282,063</b>
<b>Fund balance, October 1</b>	<b>864,793</b>	<b>593,598</b>	<b>1,458,391</b>
<b>Fund balance, September 30</b>	<b>\$ 1,266,989</b>	<b>\$ 473,465</b>	<b>\$ 1,740,454</b>

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

**CITY OF CELINA, TEXAS**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**Year Ended September 30, 2011**

<b>Net change in fund balances - total governmental funds</b>	<b>\$ 282,063</b>
<b>Amounts reported for governmental activities in the statement of net assets are different because:</b>	
Governmental funds report capital outlays as expenditures, while in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense of \$(568,920) exceeded capital outlay of \$1,464,171.	895,251
In the statement of activities, the gain on the disposal of assets is reported, but in the governmental funds, proceeds from the sale increase current financial resources. The change in net assets differs from the change in fund balance by the net book value of the assets disposed.	(56,236)
Proceeds from the issuance of long-term debt provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of debt retired for the year \$363,942 less bonds issued (\$1,400,000).	(1,036,058)
Changes in the liability for compensated absences do not require the use of current resources and therefore are not recorded in the funds.	(2,452)
Revenues in the statement of activities that do not provide current resources are not reported as revenues in the funds. This includes the change in unavailable deferred ad valorem taxes of \$(7,936) court fines receivable, and EMS receivables \$83,698.	75,762
Bond issuance costs represent expenditures of available resources in the fund statements but are capitalized and amortized over the life of the bonds in the statement of activities.	33,292
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 issuance costs \$15,240; the amortization of bond premiums, \$(8,902); and the increase in accrued interest on debt of \$6,841.	(13,179)
<b>Change in net assets of governmental activities</b>	<b>\$ 178,443</b>

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

**CITY OF CELINA, TEXAS  
STATEMENT OF FUND NET ASSETS  
PROPRIETARY FUND  
SEPTEMBER 30, 2011**

	<b>Enterprise Fund Water &amp; Sewer Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 90,042
Investment in TexPool	3,166
Investment in TexPool restricted for capital projects	2,052,273
Accounts receivable, net	637,600
Due from other funds	20,278
<b>Total current assets</b>	<b>2,803,359</b>
 <b>Capital Assets:</b>	
Land	154,115
Buildings	43,769
Water & sewer infrastructure	18,651,555
Vehicles	113,689
Equipment	323,768
Less accumulated depreciation	(5,269,100)
<b>Capital Assets, net</b>	<b>14,017,796</b>
 Bond issuance costs	 333,799
<b>Total assets</b>	<b>\$ 17,154,954</b>
 <b>LIABILITIES</b>	
Accounts payable	217,202
Accrued salaries and benefits	38,514
Bonds payable - current	659,938
Infrastructure advance from CISD - current	109,171
Accrued interest payable	27,528
Meter deposits payable	145,715
Deferred revenue	212,760
Due to other funds	400,000
<b>Total current liabilities</b>	<b>1,810,828</b>
 Infrastructure advance from CISD - long-term	 783,535
Bonds payable - long-term	7,687,055
<b>Total non-current liabilities</b>	<b>8,470,590</b>
<b>Total liabilities</b>	<b>10,281,418</b>
 <b>NET ASSETS</b>	
Invested in capital assets, net of related debt	6,830,370
Restricted for capital projects (\$2,052,273), net of related debt (\$2,052,273)	-
Unrestricted	43,166
<b>Total Net Assets</b>	<b>\$ 6,873,536</b>

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

**CITY OF CELINA, TEXAS**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Fund**  
**Year Ended September 30, 2011**

	<b>Enterprise Fund</b>
	<b>Water &amp; Sewer</b>
	<b>Activities</b>
<b>OPERATING REVENUES:</b>	
Water sales	\$ 2,549,933
Sewer sales	946,269
Garbage fees	308,022
Penalties	70,218
Tap and reconnect fees	107,470
Impact fees	143,829
Other revenues	64,401
<b>Total Operating Revenues</b>	<b>4,190,142</b>
<b>OPERATING EXPENSES:</b>	
Salaries and benefits	328,438
Garbage fees	307,009
Licenses and permits	6,993
Materials and supplies	106,768
Engineering	5,737
Postage	21,089
Repairs and facility maintenance	119,667
General insurance	5,449
Vehicle expense	34,739
Utilities and telephone	243,239
Chemicals	23,785
Water purchases and related fees	1,134,597
Bad debt provision	611
Depreciation & amortization	529,712
Other expense	28,664
<b>Total Operating Expenses</b>	<b>2,896,497</b>
<b>Operating Income</b>	<b>\$ 1,293,645</b>

(Continued)

**CITY OF CELINA, TEXAS**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Fund**  
**Year Ended September 30, 2011**

	<b>Enterprise Fund</b>
	<b>Water &amp; Sewer</b>
	<b>Activities</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>	
Interest income	\$ 9,245
Sale of fixed assets	830
Interest and fiscal charges	(409,838)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(399,763)</b>
<b>Income (loss) before contributions and transfers</b>	<b>893,882</b>
Operating Transfers in (out)	(75,000)
<b>Change in net assets</b>	<b>818,882</b>
<b>Total net assets, October 1</b>	<b>6,054,654</b>
<b>Total net assets, September 30</b>	<b>\$ 6,873,536</b>

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

**CITY OF CELINA, TEXAS**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**Year Ended September 30, 2011**

	<b>Enterprise Fund</b>
	<b>Water &amp; Sewer</b>
	<b>Activities</b>
<b>Cash flows from operating activities:</b>	
Cash received from customers and users	\$ 4,117,394
Cash paid to suppliers	(2,005,577)
Cash paid to employees	(315,874)
<b>Net cash provided (used) by operating activities</b>	<b>1,795,943</b>
<b>Cash flows from noncapital financing activities:</b>	
Change in customer deposits	20,152
Operating transfers (to) from other funds	(75,000)
Advances (to) from other funds	-
<b>Net cash provided (used) for noncapital financing activities</b>	<b>(54,848)</b>
<b>Cash flows from capital and related financing activities:</b>	
Acquisition of capital assets	(302,974)
Proceeds from disposals of capital assets	830
Principal payments - bonds payable	(652,410)
Principal payments - other obligations	(108,919)
Interest paid on bonds payable and other long-term obligations	(385,774)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(1,449,247)</b>
<b>Cash flows from investing activities:</b>	
Net redemptions (purchases) of investments	(6,772)
Investment income	9,245
<b>Net cash provided (used) by investing activities</b>	<b>2,473</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>294,321</b>
<b>Cash and cash equivalents, October 1</b>	<b>(204,279)</b>
<b>Cash and cash equivalents, September 30</b>	<b>\$ 90,042</b>

(Continued)

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

**CITY OF CELINA, TEXAS**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**Year Ended September 30, 2011**

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

	<b>Enterprise Fund</b>
	<b>Water &amp; Sewer</b>
	<b>Activities</b>
<b>Operating income (loss)</b>	<b>\$ 1,293,645</b>
<b>Adjustments to reconcile net income to net cash provided (used)</b> <b>by operating activities:</b>	
Depreciation and amortization	529,712
(Increase) decrease in accounts receivable (net)	(179,357)
Increase (decrease) in accounts payable and accrued expense	60,484
Increase (decrease) in deferred revenues	91,459
	502,298
<b>Total Adjustments</b>	<b>502,298</b>
<b>Net cash provided by operating activities</b>	<b>\$ 1,795,943</b>

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

**City of Celina, Texas**  
**Notes to Financial Statements**  
**September 30, 2011**

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

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

The accounting and reporting framework and the more significant accounting principles and practices of the City are discussed in subsequent sections of this note. The remainder of the notes are organized to provide explanations, including required disclosures, of the City's financial activities for the fiscal year ending September 30, 2011.

**(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 in Section 2100, codification of Governmental Accounting and Financial Reporting Standards.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in GASB Statements No. 14 and 39. These statements define the reporting entity as the primary government and those component units for which the primary government is financially accountable. In addition, component units may be included in the reporting entity based on the nature and significance of the relationship with the primary government, or based on being closely related or financially integrated with the primary government. Based on these criteria, the City has the following component units at September 30, 2011:

Discretely Presented Component Units:

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

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

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

Neither CEDC nor CCDC prepare separate financial statements.

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

#### *Government-wide financial statements*

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

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

#### *Fund financial statements*

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

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

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

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

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

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

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

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

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

### (D) Fund Types and Major Funds

#### *Governmental Funds*

The City reports the following major governmental funds:

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

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

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

### *Proprietary Funds*

The City reports the following major enterprise fund:

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

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

#### Cash and Investments

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

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

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

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

#### **Inventories and Prepaids**

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

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

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

**Capital Assets, Depreciation, and Amortization**

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

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

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

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

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

In the government-wide, proprietary, and component unit financial statements, outstanding debt is reported as liabilities. Bond issuance costs, bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

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

**Fund Equity**

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

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

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

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

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

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

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

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

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

### **Compensated Absences**

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

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

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

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

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

### (G) Estimates

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

## 2. Stewardship, Compliance, and Accountability

### Budgetary Information

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

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

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

## 3. Deposits and Investments

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

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

### 3. Deposits and Investments - continued

#### Investments

During the year ended September 30, 2011 the City invested only in Texas Local Government Investment Pool ("TexPool"). TexPool, a public funds investment pool created by the Treasurer of the State of Texas acting by and through the Texas Treasury Safekeeping Trust Company, is empowered to invest funds and act as custodian of investments purchased with local investment funds. Authorized investments of TexPool include obligations of the United States of America or its agencies, direct obligations of the State of Texas or its agencies, certificates of deposit and repurchase agreements. At September 30, 2011, the carrying amount of City's investments in TexPool approximate its fair value. At September 30, 2011, the carrying amount and fair value of the City's investment in TexPool was \$2,057,809. TexPool is rated for credit risk as AAAM.

**Credit risk** is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the City's investing activities are managed under the custody of the Treasurer (in his absence the City Manager). Investing is performed in accordance with investment policies adopted by the City Council complying with state statutes. City investment policy and state statute generally permit the City to invest in FDIC insured or fully collateralized certificates of deposit, fully collateralized repurchase agreements, public funds investment pools, obligations of the United States of America or its agencies, direct obligations of the State of Texas, and obligations of agencies, counties, cities and other political subdivisions of Texas having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent. During the year ended September 30, 2011, the City did not own any types of securities other than those permitted by statute.

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

Operating funds - 30 days

Capital project funds - corresponding draw schedules

Debt service funds - corresponding payment dates, not to exceed (6) six months

Bond reserve funds - (5) five years

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

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

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

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

*Enterprise Fund Receivables, Uncollectible Accounts and Deferred Revenue*

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

Accounts receivable, gross	\$637,600
Less: allowance for uncollectible accounts	<u>-0-</u>
Net accounts receivable	<u>\$637,600</u>

The City reports deferred revenue of \$212,760 for water and sewer impact fees that have been collected, but are awaiting expenditure for the designated purpose.

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

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real property located within the City. Appraised values are established by the Collin County Central Appraisal District at 100% of market value. As of January 1, 2010, all real property was assessed at a net taxable value of \$454,151,622.

The property tax rate for the year ended September 30, 2011 was .645 per \$100 of the assessed valuation on taxable property. Following is a summary of the overall tax rate as levied by fund type:

Maintenance and operations-General Fund	.5849
Debt Service Fund	<u>.0601</u>
Total tax rate	<u>.6450</u>

The property tax levy for the year ending September 30, 2011 was \$2,909,009. Collections of the current year property tax levy were \$2,898,438 or 99% of the current year tax levied.

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

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

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

- October 1-Full year tax levy assessed for the current fiscal year-taxes are due and payable.
- January 1-Tax lien is attached to property to secure the payment of taxes, and penalty and interest as applicable.
- February 1-Penalty and interest charges begin to accrue on unpaid past due taxes.
- July 1-Taxes become delinquent and are subject to attorney fees incurred for collection

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

##### *Allowance for Uncollectible Taxes*

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

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

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

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

##### *Grants Receivable*

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

## 5. Capital Assets

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

	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>
<b><i>Governmental Activities:</i></b>				
Capital assets not being depreciated:				
Land	\$ 459,931	\$ -0-	\$ -0-	\$ 459,931
Construction in progress	<u>144,460</u>	<u>1,182,710</u>	<u>-0-</u>	<u>1,327,170</u>
Total capital assets not being depreciated	<u>604,391</u>	<u>1,182,710</u>	<u>-0-</u>	<u>1,787,101</u>
Capital assets being depreciated:				
Buildings & Improvements	128,908			128,908
Parks	6,076,593			6,076,593
Road Infrastructure	11,069,312			11,069,312
Vehicles	804,244	65,201		770,357
Furniture & Equipment	<u>705,156</u>	<u>216,260</u>	<u>181,457</u>	<u>839,047</u>
Total capital assets	<u>18,784,213</u>	<u>281,461</u>	<u>181,457</u>	<u>18,884,217</u>
Total accumulated depreciation	<u>3,964,846</u>	<u>568,920</u>	<u>125,221</u>	<u>4,408,545</u>
Governmental Activities Capital Assets, net	<u>\$15,423,758</u>	<u>\$ 895,251</u>	<u>\$ 56,236</u>	<u>\$ 16,262,773</u>
<b><i>Business-Type Activities:</i></b>				
Capital assets not being depreciated:				
Land and easements	\$ 154,114	\$	\$	\$ 154,114
Construction in progress	<u>887,045</u>	<u>205,534</u>	<u>-0-</u>	<u>1,092,579</u>
Total capital assets not being depreciated	<u>1,041,159</u>	<u>205,534</u>	<u>-0-</u>	<u>1,246,693</u>
Other capital assets being depreciated:				
Buildings	43,769			43,769
Water & sewer infrastructure	17,466,536	92,440		17,558,976
Vehicles	116,689	5,000	8,000	113,689
Equipment	<u>324,268</u>	<u>-0-</u>	<u>500</u>	<u>323,768</u>
Total capital assets	<u>18,992,421</u>	<u>302,974</u>	<u>8,500</u>	<u>19,286,895</u>
Less: accumulated depreciation	<u>4,747,887</u>	<u>529,712</u>	<u>8,500</u>	<u>5,269,099</u>
Business-type Activities Capital Assets, net	<u>\$14,244,534</u>	<u>\$ (226,738)</u>	<u>\$ -0-</u>	<u>\$14,017,796</u>

**5. Capital Assets - continued**

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

Administration	\$ 13,415
Fire and emergency services	92,945
Road infrastructure	208,484
Public works	4,568
Parks	186,096
Police department	<u>63,412</u>
Total	<u>\$ 568,920</u>

Depreciation expense recorded in business-type activities and the Enterprise Fund was \$529,712.

The gross amount of assets included in the equipment category above which were recorded under capital lease obligations is \$491,783. Accumulated amortization of these assets is \$341,539. Amortization expense is included in depreciation expense.

**6. Long-Term Obligations**

*Long-term Obligations Supporting Governmental Activities*

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

Interest expense for governmental activities was \$326,153 and is reported as a separate line item in the statement of activities.

*Business-type Activities - Revenue Bonds*

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

Interest expense for business-type activities and the Enterprise (water and sewer) Fund was \$409,838 for the year.

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

## 6. Long-Term Obligations - continued

Following is a summary of changes in bonds payable and capital lease obligations for the year:

	Balance 10/01/10	Issued	Retired	Balance 9/30/11	Due Within One Year
<b>Governmental Activities:</b>					
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2011, 3.0%-4.125%, 2012-2031	\$ -0-	\$ 1,400,000	\$	\$ 1,400,000	\$ 10,000
Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation Series 2004, 4.625%-5.00%, 2004-2029	6,092,875		207,658	5,885,217	217,099
Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation Series 2001, 5.25%-5.55%, 2003-2021	106,590			106,590	-0-
General Obligation Refunding Bonds Series 2007, 4.00%-4.25%, 2008-2021	796,138		49,932	746,206	67,963
Capital lease obligations	<u>262,421</u>		<u>106,352</u>	<u>156,069</u>	<u>111,212</u>
Total Governmental Activities	<u>\$ 7,258,024</u>	<u>\$ 1,400,000</u>	<u>\$ 363,942</u>	<u>\$ 8,294,082</u>	<u>\$ 406,274</u>
<b>Business-type Activities:</b>					
Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation Series 2001, 5.25%-5.55%, 2003-2021	233,410			233,410	-0-
Tax and Waterworks and Sewer System Revenue Refunding bonds Series 2001, 4.625%-5.25%, 2003-2015	120,000		70,000	50,000	15,000
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2003, 3.0%-4.50%, 2003-2023	4,375,000		265,000	4,110,000	275,000
Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation Series 2004, 4.625 %-5.00%, 2004-2029	362,126		12,342	349,784	12,901
General Obligation Refunding Bonds Series 2007, 4.00%-4.25%, 2008-2021	2,073,867		130,068	1,943,799	177,037
Tax & Waterworks and Sewer System Surplus Revenue Certificates of Obligation Series 2007, 2.60%-3.60%, 2009-2028	<u>1,835,000</u>	<u>-0-</u>	<u>175,000</u>	<u>1,660,000</u>	<u>180,000</u>
Total Business-type Activities	<u>\$ 8,999,403</u>	<u>\$ -0-</u>	<u>\$ 652,410</u>	<u>\$ 8,346,993</u>	<u>\$ 659,938</u>
Total Primary Government Long-term Debt	<u>\$16,257,427</u>	<u>\$ 1,400,000</u>	<u>\$ 1,016,352</u>	<u>\$16,641,075</u>	<u>\$1,066,212</u>

## 6. Long-Term Obligations - continued

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

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

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

### *Debt Service Requirements to Maturity*

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

Fiscal Year Ending September 30,	<i>Governmental Activities</i>					
	Bonds Payable		Capital Lease Obligations		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 295,062	\$ 375,600	\$ 111,212	\$ 6,887	\$ 406,274	\$ 382,487
2013	336,995	340,007	44,857	1,803	381,852	341,810
2014	350,595	324,213			350,595	324,213
2015	369,275	307,858			369,275	307,858
2016	387,397	290,571			387,397	290,571
2017-2021	2,307,120	1,187,412			2,307,120	1,187,412
2022-2026	2,260,064	716,019			2,260,064	716,019
2027-2031	1,831,505	188,481			1,831,505	188,481
Totals	<u>\$ 8,138,013</u>	<u>\$ 3,730,161</u>	<u>\$ 156,069</u>	<u>\$ 8,690</u>	<u>\$ 8,294,082</u>	<u>\$3,738,851</u>

Fiscal Year Ending September 30,	<i>Business-type Activities</i>					
	Bonds Payable		Capital Lease Obligations		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 659,938	\$ 330,299			\$ 659,938	\$ 330,299
2013	688,005	306,895			688,005	306,895
2014	709,405	281,935			709,405	281,935
2015	725,724	255,663			725,724	255,663
2016	767,603	228,363			767,603	228,363
2017-2021	3,777,887	681,045			3,777,887	681,045
2022-2026	939,936	89,771			939,936	89,771
2027-2031	78,495	7,287			78,495	7,287
Totals	<u>\$ 8,346,993</u>	<u>\$2,181,258</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 8,346,993</u>	<u>\$2,181,258</u>

**6. Long-Term Obligations - continued**

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

	Balance 10/01/10	Increase	Decrease	Balance 9/30/11	Due Within One Year
<i>Governmental Activities:</i>					
Compensated absences	\$ 94,393	\$ 2,452	\$ -0-	\$ 96,845	\$ 96,845

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

	Balance 10/01/10	Increase	Decrease	Balance 9/30/11	Due Within One Year
<i>Business-type Activities:</i>					
Obligation due to Celina ISD	\$ 1,001,625	\$	\$ 108,919	\$ 892,706	\$109,171

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 \$156,000 of gross billings for annual water use will be credited to this obligation over each of the next ten years.

**7. Defeased Debt**

During a prior year, the City issued refunding bonds of \$3,120,000 (par value) with interest rates ranging from 4.0% to 4.25% to advance refund term bonds with interest rates ranging from 4.7% to 5.9%, and a par value of \$2,955,000. The net proceeds from the issuance of the refunding bonds was used to purchase U. S. Government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide debt service payments as the term bonds mature. The advance refunding met the requirements for an in-substance debt defeasance and the term bonds were removed from the City’s government-wide financial statements. At September 30, 2011 \$2,227,000 of defeased bonds were outstanding.

**8. Retirement Plan**

*Plan Description*

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

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

**8. Retirement Plan - continued**

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

Employee deposit rate	7.0%
Matching ratio (city to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20
Updated service credit	0%
Annuity increase (to retirees)	0% of CPI

**Contributions**

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

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

Three Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Contributions Made</u>	<u>Net Pension Obligation</u>
09/30/09	\$ 114,291	\$114,291	-0-
09/30/10	\$ 110,371	\$110,371	-0-
09/30/11	\$ 127,984	\$127,984	-0-

The required contribution rates for fiscal year 2011 were determined as part of the December 31, 2008 and 2009 actuarial valuations. Additional information for the three most recent actuarial valuations, as of December 31 are as follows:

## 8. Retirement Plan - continued

### Annual Pension Cost

Valuation Date	<u>12/31/2008</u>	<u>12/31/2009</u>	<u>12/31/2010</u>
Actuarial Cost Method - Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level percent of payroll	Level percent of payroll	Level percent of payroll
GASB 25 Equivalent Single Amortization Period	24 years closed period	28 years closed period	30 years closed period
Amortization period for New Gains/Losses	25 years	25 years	25 years
Asset Valuation Method	Amortized cost	10-year smoothed Market	10- year smoothed Market
Actuarial assumptions:			
Investment rate of return*	7.5%	7.5%	7.5%
Projected salary increases*	Varies by age and service	Varies by age and service	Varies by age and service
*Includes inflation at	3.0%	3.0%	3.0%
Cost-of-Living adjustments	0.0%	0.0%	0.0%

*Funding Status and Funding Progress* – In June, 2011, SB 350 was enacted by the Texas Legislature, resulting in a restructure of the TMRS funds. This legislation provided for the actuarial valuation to be completed, as if restructuring had occurred on December 31, 2010. In addition, the actuarial assumptions were updated for the new fund structure, based on an actuarial experience study that was adopted by the TMRS Board at their May, 2011 meeting (the review compared actual to expected experience for the four year period of January 1, 2006 through December 31, 2009). For a complete description of the effects on TMRS city rates and funding ratios, please see the December 31, 2010 TMRS Comprehensive Annual Financial Report (CAFR).

The funding status as of December 31, 2010, under the two separate actuarial valuations, and the schedule of funding progress for each of the last three years follows:

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded (Over-funded) Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/08	\$1,418	\$1,385	(33)	102%	\$1,821	(1.8)%
12/31/09	\$1,658	\$1,709	51	97%	\$2,147	2.4%
12/31/10*	\$1,973	\$1,995	22	98%	\$2,313	0.9%
12/31/10**	\$2,056	\$2,065	9	99%	\$2,313	0.4%

\* Actuarial valuation performed under the original fund structure

\*\* Actuarial valuation performed under the new fund structure

**8. Retirement Plan - continued**

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to constant revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial valuations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility to actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented above provides multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

**9. Litigation**

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

**10. Contingencies**

The City participates in various state and federal grant programs and contracts which are subject to financial and compliance audits by the grantors or their representatives. Audits of these programs for the year ended September 30, 2011 have not been conducted. Accordingly, the City's compliance with applicable grant and contract requirements will be established at some future date. The City expects that costs disallowed by these various awarding agencies, if any, would be minimal.

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

*Receivables and Payables*

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

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

	<u>Receivable</u>	<u>Payable</u>
Debt Service Fund	\$	\$ 20,278
Enterprise Fund	20,278	400,000
General Fund	427,530	
Component units		27,530

*Transfers and Payments*

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

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

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 75,000	\$
Enterprise Fund		75,000

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

**12. Service Area Acquisition**

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

**13. Operating Lease**

The City has entered into a ten year operating lease agreement for administration offices and a senior center. Terms of the lease agreement call for monthly payments of \$10,154 beginning on October 1, 2008 and continuing through September 30, 2013. Beginning October 1, 2013 and continuing through September 30, 2018 the monthly rental payments are \$11,541. Following is a summary of the annual minimum lease requirements under this agreement:

<u>Year ending 9/30</u>	<u>Annual lease requirement</u>
2012	\$ 138,389
2013	132,337
2014	146,964
2015	139,198
2016	138,492
2017	138,492
2018	<u>138,492</u>
Total required	<u>\$ 972,364</u>

Building rental expense for the year ending September 30, 2011 was \$133,886.

**14. Economic Dependence**

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

**15. Subsequent Events**

Management has considered the need to disclose subsequent events as of February 9, 2012 which is the date the financial statements were available for review. No events have occurred through that date that would require additional disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF CELINA, TEXAS**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Year Ended September 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>				
Ad valorem taxes	\$ 2,674,144	\$ 2,687,324	\$ 2,692,510	\$ 5,186
Franchise taxes	221,500	282,007	355,576	73,569
Sales tax	260,000	278,537	290,835	12,298
Permits and inspection fees	134,500	227,337	257,605	30,268
Development fees	30,000	15,981	16,286	305
Fire department and EMS revenues	195,000	240,318	262,435	22,117
Fines	92,200	93,945	95,016	1,071
Other income	54,100	81,271	82,758	1,487
Collin County road contribution			236,623	236,623
Donations	116,000	146,459	155,935	9,476
Park fees	13,000	16,463	13,775	(2,688)
Interest	17,000	10,006	18,907	8,901
Federal and state grants	63,240	219,418	294,205	74,787
<b>Total Revenues</b>	<b><u>3,870,684</u></b>	<b><u>4,299,066</u></b>	<b><u>4,772,466</u></b>	<b><u>473,400</u></b>
<b>EXPENDITURES:</b>				
Administration	846,370	985,923	979,059	6,864
Judicial	75,177	73,463	70,205	3,258
Fire and emergency services	957,746	1,287,195	1,140,328	146,867
Development services	329,866	348,095	363,133	(15,038)
Public works	422,753	390,815	568,890	(178,075)
Police department	883,613	879,385	913,898	(34,513)
Parks and recreation	232,740	225,929	176,313	49,616
Library	137,599	137,049	126,482	10,567
Main street project	57,369	57,134	57,880	(746)
Capital outlay			1,464,171	(1,464,171)
<b>Total Expenditures</b>	<b><u>3,943,233</u></b>	<b><u>4,384,988</u></b>	<b><u>5,860,359</u></b>	<b><u>(1,475,371)</u></b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b><u>(72,549)</u></b>	<b><u>(85,922)</u></b>	<b><u>(1,087,893)</u></b>	<b><u>(1,001,971)</u></b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of assets		53,294	48,381	(4,913)
Proceeds from issuance of bonds			1,400,000	1,400,000
Bond issuance costs			(33,292)	(33,292)
Operating transfers in (out)	75,000	75,000	75,000	-
<b>Total Other Financing Sources (Uses)</b>	<b><u>75,000</u></b>	<b><u>128,294</u></b>	<b><u>1,490,089</u></b>	<b><u>1,361,795</u></b>
<b>Net change in fund balance</b>	<b><u>2,451</u></b>	<b><u>42,372</u></b>	<b><u>402,196</u></b>	<b><u>359,824</u></b>
<b>Fund balance, October 1</b>	<b><u>864,793</u></b>	<b><u>864,793</u></b>	<b><u>864,793</u></b>	<b><u>-</u></b>
<b>Fund balance, September 30</b>	<b><u>\$ 867,244</u></b>	<b><u>\$ 907,165</u></b>	<b><u>\$ 1,266,989</u></b>	<b><u>\$ 359,824</u></b>

**SCHEDULE NOTES:**

General Fund Expenditures exceeded budgeted amounts for the year.

The City does not budget for capital expenditures funded through the issuance of debt.

**CITY OF CELINA, TEXAS**  
**Budgetary Comparison Schedule**  
**Debt Service Fund**  
**Year Ended September 30, 2011**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES:</b>				
Ad valorem taxes	\$ 282,955	\$ 282,955	\$ 282,632	\$ (323)
Component units contributions	165,000	165,000	165,000	-
Interest	-	-	2,799	2,799
<b>Total Revenues</b>	<b>447,955</b>	<b>447,955</b>	<b>450,431</b>	<b>2,476</b>
<b>EXPENDITURES:</b>				
Debt service:				
Principal	251,798	251,798	257,590	(5,792)
Interest and fiscal charges	331,881	331,881	312,974	18,907
<b>Total Expenditures</b>	<b>583,679</b>	<b>583,679</b>	<b>570,564</b>	<b>13,115</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(135,724)</b>	<b>(135,724)</b>	<b>(120,133)</b>	<b>15,591</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
None				-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>(135,724)</b>	<b>(135,724)</b>	<b>(120,133)</b>	<b>15,591</b>
<b>Fund balance, October 1</b>	<b>593,598</b>	<b>593,598</b>	<b>593,598</b>	<b>-</b>
<b>Fund balance, September 30</b>	<b>\$ 457,874</b>	<b>\$ 457,874</b>	<b>\$ 473,465</b>	<b>\$ 15,591</b>

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

## **SUPPLEMENTARY SCHEDULES**

**CITY OF CELINA, TEXAS**  
**SCHEDULE OF DELINQUENT TAXES RECEIVABLE**  
**YEAR ENDED SEPTEMBER 30, 2011 (Unaudited)**

<b>Tax Roll Year</b>	<b>Fiscal Year Ended September 30</b>	<b>Outstanding Balance</b>
2010	2011	\$ 36,909
2009	2010	6,886
2008	2009	4,984
2007	2008	2,828
2006	2007	3,181
2005	2006	2,844
2004	2005	1,180
2003	2004	731
2002	2003	989
2001	2002	360
2000	2001	439
1999	2000	377
1998	1999	297
	1997 and prior	<u>1,755</u>
	Allowance for uncollectible tax	<u>\$ (6,376)</u>
	<b>Delinquent tax receivable, net</b>	<b><u><u>\$ 57,384</u></u></b>

**CITY OF CELINA, TEXAS**  
**HISTORICAL SCHEDULE OF ASSESSED PROPERTY VALUATION**  
**YEAR ENDED SEPTEMBER 30, 2011 (Unaudited)**

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

**CITY OF CELINA, TEXAS  
HISTORICAL SCHEDULE OF PROPERTY TAX RATES  
YEAR ENDED SEPTEMBER 30, 2011 (Unaudited)**

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

**CITY OF CELINA, TEXAS**  
**Additional Information (Unaudited)**  
**September 30, 2011**

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

<u>City Manager</u>	<u>City Secretary</u>	<u>Water Operator</u>
Mike Foreman	Vicki Faulkner	Felix Matos

- Class Certificate: C
- Date of Last Chemical Analysis of Water: August 2, 2011
- Number of Residential/Commercial Water Users with one inch meters: Approximately 330
- Number of Residential/Commercial Water Users with 3/4 inch meters: Approximately 2,068
- Number of Commercial Water Users with larger than one inch meters: Approximately 54
- Number of Residential/Commercial Sewer Users with 4 inch meters: Approximately 10
- Number of Commercial Sewers with larger than one inch meters: Approximately 24

**CITY OF CELINA, TEXAS**  
**Additional Information (Unaudited)**  
**September 30, 2011**

RESIDENTIAL/COMMERCIAL

<u>Water Rates</u>		Effective
<u>Residential</u>	<u>April, 2010</u>	<u>July 10, 2011</u>
0 - 2,000 gallons (Minimum):		
5/8 and 3/4 inch meter	\$ 20.00	\$ 21.60
1 inch meter	\$ 35.00	\$ 37.80
1 ½ -inch meter	\$ 70.00	\$ 75.60
2-inch meter	\$ 112.00	\$ 120.96
2,001 to 10,000 gallons	\$ 4.46 per 1,000 gal	\$ 4.82 per 1,000 gal
10,001 to 20,000 gallons	\$ 6.69 per 1,000 gal	\$ 7.23 per 1,000 gal
20,001 to 30,000 gal	\$ 7.81 per 1,000 gal	\$ 8.43 per 1,000 gal
30,001 and above gallons	\$ 11.15 per 1,000 gal	\$ 12.04 per 1,000 gal
 <u>Commercial</u>		
0 - 2,000 gallons (Minimum):		
5/8 and 3/4 inch meter	\$ 25.00	\$ 27.00
1 inch meter	\$ 43.75	\$ 47.25
1 ½ inch meter	\$ 140.00	\$ 94.50
2 inch meter	\$ 140.00	\$ 151.20
3 inch meter	\$ 210.00	\$ 226.80
4 inch meter	\$ 350.00	\$ 378.00
2,001 to 10,000 gallons	\$ 4.46 per 1,000 gal	\$ 4.82 per 1,000 gal
10,001 to 20,000 gallons	\$ 6.69 per 1,000 gal	\$ 7.23 per 1,000 gal
20,001 to 30,000 gal	\$ 7.81 per 1,000 gal	\$ 8.43 per 1,000 gal
30,001 and above gallons	\$ 11.15 per 1,000 gal	\$ 12.04 per 1,000 gal
 <u>Sewer Rates</u>		
<u>Residential</u>		
0-2,000 gal (Minimum):		
5/8 and 3/4 inch meter	\$ 20.00	\$ 20.00
1or 2 inch meter	\$ 37.50	\$ 37.50
2,001 to 14,000 gal	\$ 5.57 per 1,000 gal	\$ 5.57 per 1,000 gal
Usage fees cap at 14,000 gal	\$ 86.84 Max	\$ 86.84 Max
 <u>Commercial</u>		
0-2,000 gal (Minimum):		
5/8 and 3/4 inch meter	\$ 25.00	\$ 25.00
1inch meter	\$ 46.88	\$ 46.88
2 inch meter	\$ 180.00	\$ 180.00
4 inch meter	\$ 375.00	\$ 375.00
2,001 and above gal	\$ 5.57 per 1,000 gal	\$ 5.57 per 1,000 gal