



Comprehensive Annual Financial Report For Fiscal Year Ended September 30, 2014



Allen, Texas

Public Art Collection Featured on Cover

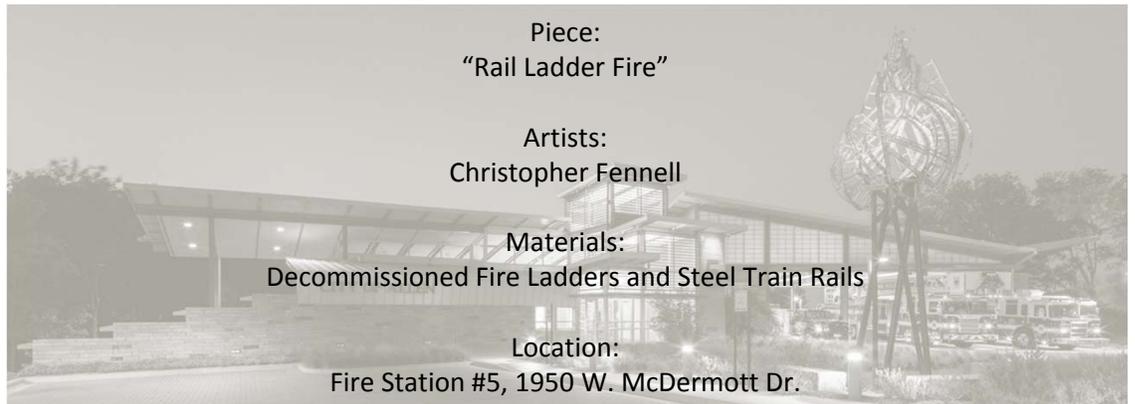


Piece:
"Oceana"

Artist:
Roger White Stoller

Materials:
Bronze, Shanxi Black
Granite

Location:
Allen Public Library

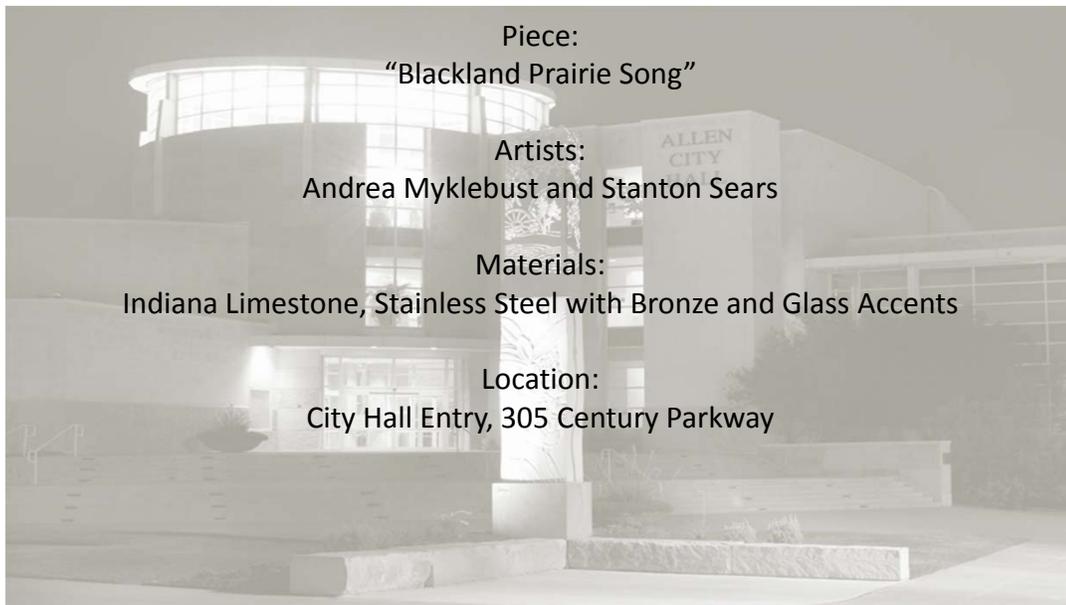


Piece:
"Rail Ladder Fire"

Artists:
Christopher Fennell

Materials:
Decommissioned Fire Ladders and Steel Train Rails

Location:
Fire Station #5, 1950 W. McDermott Dr.



Piece:
"Blackland Prairie Song"

Artists:
Andrea Myklebust and Stanton Sears

Materials:
Indiana Limestone, Stainless Steel with Bronze and Glass Accents

Location:
City Hall Entry, 305 Century Parkway



Piece:
"A is For Allen"

Artist:
Gordon Huether

Materials:
Native stone, Stainless
Steel, Powder Coated
Steel, and Glass

Location:
Exchange Parkway



Piece:
"Out of the Park(Boy)"

Artist:
Walt Horton

Materials:
Bronze

Location:
Allen Station Park
Baseball Complex

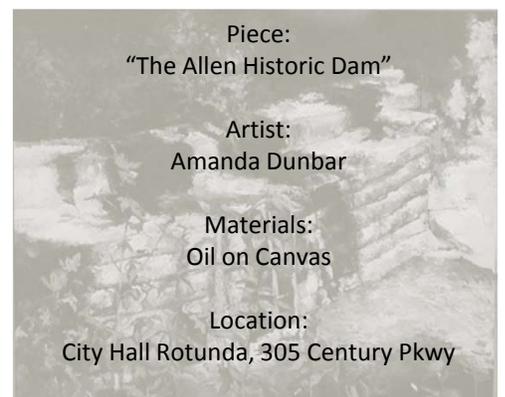


Piece:
"Stratum"

Artist:
Brad Goldberg

Materials:
Limestone, Water, Concrete, Plantings

Location:
Allen City Hall



Piece:
"The Allen Historic Dam"

Artist:
Amanda Dunbar

Materials:
Oil on Canvas

Location:
City Hall Rotunda, 305 Century Pkwy

For more on Allen, Texas visit:

cityofallen.org

allentx.com

vistallentexas.com

For more information on the City of
Allen's public art projects visit:

<http://www.cityofallen.org/index.aspx?NID=1449>

CITY OF ALLEN, TEXAS

COMPREHENSIVE ANNUAL
FINANCIAL REPORT



**FISCAL YEAR ENDED
SEPTEMBER 30, 2014**

**AS PREPARED BY THE
FINANCE DEPARTMENT**

**CITY OF ALLEN, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014
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CITY OF ALLEN

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March 10, 2015

Honorable Mayor and City Council, City Manager,
Citizens of Allen:

The Finance Department is pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Allen, Texas (the City), for the fiscal year ended September 30, 2014.

This report is published to provide the City Council, our citizens, City staff, and other readers with detailed information concerning the financial position and activities of the City. Management has prepared the report and is responsible for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge and belief, the enclosed data is complete and reliable in all material respects. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Also included in this report is an unmodified ("clean") opinion on the City of Allen's financial statements for the year ended September 30, 2014 issued by Weaver and Tidwell, L.L.P. The independent auditors' report is located in the beginning of the financial section of the CAFR.

REPORTING ENTITY

This report includes all funds of the City including its component units. Component units are legally separate entities for which the City is financially accountable but are not part of the City's operations. The Allen Economic Development Corporation (AEDC) and Allen Community Development Corporation (ACDC) are included in the financial statements as discretely presented component units.

CITY PROFILE

The City of Allen is the fourth largest city in population in Collin County, one of the fastest growing counties in the nation. Located 25 miles north of downtown Dallas on US 75, Allen encompasses approximately 27 square miles. The George Bush Tollway and Sam Rayburn Tollway (Hwy 121) provide direct access into the Metroplex and access to Love Field (27 miles) and Dallas Ft Worth International Airport (31 miles). With a population of 3.75 million in a 30-mile radius, Allen sits in a prime location for restaurants, shopping centers and other retail venues. The quality of the Allen community attracts well-educated residents with a high level of spending power and disposable income. Current population of 91,157 at September 30, 2014 is estimated to grow to 115,000 at build out.

Incorporated in 1953, Allen is a home rule charter city. The Charter can be amended only by a vote of the people and provides for seven non-partisan Council members, including the Mayor, to be elected at-large to staggered terms of three years. The Council is responsible for enacting ordinances, resolutions, and regulations governing the City as well as adopting the annual budget which serves as the foundation for financial planning and control. The City Council appoints the City Manager, who has full responsibility for carrying out Council policies and administering City operations. The Council also appoints the Municipal Judge and various advisory boards.

City service departments provide a full range of services including police and fire protection emergency ambulance service, municipal courts, building code enforcement, library, parks and recreation, tourism, water and sewer services, sanitation/solid waste services, traffic engineering, and construction and maintenance of streets and infrastructure. The City employs 754.56 full time equivalent positions.

ECONOMIC CONDITIONS AND OUTLOOK

Regional Economy

In February 2013 Forbes magazine reported, from data gathered from Moody's Analytics, that Texas dominates the best cities for good jobs. In fact, it reported that five metropolitan areas in Texas were in the nation's top ten with Dallas taking the top spot. The City of Allen unemployment rate in 2014 was 4.73% and the Collin County unemployment rate was 5.17%, both of which were below the national rate of 7.0%. The Dallas-Fort Worth area has an incredibly diversified economy, excels in a low unemployment rate, a growing labor force, low cost of living, affordable real estate costs and a superior business climate. The lower cost of living creates huge savings to corporations and their employees when relocating to Texas.

Allen's Position in the Region

Along with an ideal location just 12 miles north of Dallas on US 75, Allen's appealing demographics have spurred along record-breaking growth. The population of 91,157 is expanding with an estimated 2.5% growth rate. Allen has benefited from a well-educated and affluent workforce with an average median family income of \$113,107 as reported by the U.S. Census Bureau, American Community Survey. With a median age of 35.1, over 51.6% of adults have a Bachelors degree or higher and the median earnings for a resident with a bachelor's degree is \$66,702. Allen is a community that offers exceptional housing, award-winning schools and a dynamic business climate all of which are strong factors in the success of the City's economy. The quality of the Allen community attracts residents with a high level of spending power and disposable income. This makes Allen a prime location for restaurants, shopping centers and other retail venues.

Allen's progress continues to be recognized as the City was named one of the Top 10 Best Towns for Families in Family Circle, July 2013 and was named 21st Safest City in Texas by SafeWise.com, October 2013.

Long Range Financial Planning

The City's responsiveness to emerging economic challenges and its long-term planning have been key factors in its fiscal health. The City has a five-year financial plan and a seven year capital improvement plan where departments reevaluate project priorities, review funding sources, and identify new projects as needed. Using this plan allows the City to plan the timing of projects associated with debt issuance and the effects on the tax rate. Standard and Poor's credit rating report stated "the city's Financial Management Assessment (FMA) to be 'strong', indicating practices are strong, well embedded and likely sustainable."

The City continues to maintain the highest 'AAA' rating from Standard and Poor's and Aa1 from Moody's on its general obligation, certificate of obligation bonds. The Water and Sewer Revenue Bonds are rated 'AAA' from Standard and Poor's and Aa2 from Moody's. S&P's May 2014 rating report supporting the 'AAA' rating stated the following credit factors:

- Strong local economy
- High effective buying income, strong market values
- Budgetary flexibility and strong year end reserves and liquidity
- History of strong financial management practices that are sustainable
- Faster than average debt amortization and moderate overlapping debt, while the debt liabilities profile is adequate

During FY2014, the City issued \$10,595,000 in new General Obligation debt for streets, parks, building renovations, public art, and public safety projects authorized in the 2007 Bond Program. Due to conservative budgeting and effective management, the City continues to cash finance capital projects thus saving debt issuance and interest costs. In FY2014, the General Fund contributed \$3,138,644 for future capital projects, Water and Sewer Fund-\$1,870,000 for water/sewer replacements and pump and lift station improvements, the EDC contributed \$1,000,000 towards Water & Sewer infrastructure projects, and Solid Waste Fund-\$264,315 for alley repairs.

Fiscal Year 2014 Highlights

During FY 2014, the City accomplished many initiatives to enhance livability, improve personal experience, invest in the future, and celebrate the successes. From quality neighborhoods to park development, community safety, and environmental initiatives, it's no surprise that people move here because they want Allen's quality of life.

As the city's population continued to grow, the need for new housing continued as well with the Community Development Department issuing almost four hundred and sixty building permits. The City welcomed a variety of new businesses –*Pollo Tropical, La Madeline, Einstein Bagel, Allen Place Office Complex, Krispy Kreme, and Bone Fish Grill* and facilitated several new residential developments—*Cypress Meadows, Twin Creeks Crossing Ph 1 multi-family, Texas Star Assisted Living/Memory Care Facility, Angel Field West, Building V of Watters Creek, and Cottonwood Crossing*. The City also administered Community Development Block Grant funds which went toward the rehabilitation of nine homes within Allen's older neighborhoods.

As one of the safest communities in the state and nation, the Police Department developed specialized school security procedures and measures to enhance school safety for the community's children. They also worked with the North Central Texas Council of Governments to develop and deploy "Texting 9-1-1" to Verizon Wireless customers in most areas of Collin County.

The Fire Department also improved their service to the community by working with the Insurance Service Office to maintain our Public Protection Classification (PPC). The PPC for Allen is a Class 2 which places Allen in the top 5% of the ratings. The Fire Department expanded MediSim which is an EMS simulation training program utilizing a high tech patient mannequin. Other service initiatives included the activation of additional features, such as the enhanced use of "address points", in the Computer Aided Dispatching system to further reduce dispatching time. Finally, the department increased inter-operability with neighboring fire departments through joint training and resource sharing.

The City's environmental conservation and green initiatives span the entire city through continuation of the CitySmart Program that is aimed at improving energy efficiency of City buildings, enhancing recycling efforts at City facilities, opening a new Chemical Reuse Center, providing special events and public education for state mandated programs related to protecting and conserving natural resources, and developed a 2014 – 2019 Water Conservation and Drought Plan.

With grant funding, the Library added e-books compatible with e-readers, tablets, and smart phones. Downloadable audiobooks were also added at the Library in May 2014. The first Winter Reading Club was successfully held in January 2014 and various adult and children's program series were held throughout the year. Access to videos of Library programs on ACTV and YouTube were increased.

The renovated Course at Watters Creek had a successful full year of operations during FY2014. The \$9.20 million dollar renovation of the City's municipal golf course was made possible by funds from the Community Development Corporation (CDC). The course includes a lighted driving range, eighteen hole Traditions course, a nine hole Player's Course and a six hole Future's course to accommodate players of all skill levels. In 2014, the CDC provided funding for other projects such as the historic Old Stone Dam repairs and upgrade, locker room repairs and new sound system at Joe Farmer Recreation Center, reconstruction of athletic fields and new turf at Allen Station Park, design of the Hillside Park play area, various reconstruction and equipment at recreational facilities, renovations to buildings at the historic Heritage Village, share the road bicycle signage, trail development, and spray ground repairs at Celebration Park.

The Allen Economic Development Corporation worked to bring a variety of companies and related development to Allen-KONE Elevators to relocate into the AllenPlace Office Complex, \$26 million project, 102,000 s.f.office building, 120,000 s.f. light industrial facility, 25,000 s.f. test tower, 135 jobs; CVE Technology Group, 196,000 s.f lease, 1,000 to 1,300 jobs; MonkeySports headquarters relocation to Allen from California, 263,000 s.f., \$40 million investment, 200 jobs; Nine Band Brewing, 8,000 s.f. brewery, \$2 million facility; Corporate Center II speculative 18,000 s.f. building, \$3 million investment for small to mid-sized office tenants, and assisted Atlas Copco in expanding and leasing 115,000 s.f. of additional space for their drilling equipment distribution center. These projects not only positively affected the city's economy, but also increased the number of jobs in Allen.

One of the city's major draws, Allen Event Center, is home to a wide range of entertaining shows and events-Disney on Ice, Disney Live, The Brian Setzer Orchestra, SNL comedic talent of Carvey, Miller and Nealon, Doobie Brothers, and 3 Indian Concerts. The event center is also the home to professional sports; the Allen American Hockey team, the Dallas Sidekicks Soccer team, and the Texas Revolution Indoor Football team. The Allen Americans capped another successful season by winning the Presidents Cup.

Allen Convention and Visitors Bureau, or CVB, funded by the Hotel Tax Fund, markets Allen as a destination for meeting and sporting event planners. This helps generate economic activity from the visitors to Allen. Events such as the Miss Texas Pageant, the Lone Star Conference Basketball Championships, and the National Collegiate Wrestling Association Championship resulted in over 15,000 visitors that booked over 4,000 hotel room nights, and generated more than \$4 million in economic activity. The CVB also stimulates regional tourism by promoting the city for shopping, dining and entertainment.

With all this happening within Allen's borders, it's clear that the city is working hard to provide every resident and visitor with great experiences, services and safety.

Relevant Financial Policies

A resolution amending the Debt Management and Fund Balance Reserve Policy to reflect new accounting requirements (GASB 54) was approved by Council in September 2011. The Investment Policy is also approved annually by the Council. All other policies (accounting, budgeting, procurement, capital improvements, asset management, and risk management) are internal policies approved by the Finance department and City Manager. These policies follow guidelines established by management, professional organizations and/or state and federal laws. On a quarterly basis the Finance Department prepares financial and investment reports which are presented to the City Council.

AWARDS AND ACKNOWLEDGEMENTS

Awards -- The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Allen for its CAFR for the fiscal year ended September 30, 2013. This was the sixteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements – We would like to express our sincere gratitude to City personnel who contributed to this report, especially Dana Thornhill, Controller and Tru Nguyen, Senior Accountant II. Appreciation is expressed to representatives of Weaver for their invaluable assistance in producing the final document and to the City Manager's office and the members of the City Council whose leadership and commitment are vital to the health and vitality of Allen.

Respectfully submitted,

Kevin Hammeke
Chief Financial Officer

Joanne Stoehr
Assistant Chief Financial Officer



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Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

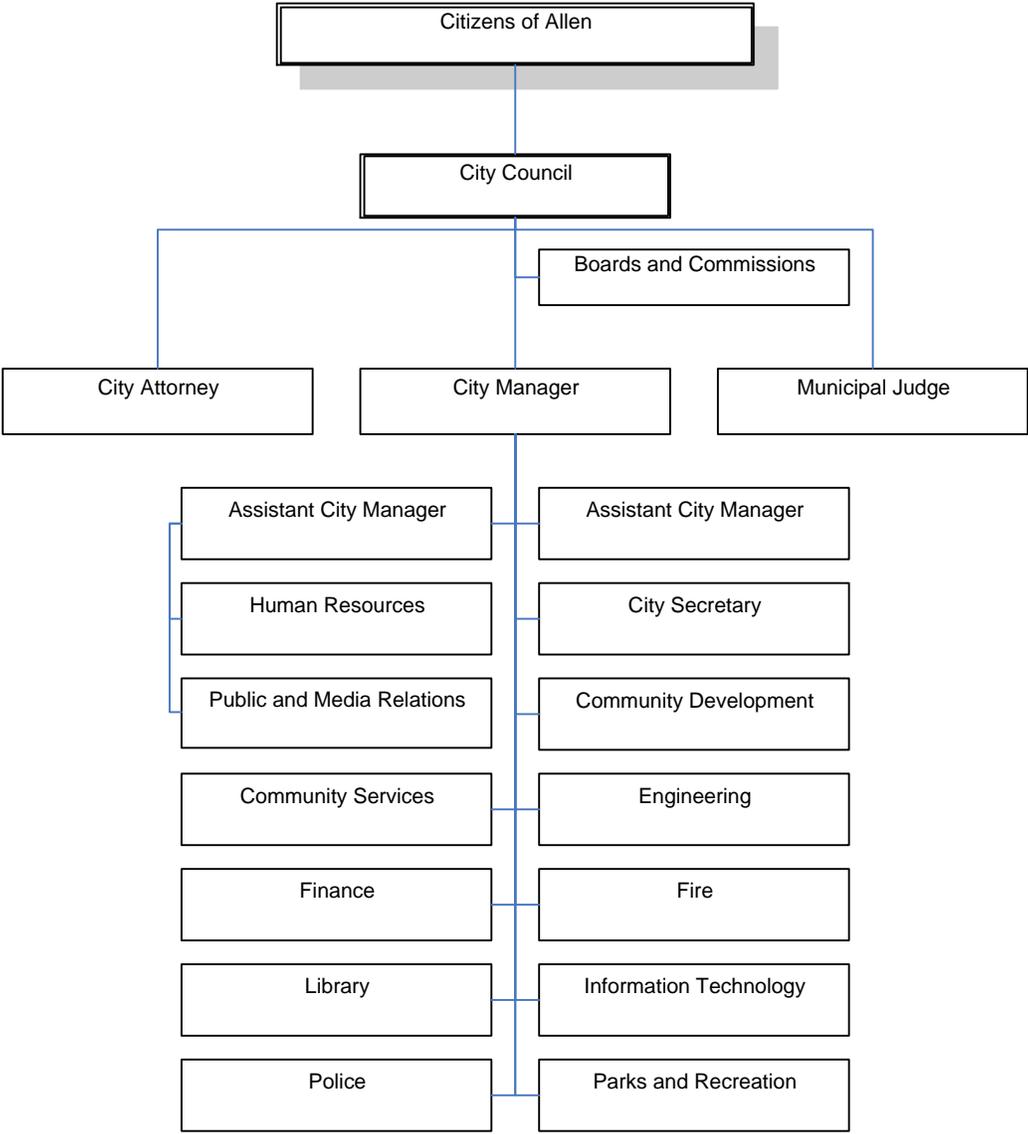
**City of Allen
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

Executive Director/CEO

CITY OF ALLEN
ORGANIZATIONAL CHART



CITY OF ALLEN, TEXAS

CITY OFFICIALS



Council Members

Mayor

Mayor Pro Tem, Place 5

Place 1 Council Member

Place 2 Council Member

Place 3 Council Member

Place 4 Council Member

Place 6 Council Member

Stephen Terrell

Gary L. Caplinger

Kurt Kizer

Ross Obermeyer

Joey Herald

Robin L. Sedlacek

Baine Brooks

Management Staff

City Manager

Chief Financial Officer

Assistant Chief Financial Officer

Controller

Peter H. Vargas

Kevin Hammeke

Joanne Stoehr

Dana Thornhill



CITY OF ALLEN

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of
the City Council
City of Allen, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Allen (the City), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Allen, Texas, as of September 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 13 to the financial statements, the City adopted the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, as of September 30, 2014. Our opinion was not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of TMRS funding progress and contributions, schedule of OPEB funding progress and contributions and budgetary comparison information on pages 4 through 16 and 68 through 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual major and nonmajor fund financial statements, the discretely presented component units financial statements and schedules, schedules of capital assets used in the operation of governmental funds, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual major and nonmajor fund financial statements, discretely presented component units financial statements and schedules, and schedules of capital assets used in the operation of governmental funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
March 2, 2015



CITY OF ALLEN

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MANAGEMENT'S DISCUSSION AND ANALYSIS

**CITY OF ALLEN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2014
(UNAUDITED)**

As management of the City of Allen, Texas, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2014.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities (net position) at September 30, 2014 by \$604,518,585. Of this amount, \$61,643,641 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position decreased by \$3,145,145. The decrease is primarily a result of an increase in gross bonded debt for governmental activities.
- The City's governmental funds reported combined ending fund balances of \$61,301,553 at September 30, 2014, an increase of \$10,636,864 from the prior fiscal year. This increase is due to revenue as a result of the sale of general obligation bonds, actual revenues received being higher than anticipated, and prudent, conservative management of City staff that allowed the City to transfer \$3,138,644 to the General Capital Projects Fund for future capital projects, \$95,000 to the Golf Course, and \$400,000 to the Replacement Fund.
- At the end of the fiscal year, the unassigned fund balance for the General Fund was \$17,647,235 or 23% of total General Fund expenditures.
- On a government-wide basis, the City's total liabilities increased by \$4,017,896, primarily as a result of the City issuing \$10,595,000 in general obligation bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements - The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to that of a private-sector business.

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. To assess the overall health of the City, other non-financial factors should also be taken into consideration, such as changes in the City's property tax base and the condition of the City's infrastructure.

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused compensated absences). Both the Statement of Net Position and the Statement of Activities are prepared utilizing the accrual basis of accounting as opposed to the modified accrual basis used in prior reporting models.

**CITY OF ALLEN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2014
(UNAUDITED)**

In the government-wide financial statements, pages 17 through 19, the City is divided into three kinds of activities:

- **Governmental activities** - Most of the City's basic services are reported here, including the police, fire, library, community development, parks and recreation, municipal court, and general administration. Property and sales taxes, charges for services, franchise fees, and state and federal grants finance most of these activities.
- **Business-type activities** - The City's water, sewer, solid waste, drainage, and golf course operations are reported here. These are functions intended to recover all or a significant portion of their costs through user fees and charges.
- **Component units** - The City includes two separate legal entities in this report: the Allen Economic Development Corporation (AEDC) and the Allen Community Development Corporation (ACDC). Although legally separate, these component units are important because the City is financially accountable for them.

Fund financial statements - A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental and proprietary.

Governmental Funds - These funds are used to account for the majority of the City's activities, which are essentially the same functions as governmental activities in the government-wide statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as resources available for future spending at fiscal year end. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. When compared with similar information in the broader government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. Reconciliation is provided that details the relationships or differences between governmental activities and governmental funds; reconciliation follows the fund financial statements.

The City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, Debt Service Fund, General Capital Projects Fund and General Obligation Bond Fund, all of which are considered to be major funds. Data for the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental fund financial statements can be found on pages 20 through 25 of this report.

Proprietary Funds - The City maintains two different types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operations, solid waste collection, disposal services, drainage operations, and golf course operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses its internal service funds to account for vehicle, machinery, and equipment replacements and costs associated with workers compensation, liability and property insurance, and employee medical and dental insurance programs. These services have been included within governmental activities in the government-wide financial statements as they predominantly benefit governmental rather than business-type functions.

**CITY OF ALLEN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
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(UNAUDITED)**

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer operations, solid waste collection, and disposal services since they are considered to be major funds of the City. The Drainage Fund and the Golf Course Fund are the only remaining enterprise funds, so they are being presented as major funds even though they do not meet the criteria of a major fund established in Governmental Accounting Standards Board Statement No. 34. All internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 26 through 30 of this report.

Notes to the Financial Statements - Additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements is provided in the notes to the financial statements found on pages 33 through 67 of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information highlighting budgetary information for the General Fund and funding schedules for TMRS and OPEB found on pages 68 through 70 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented following the required supplementary information. Comparative schedules of capital assets used in the operation of governmental funds are found on pages 110 through 113.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, over time net position may serve as a useful indicator of the financial position of a government. The assets of the City of Allen exceed the liabilities by \$604,518,585 as of September 30, 2014. By far the largest portion of the City's net position (\$516,781,880 or 85%) reflects its net investment in capital assets (i.e. land, buildings, infrastructure, vehicles, machinery, and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City report net investment in its capital assets, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Table 1
Statement of Net Position**

| | Governmental Activities | | Business-type Activities | | Total | |
|----------------------------------|-------------------------|---------------|--------------------------|---------------|---------------|---------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Current and other assets | \$ 84,082,988 | \$ 70,398,208 | \$ 38,489,842 | \$ 39,363,016 | \$122,572,830 | \$109,761,224 |
| Capital assets | 502,347,524 | 514,374,899 | 109,697,936 | 109,370,527 | 612,045,460 | 623,745,426 |
| Total Assets | 586,430,512 | 584,773,107 | 148,187,778 | 148,733,543 | 734,618,290 | 733,506,650 |
| Deferred inflows of resources | 1,700,087 | 2,061,872 | 321,461 | 198,565 | 2,021,548 | 2,260,437 |
| Long-term liabilities | 109,621,996 | 106,954,709 | 9,282,613 | 10,534,710 | 118,904,609 | 117,489,419 |
| Other liabilities | 8,914,756 | 7,171,738 | 4,301,888 | 3,442,200 | 13,216,644 | 10,613,938 |
| Total Liabilities | 118,536,752 | 114,126,447 | 13,584,501 | 13,976,910 | 132,121,253 | 128,103,357 |
| Net Position: | | | | | | |
| Net investment in capital assets | 415,790,437 | 421,936,296 | 100,991,443 | 99,544,466 | 516,781,880 | 521,480,762 |
| Restricted | 26,066,205 | 26,511,231 | 26,859 | 364,510 | 26,093,064 | 26,875,741 |
| Unrestricted | 27,737,205 | 24,261,005 | 33,906,436 | 35,046,222 | 61,643,641 | 59,307,227 |
| Total Net Position | \$469,593,847 | \$472,708,532 | \$134,924,738 | \$134,955,198 | \$604,518,585 | \$607,663,730 |

**CITY OF ALLEN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2014
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An additional portion of the City's net position, \$26,093,064, represents resources that are subject to external restrictions on how they may be used; the remaining balance of \$61,643,641 may be used to meet the government's ongoing obligations to citizens and creditors.

Analysis of the City's Operations - As of September 30, 2014, the City had an overall decrease in net position of \$3,145,145 for the government as a whole which represents a decrease of \$3,114,685 for governmental activities and a decrease of \$30,460 for business-type activities. The decrease in governmental activities is due to operating expenses in the General Fund increasing and a decline in revenue related to capital grants and contributions. The decrease in business-type activities is primarily a result of a decrease in water sales due to water restrictions that were in place and conservation efforts of citizens. A summary of the City's operations for the year ended September 30, 2014 is provided in Table 2.

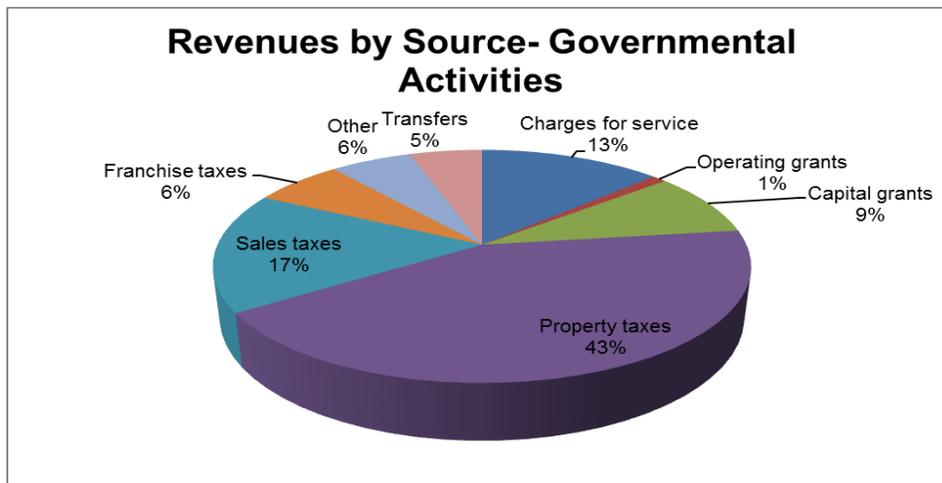
**Table 2
Changes in Net Position**

| | Governmental Activities | | Business-type Activities | | Total | |
|--|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for services | \$ 14,075,714 | \$ 13,077,590 | \$ 39,181,237 | \$ 40,200,412 | \$ 53,256,951 | \$ 53,278,002 |
| Operating grants and contributions | 1,121,356 | 2,067,482 | 1,000,000 | 1,000,000 | 2,121,356 | 3,067,482 |
| Capital grants and contributions | 9,571,206 | 14,737,780 | 3,685,960 | 3,788,300 | 13,257,166 | 18,526,080 |
| General Revenues: | | | | | | |
| Property taxes | 46,232,565 | 44,474,745 | - | - | 46,232,565 | 44,474,745 |
| Sales tax | 18,004,636 | 16,289,761 | - | - | 18,004,636 | 16,289,761 |
| Franchise taxes | 6,973,705 | 6,302,018 | - | - | 6,973,705 | 6,302,018 |
| Hotel motel taxes | 1,499,512 | 1,350,286 | - | - | 1,499,512 | 1,350,286 |
| Other taxes | 2,151,232 | 1,389,503 | - | - | 2,151,232 | 1,389,503 |
| Interest earnings | 416,828 | 177,495 | 134,988 | 70,382 | 551,816 | 247,877 |
| Gain on sale of capital asset | - | 92,401 | - | - | - | 92,401 |
| Miscellaneous | 2,445,491 | 2,079,082 | 850,157 | 385,842 | 3,295,648 | 2,464,924 |
| Total Revenues | 102,492,245 | 102,038,143 | 44,852,342 | 45,444,936 | 147,344,587 | 147,483,079 |
| Expenses: | | | | | | |
| General government | 24,940,939 | 22,271,050 | - | - | 24,940,939 | 22,271,050 |
| Public safety | 30,408,487 | 28,935,911 | - | - | 30,408,487 | 28,935,911 |
| Public works | 18,252,130 | 17,807,948 | - | - | 18,252,130 | 17,807,948 |
| Culture and recreation | 30,987,689 | 29,983,224 | - | - | 30,987,689 | 29,983,224 |
| Community development | 2,689,517 | 2,230,968 | - | - | 2,689,517 | 2,230,968 |
| Interest on long-term debt | 3,955,305 | 4,067,303 | - | - | 3,955,305 | 4,067,303 |
| Water and sewer | - | - | 30,081,379 | 29,160,281 | 30,081,379 | 29,160,281 |
| Solid waste services | - | - | 5,383,215 | 5,495,654 | 5,383,215 | 5,495,654 |
| Drainage | - | - | 951,973 | 910,179 | 951,973 | 910,179 |
| Golf course | - | - | 2,839,098 | 2,483,467 | 2,839,098 | 2,483,467 |
| Total Expenses | 111,234,067 | 105,296,404 | 39,255,665 | 38,049,581 | 150,489,732 | 143,345,985 |
| Change in net position before transfers | (8,741,822) | (3,258,261) | 5,596,677 | 7,395,355 | (3,145,145) | 4,137,094 |
| Transfers | 5,627,137 | 5,361,830 | (5,627,137) | (5,361,830) | - | - |
| Change in net position | (3,114,685) | 2,103,569 | (30,460) | 2,033,525 | (3,145,145) | 4,137,094 |
| Net position, beginning of year, as restated | 472,708,532 | 470,604,963 | 134,955,198 | 132,921,673 | 607,663,730 | 603,526,636 |
| Net position, end of year | \$469,593,847 | \$472,708,532 | \$134,924,738 | \$134,955,198 | \$604,518,585 | \$607,663,730 |

**CITY OF ALLEN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2014
(UNAUDITED)**

Governmental activities

Revenues – The following chart visually illustrates the City's revenue by sources for governmental activities:



Revenues for the City's governmental activities decreased by \$454,102. Major components of revenue increases and decreases are explained as follows:

- Property taxes increased by \$1,757,820 due to an increase of 4.65% from prior year's valuation. This increase is due to new construction and reappraisal increases of existing real property.
- Franchise taxes increased by 11% as a result of an increase of 20% in electrical franchise fees due to usage from data centers, new retail, and commercial development, an increase of 41% in gas franchise fees due to commodity prices and weather, and an increase of 18% in access line fees.
- Operating grants and contributions decreased by 46% due to park dedication fees decreasing and department's receiving fewer grants in FY2014.
- Capital grants and contributions decreased by 35% due to a decrease in developer contributions for right of way and a decrease in intergovernmental revenue for street and parks projects.
- Sales tax increased by 11% due to continued commercial retail development, new equipment purchases at data centers, and population growth in Allen.
- Charges for services increased by 8% due to the additional revenues created by a significant increase in residential repair permits, an increase in single family permits, an increase in multi-family permits, and the City increasing permit fees in order to stay in line with other municipalities.
- Hotel taxes increased by 11% due to more usage of the hotels as the City of Allen continues to become a destination point for many activities.
- Interest earnings increased by \$239,333, an increase of 135%, as a result of interest rates beginning to increase during fiscal year 2014 and additional interest earnings from the City issuing \$10,595,000 in general obligation bonds.

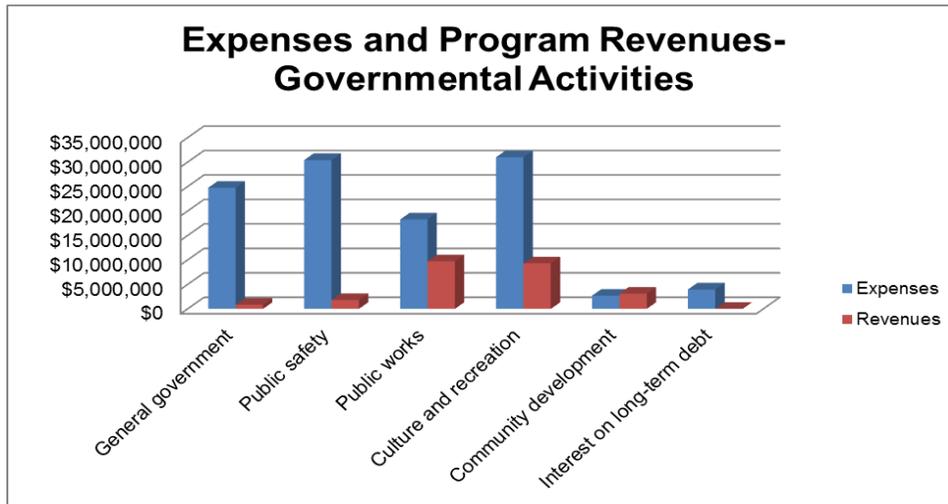
Expenses for governmental activities increased by \$5,937,663 or 6%. Components of increases and decreases are explained as follows:

- Expenses include employee annual merit increases and adding over 16.7 fulltime equivalent positions throughout various departments in order to address goals in the strategic plan and in order to maintain the current level of service.
- Expenses for general government increased by 12% due to various infrastructure and operational needs, an increase of 10% in the City's share of healthcare costs, continued increases in economic development incentives pursuant to the development agreements as two major retail developments generate increased sales tax, and a 7% increase in utility costs.

**CITY OF ALLEN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2014
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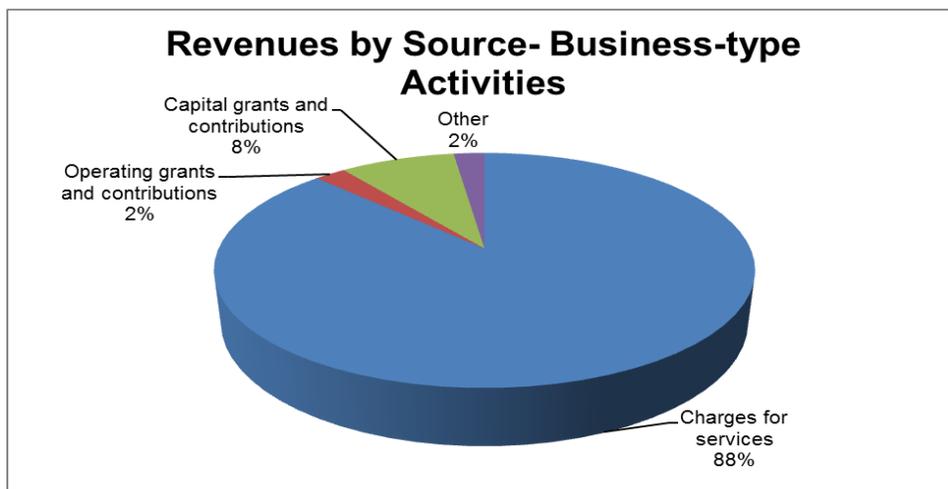
- Expenses for Public Safety increased by 5% due to the City implementing a pay plan recommendation for adjustments in employee pay ranges with particular emphasis on Public Safety employees.
- Interest on long-term debt decreased 3%.
- Community Development expenses increased by 21% due to the City beginning to incur costs associated with the Job Access Reverse Commute program which is currently being reimbursed 50% through a grant with the North Texas Council of Governments and the other 50% was funded through Community Development Corporation.

The following chart illustrates the relationship between expenses and program revenues for governmental type activities:



Business-type activities –

Revenues – The following chart visually illustrates the City's revenue by sources for business-type activities:

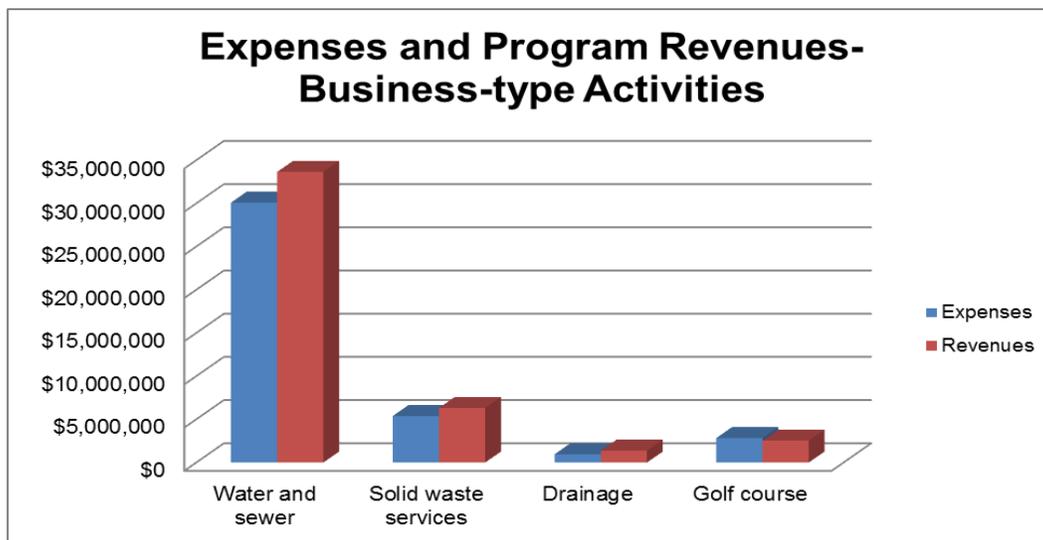


**CITY OF ALLEN, TEXAS
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED SEPTEMBER 30, 2014
 (UNAUDITED)**

Business-type activities revenues decreased \$592,594 or 1%. Major components of the decreases/increases are as follows:

- Capital contributions for water and sewer lines and impact fees decreased by \$102,340 or 3% due to a decrease in developer contributions for water mains and sewer lines.
- Interest earnings increased by \$64,606 or 92% as a result of rates for investments beginning to increase during fiscal year 2014.
- Charges for services for business-type activities decreased by \$1,019,175, or 3% due to water sales decreasing by 13% as a result of water restrictions and conservations efforts by citizens.

Expenses for business-type activities increased by \$1,206,084, or 3%. The increase was due to an increase in expenses in the Water and Sewer Fund and the Golf Course Fund. The increase in the Water and Sewer Fund was primarily a result of an increase in the amount paid to North Texas Municipal Water District (NTMWD) as they proceed with capital expansion plans that increased the City's costs associated with water and sewer service from the District. The increase in the Golf Course Fund was a result of an increase in professional services costs associated with commissions to Golf Resources and additional staffing needs. The following chart illustrates the relationship between expenses and program revenues for business-type activities:



**CITY OF ALLEN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2014
(UNAUDITED)**

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental funds

The focus of the City of Allen's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the governmental funds reported combined ending fund balances of \$61,301,553, an increase of \$10,636,864 in comparison with the prior fiscal year. Approximately 29%, or \$17,647,235, constitutes unassigned fund balances, which are available for spending at the government's discretion. The remaining fund balances are classified as assigned, restricted or nonspendable to indicate that they are not available for new spending allocation. The nonspendable portion includes prepaid items (\$4,767), restricted funds are for debt service (\$889,702), capital projects (\$34,741,366), tourism (\$3,227,470), asset forfeiture (\$41,715), state and federal grants (\$400,492), park acquisition and development (\$1,359,931), tax increment financing agreements (\$1,488,437), court technology (\$25,614), PEG fees (\$632,143), photo red light enforcement (\$38,340), cemetery trust (\$56,141), and assigned funds include facility maintenance (\$600,000) and encumbrances (\$148,200).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the total unassigned fund balance was \$17,647,235. Current operating expenditures had savings of \$3,637,223, allowing \$3,138,644 to be transferred to the capital projects fund for self-financing of capital projects, \$95k to the Golf Course Fund, and \$400k to the Replacement Fund. The total fund balance increased from \$16,532,652 to \$19,152,440. This increase is due to prudent, conservative management by City staff.

The Debt Service Fund fund balance of \$889,702, all of which is restricted for the payment of debt, decreased from the prior year by \$12,146. This decrease was due to property taxes coming in slightly under budget. The fund balance meets the FY2015 5-10% of annual debt service requirement of \$654,515 to \$1,309,030.

The General Capital Projects Fund provides information on cash financed capital projects and had an ending fund balance of \$18,372,968, a decrease of \$716,812. Revenues and transfers from other funds totaled \$6,172,587, which included \$561,262 from Allen Independent School District for widening of Bray Central, \$500,000 received from the developer for the Montgomery Boulevard extension, \$444,285 from the Texas Department of Transportation for ROW construction at Highway 75 and FM 121, \$325,860 in special assessment revenue, \$318,495 in miscellaneous revenue for street improvements, \$209,975 for facility agreements, and \$3,402,959 from other funds to cash finance capital projects. Total expenditures and transfers of \$6,889,399 consisted of \$3.7m for street construction for Exchange Parkway Phase 1 from Alma Drive to Allen Heights, reimbursement in the amount of \$738k paid to Texas Department of Transportation for ROW construction, and reimbursement in the amount of \$500k paid to Collin County for Stacy Road Phase II.

The General Obligation Bond Fund had an ending fund balance of \$16,368,398, an increase of \$8,602,385 from the prior year. Expenditures totaled \$2,260,724 which primarily included \$994k for Exchange Parkway Phase 1 from Alma Drive to Allen Heights and \$407k for street and alley repair.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. At the end of the year, unrestricted net position for all enterprise funds are as follows: Water and Sewer, \$28,126,598, Solid Waste, \$3,615,213, Drainage, \$814,907, and Golf Course, \$211,117. The total change in net position for the funds was a decrease of \$148,959, an increase of \$271,373 a decrease of \$49,400, and a decrease of \$88,553, respectively.

**CITY OF ALLEN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
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The Water and Sewer Fund had a decrease in net position as a result of a decrease in operating revenues. The Golf Course Fund had a decrease in net position due to actual revenues being slightly under budget and an increase in professional services costs associated with commissions to Golf Resources and additional staffing needs.

General Fund Budgetary Highlights

During April and May, all accounts are evaluated to determine if they are in line with the original budgets. Accounts that are under or over budget are revised to meet year-end estimates. New projects are not added to the year-end estimate; only the cost of maintaining the current base operation is revised as needed. As is customary, during FY2013-14, the City Council amended the budget for the General Fund one time.

Adjustments made during the FY2013-14 increased the original revenue budget by \$651,336 and decreased the expenditure budget by \$850,273. Due to the actual expenditures being \$3,637,223 less than the revised budget, the City was able to transfer \$3,138,644 to the General Capital Projects Fund to cash finance future capital projects, \$95k to the Golf Course Fund, and \$400k to the Replacement Fund. The General Fund's operational expenditure reserve increased to 87.87 days from the amended budget of 83.21 days, easily within the City's financial policy of 60 to 90 days.

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2014, amounts to \$612,045,461 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings, vehicles, machinery and equipment, park land and facilities, roads and bridges. About 82% of the capital assets are governmental and 18% are business-type activities. There was a decrease of 2% in the investment in capital assets for the current fiscal year.

Table 3
Capital Assets at Year-end Net of Accumulated Depreciation

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total</u> | |
|-----------------------------|--------------------------------|----------------------|---------------------------------|----------------------|----------------------|----------------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Land | \$130,614,642 | \$129,147,461 | \$4,072,882 | \$4,072,882 | \$134,687,524 | \$133,220,343 |
| Buildings | 105,633,070 | 108,969,985 | - | - | 105,633,070 | 108,969,985 |
| Towers, tanks and pump stat | - | - | 98,650,225 | 101,666,144 | 98,650,225 | 101,666,144 |
| Other Improvements | 247,355,482 | 253,279,709 | 355,096 | 367,360 | 247,710,578 | 253,647,069 |
| Furniture and fixtures | 593,747 | 1,629,965 | - | - | 593,747 | 1,629,965 |
| Vehicles | 4,781,800 | 5,574,867 | 122,800 | 159,433 | 4,904,600 | 5,734,300 |
| Machinery and equipment | 3,676,557 | 2,617,470 | 1,911,045 | 1,954,128 | 5,587,602 | 4,571,598 |
| Construction in progress | 9,692,227 | 13,155,442 | 4,585,888 | 1,150,580 | 14,278,115 | 14,306,022 |
| Total | \$502,347,525 | \$514,374,899 | \$109,697,936 | \$109,370,527 | \$612,045,461 | \$623,745,426 |

The major governmental-type capital improvement projects and developer contributions during the current fiscal year included the following:

| | |
|--|--------------|
| Developer contributed right of way and park land | \$ 5,705,863 |
| Allen Station Park artificial turf | 1,362,648 |
| Adminstration software | 404,830 |
| Watters Crossing improvement | 370,472 |
| Street construction: | |
| Exchange Parkway Phase 1-Alma to Allen Heights | 4,694,249 |
| Bray Central Widening | 526,408 |
| Ridgeview Drive-Alma to Stacy | 325,877 |

**CITY OF ALLEN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2014
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Business-type capital improvement projects and developer contributions during the current fiscal year include the following:

| | |
|--|--------------|
| Developer contributed water mains and sewer lines | \$ 2,402,611 |
| Whis-Lynge Hill & Rolling Hills Estates water & sanitary sewer | 3,248,796 |
| Fountain Park Phase 1 & 2 water & sanitary sewer | 92,997 |
| Exchange Parkway Phase 1-Alma to Allen Heights waterline | 80,825 |

Additional information on the City's capital assets can be found in Note 4 on pages 45-49 of this report.

DEBT ADMINISTRATION

As shown in Table 4, the City's total outstanding debt at September 30, 2014 was \$168,802,189 of which \$109,621,996 was governmental, \$9,282,613 was business-type activities and \$49,897,580 was component units'. Total gross bonded debt was \$157,855,000 which includes \$99,245,000 of General Obligation (G.O.) bonds backed by the full faith and credit of the government, \$530,000 of Certificates of Obligation backed by taxes and revenue generated from the golf course, \$8,015,000 secured solely by water and sewer revenue, and the component unit's total of \$50,065,000 secured by future sales tax revenue. Other long-term debt relates to compensating absences, notes payable, debt refunding and issuance, premiums, and discounts.

In fiscal year 2014, the City issued \$10,595,000 of G.O. Bonds, which will be used for capital acquisition and/or improvements to the City.

The debt for both component units relates to debt issued in order to support public infrastructure improvements and construction of the Allen Event Center. Total debt for the component units decreased by 4%. Total debt for the Allen Economic Development Corporation decreased by 5% and the Allen Community Development Corporation debt decreased by 3%.

**Table 4
Outstanding Debt at Year-end
Bonds and Other Long Term Debt**

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Component Units</u> | | <u>Total</u> | |
|---------------------------------|--------------------------------|-----------------------|---------------------------------|----------------------|------------------------|----------------------|-----------------------|-----------------------|
| | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> |
| Gross Bonded Debt | | | | | | | | |
| General Obligation Bonds | \$ 99,245,000 | \$ 96,735,000 | \$ - | \$ - | \$ - | \$ - | \$ 99,245,000 | \$ 96,735,000 |
| Certificate of Obligation Bonds | 530,000 | 800,000 | - | - | - | - | 530,000 | 800,000 |
| Revenue Bonds Payable | - | - | 8,015,000 | 9,370,000 | - | - | 8,015,000 | 9,370,000 |
| Sales Tax Revenue Bonds | - | - | - | - | 50,065,000 | 52,000,000 | 50,065,000 | 52,000,000 |
| Total Gross Bonded Debt | 99,775,000 | 97,535,000 | 8,015,000 | 9,370,000 | 50,065,000 | 52,000,000 | 157,855,000 | 158,905,000 |
| Other Long-Term Debt | | | | | | | | |
| Compensated Absences | 4,996,425 | 4,688,221 | 576,120 | 510,084 | - | - | 5,572,545 | 5,198,305 |
| Pension | 234,922 | 236,177 | - | - | - | - | 234,922 | 236,177 |
| Capital leases | 7,537 | 17,523 | 435,582 | 549,169 | - | - | 443,119 | 566,692 |
| Issuance, Premiums & Discounts | 4,608,112 | 4,477,788 | 255,911 | 105,457 | (167,420) | (168,494) | 4,696,603 | 4,414,751 |
| Total Other Long Term Debt | 9,846,996 | 9,419,709 | 1,267,613 | 1,164,710 | (167,420) | (168,494) | 10,947,189 | 10,415,925 |
| Total | \$ 109,621,996 | \$ 106,954,709 | \$ 9,282,613 | \$ 10,534,710 | \$ 49,897,580 | \$ 51,831,506 | \$ 168,802,189 | \$ 169,320,925 |

**CITY OF ALLEN, TEXAS
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2014
(UNAUDITED)**

The underlying credit ratings from both Moody’s Investors Service and Standard and Poor’s for the City’s General Obligation Bonds, Certificates of Obligation, Water and Sewer Revenue Bonds, Community Development Corporation’s Sales Tax Bonds and Economic Development Sales Tax Revenue Bonds are shown below in Table 5. Additional information on the City’s long-term debt can be found in Note 5.

**Table 5
Bond Ratings**

| | Moody's Investors Service | Standard & Poor's |
|-----------------------------|---------------------------------|----------------------|
| General Obligation Bonds | Aa1 | AAA |
| Certificates of Obligation | Aa1 | AAA |
| Water & Sewer Revenue Bonds | Aa2 | AAA |
| CDC Sales Tax Revenue Bonds | A1 | |
| EDC Sales Tax Revenue Bonds | Aa3 | |

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The economic recovery in the North Central Texas area continues to be moderately strong for the City of Allen. Focused on having a balanced community, the City takes a proactive approach to economic development with its business recruitment and retention efforts, as well as with its variety of housing options. In addition, the City conservatively manages its budget. The fiscal year 2013-2014 budget reflects the commitment of the City Council and staff to provide services and facilities to our citizens while maintaining a strong financial position.

The City revenues most impacted by a moderately strong economy are property taxes and sales taxes. The property tax revenue source experienced growth due to new construction and reappraisal increases of existing real property. For fiscal year 2014-2015, reappraisal values for existing real (residential and commercial) properties increased 5.45% compared to FY2014, while valuations for existing business personal property increased 1.52%. Additional tax abatements on commercial property had a small impact of reducing the taxable property valuation by .0027%. New construction of residential and commercial property resulted in an increase in valuation of 2.45%. The overall increase in valuation from all categories was 9.43%; however, the property tax revenue increase was budgeted at 7.44% as a result of lowering the tax rate by one cent. Overall sales tax is expected to increase by about 1.83%. As the City’s sizable retail developments near capacity the rate of growth of sales tax is expected to increase at a rate that is a combination of population growth and increases in prices for retail items.

The rate of residential growth has steadily increased as the economy has recovered. The City estimates issuance of 525 single family permits in FY2015. The population of approximately 91,157 as of September 30, 2014 is expected to reach approximately 115,000 at build out in the next twelve years. The population projection at build out has been increased recently due to the construction of additional multi-family units, changes to projected land use plans, and an overall increase in the density of the developments.

The various infrastructure and operational needs of the City have resulted in the annual expenditure budget increasing from \$141.97 million in FY2010, to \$183.99 million for FY2015 for all funds combined. The certified assessed property value for 2014-2015 equates to an overall increase of approximately \$789.3 million (9.43%) from the preceding year. The FY2015 tax rate was set at \$0.540 per \$100 valuation. Of the total tax rate, \$0.398361 is dedicated to operations and maintenance in the General Fund, and \$0.141639 is dedicated to general obligation debt service.

**CITY OF ALLEN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2014
(UNAUDITED)**

Ad valorem taxes are the General Fund's largest revenue source and will contribute \$36.499 million or 42.93% of the fund's budgeted revenues in FY2015. Appraisal values are established by the Central Appraisal District of Collin County, and collections are certified at 100% by the Collin County Tax Assessor-Collector's office. New retail development and population growth will continue to increase sales tax, however, some one-time increases in FY2014 may not occur again in FY2015 and the sales tax increase was projected at a moderate rate of 1.83% over the revised FY2014.

The General Fund ended 2013-2014 with an approximate increase of \$959,340 as compared to the revised budgeted fund balance. This brings the ending fund balance to an equivalent 87.87 days of operating expenditures, which exceeds the amended estimate of 83.21 days, and is within the range of the City's financial policy of 60 to 90 days. The 2014-2015 General Fund expenditure budget reflects a 6.95% increase from the revised 2013-2014 budget. This is primarily due to adding over 16.7 fulltime equivalent position throughout various departments, an increase of 4.5% for health and dental budgeted expenses, implementation of a pay plan study recommendation for adjustments in employee pay ranges with particular emphasis on Public Safety employees, and continued increases in economic development incentives as two major retail developments continued to generate increased sales taxes pursuant to the development agreements. These changes will allow the City retain staff, to meet its strategic goals, and continue its commitment to maintaining a high level of service to the public.

In accordance with the City's water and sewer rate study, which was updated in 2012, the Water and Sewer Fund budget anticipates a rate increase in February 2015 that ranges from 5.5% to 6.5% for a combined water and sewer bill depending upon the customer class. The rate increase is necessary as North Texas Municipal Water District (NTMWD) proceeds with capital expansion plans that will increase the City's costs associated with water and sewer service from the District. Also included in the FY2015 budget is \$1.22 million to cash finance water and sewer capital projects related to water lines, sewer lines, sewer lift station maintenance, and pump station maintenance. The Allen Economic Development Corporation is contributing \$1.0 million of the \$1.22 million to the water and sewer infrastructure projects. The Water and Sewer Fund is expected to finish the fiscal year 2015 with approximately \$10.219 million in working capital reserves resulting in 110.35 days of operating expenses in reserve, which is within the City policy of 90 to 120 days. This healthy balance is necessary to fund the future City and NTMWD capital projects, ongoing maintenance projects that are planned to ensure the water and sewer infrastructure will meet the demand when the City reaches build out, and also provides reserves that can be used during drought related watering restrictions that would have an impact on revenues.

The Solid Waste Fund represents a stable operational service and staff continues its educational outreach programs through several key programs and events held throughout the year. Staff also continues to seek grant funding for future cycles. The City's current contract is with Community Waste Disposal (CWD) as the solid waste provider. No commercial CPI solid waste fee increases are planned in 2015. Residential rates are subject to a Consumer Price Index rate change on May 31, 2015. The contract includes an agreement to adjust the variable fuel adjustment fee (VFAF) on commercial accounts to a higher fuel cost starting point, which is beneficial to the City's commercial customers. With the recent declining fuel costs, the VFAF will probably not be charged. The Solid Waste fund balance at the end of FY2015 is expected to be \$2.77 million which is approximately 154 operating days of reserve and is greater than the City's policy of 90 to 120 days.

The Drainage Fund is supported by drainage fees on utility bills and development inspection fees. The fund continues to sustain a fund balance which supports drainage maintenance, mosquito abatement, Texas Pollution Discharge Elimination System (TPDES), and capital improvement activities.

The City's golf course, formerly called Chase Oaks, is a newly redesigned course renamed as The Courses at Watters Creek. The renovated course opened in January 2013. The completion of the 33 holes has helped to improve the overall golf experience for the established players and create an enthusiastic environment for new golfers of all ages.

**CITY OF ALLEN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2014
(UNAUDITED)**

There is an 18 hole course, a 9 hole course, 6 additional holes for short iron play, new putting greens, and a lighted driving range that generated twice as much revenue prior to the course renovation. Budgeted support from the General Fund was provided to the Golf Course, but was primarily necessary to cover depreciation and lease expenses.

For 2014-2015, the Risk Management Fund reflects a rise in health care costs, due largely to the combination of an increase in claims for retired and current employees, a maturing workforce, and inflationary pressures related to health care costs. In FY 2014-2015, employees in Plan A will see a 7.5% increase in their health insurance premiums, whereas employees in Plans B will see no increases in premiums but will have higher deductibles. No changes to Plan C were anticipated. Overall, the City's focus is to gradually shift an increased amount of the health care liability to the employees. For FY2015, the City will incur a 4.5% increase in costs from the revised FY2014 budget. For the FY2015 budget, a contribution of \$220,000 is budgeted to be put into a trust fund for other post-employment benefits. This amount is determined from an actuarial study every two years. Worker's compensation premiums will remain relatively flat since the Risk Administrator has increased training to address areas that had higher worker's compensation claims activity in the past. Property and liability insurance rates for fiscal year 2015 are expected to remain relatively flat as compared to fiscal year 2014 since there are no significant additions of newly insured property. The Risk Fund continues to be in good financial condition.

The City of Allen's budget continues to be positively impacted by moderately strong growth and by conservative fiscal management. The 2014-2015 budget reflects the efforts of the governing body and city staff to address the need to provide services and facilities to support our vibrant and growing community, while maintaining a strong financial position.

Request for Information

The financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the Finance Department at 305 Century Parkway, Allen, Texas, 75013, or call (214)509-4626.

BASIC FINANCIAL STATEMENTS



**STATEMENT OF NET POSITION
SEPTEMBER 30, 2014**

| | PRIMARY GOVERNMENT | | | |
|--|----------------------------|-----------------------------|-----------------------|------------------------|
| | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | TOTAL | COMPONENT UNITS |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 32,685,483 | \$ 13,715,358 | \$ 46,400,841 | \$ 7,712,295 |
| Investments | 46,433,277 | 16,397,958 | 62,831,235 | 11,112,195 |
| Receivables (net of allowance for uncollectibles) | 5,716,148 | 5,811,335 | 11,527,483 | 2,920,110 |
| Internal balances | (1,138,601) | 1,138,601 | - | - |
| Prepaid items and other assets | 386,681 | 5,050 | 391,731 | 6,298 |
| Inventories | - | 36,728 | 36,728 | - |
| Restricted cash and cash equivalents | - | 1,384,812 | 1,384,812 | 1,852,146 |
| Capital assets: | | | | |
| Non-depreciable | 140,306,868 | 8,658,770 | 148,965,638 | 3,973,042 |
| Depreciable (net of depreciation) | 362,040,656 | 101,039,166 | 463,079,822 | 795,449 |
| TOTAL ASSETS | 586,430,512 | 148,187,778 | 734,618,290 | 28,371,535 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred loss on refunding | 1,700,087 | 321,461 | 2,021,548 | 16,414 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 1,700,087 | 321,461 | 2,021,548 | 16,414 |
| LIABILITIES | | | | |
| Accounts payable | 4,899,563 | 2,224,148 | 7,123,711 | 169,798 |
| Accrued liabilities | 3,092,045 | 184,351 | 3,276,396 | 13,878 |
| Accrued interest payable | 498,844 | 77,953 | 576,797 | 219,169 |
| Customer deposits | - | 1,642,463 | 1,642,463 | - |
| Unearned revenue | 121,699 | - | 121,699 | - |
| Retainage payable | 302,605 | 172,973 | 475,578 | 27,795 |
| Non-current liabilities: | | | | |
| Due within one year | 12,090,133 | 1,933,593 | 14,023,726 | 2,005,000 |
| Due in more than one year | 97,531,863 | 7,349,020 | 104,880,883 | 47,892,580 |
| TOTAL LIABILITIES | 118,536,752 | 13,584,501 | 132,121,253 | 50,328,220 |
| NET POSITION | | | | |
| Net investment in capital assets | 415,790,437 | 100,991,443 | 516,781,880 | 4,768,491 |
| Restricted for: | | | | |
| Debt service | 422,954 | 26,859 | 449,813 | 1,632,977 |
| Capital projects | 18,372,968 | - | 18,372,968 | - |
| Tourism | 3,227,470 | - | 3,227,470 | - |
| Park acquisition and development | 1,359,931 | - | 1,359,931 | - |
| State and federal grants | 400,492 | - | 400,492 | - |
| Tax Increment Financing | 1,488,437 | - | 1,488,437 | - |
| Other purposes | 793,953 | - | 793,953 | - |
| Unrestricted | 27,737,205 | 33,906,436 | 61,643,641 | (28,341,739) |
| TOTAL NET POSITION | \$ 469,593,847 | \$ 134,924,738 | \$ 604,518,585 | \$ (21,940,271) |

The Notes to Financial Statements are
an integral part of this statement.

CITY OF ALLEN, TEXAS

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

| Functions/Program Activities | Program Revenues | | | |
|---|-----------------------|----------------------|------------------------------------|----------------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| PRIMARY GOVERNMENT: | | | | |
| Governmental Activities: | | | | |
| General government | \$ 24,940,939 | \$ 823,801 | \$ - | \$ - |
| Public safety | 30,408,487 | 1,568,294 | 250,311 | - |
| Public works | 18,252,130 | 154,418 | - | 9,571,206 |
| Culture and recreation | 30,987,689 | 8,425,791 | 861,004 | - |
| Community development | 2,689,517 | 3,103,410 | 10,041 | - |
| Interest on long-term debt | 3,955,305 | - | - | - |
| Total governmental activities | 111,234,067 | 14,075,714 | 1,121,356 | 9,571,206 |
| Business-type Activities: | | | | |
| Water and sewer | 30,081,379 | 28,955,282 | 1,000,000 | 3,685,960 |
| Solid waste | 5,383,215 | 6,309,729 | - | - |
| Drainage | 951,973 | 1,378,662 | - | - |
| Golf course | 2,839,098 | 2,537,564 | - | - |
| Total business-type activities | 39,255,665 | 39,181,237 | 1,000,000 | 3,685,960 |
| TOTAL PRIMARY GOVERNMENT | \$ 150,489,732 | \$ 53,256,951 | \$ 2,121,356 | \$ 13,257,166 |
| COMPONENT UNITS: | | | | |
| Allen Economic Development Corporation | \$ 4,952,338 | \$ - | \$ - | \$ - |
| Allen Community Development Corporation | 5,189,723 | - | - | - |
| TOTAL COMPONENT UNITS | \$ 10,142,061 | \$ - | \$ - | \$ - |

General revenues:
Taxes:
Property taxes, levied for general purposes
Sales taxes
Franchise taxes
Hotel motel taxes
Other taxes
Investment earnings
Miscellaneous
Transfers
Total general revenues and transfers

CHANGE IN NET POSITION

NET POSITION, beginning of year, as restated (Note 13)

NET POSITION, end of year

The Notes to Financial Statements are an integral part of this statement.

EXHIBIT 2

| Net (Expense) Revenue and Changes in Net Position | | | |
|--|---------------------------------------|------------------------|----------------------------|
| Primary Government | | | |
| Governmental Activities | Business - Type Activities | TOTAL | COMPONENT UNITS |
| \$ (24,117,138) | \$ - | \$ (24,117,138) | \$ - |
| (28,589,882) | - | (28,589,882) | - |
| (8,526,506) | - | (8,526,506) | - |
| (21,700,894) | - | (21,700,894) | - |
| 423,934 | - | 423,934 | - |
| (3,955,305) | - | (3,955,305) | - |
| <u>(86,465,791)</u> | <u>-</u> | <u>(86,465,791)</u> | <u>-</u> |
| - | 3,559,863 | 3,559,863 | - |
| - | 926,514 | 926,514 | - |
| - | 426,689 | 426,689 | - |
| - | (301,534) | (301,534) | - |
| <u>-</u> | <u>4,611,532</u> | <u>4,611,532</u> | <u>-</u> |
| <u>\$ (86,465,791)</u> | <u>\$ 4,611,532</u> | <u>\$ (81,854,259)</u> | <u>\$ -</u> |
| \$ - | \$ - | \$ - | \$ (4,952,338) |
| - | - | - | (5,189,723) |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (10,142,061)</u> |
| \$ 46,232,565 | \$ - | \$ 46,232,565 | \$ - |
| 18,004,636 | - | 18,004,636 | 17,665,254 |
| 6,973,705 | - | 6,973,705 | - |
| 1,499,512 | - | 1,499,512 | - |
| 2,151,232 | - | 2,151,232 | - |
| 416,828 | 134,988 | 551,816 | 75,886 |
| 2,445,491 | 850,157 | 3,295,648 | 185,573 |
| 5,627,137 | (5,627,137) | - | - |
| <u>83,351,106</u> | <u>(4,641,992)</u> | <u>78,709,114</u> | <u>17,926,713</u> |
| (3,114,685) | (30,460) | (3,145,145) | 7,784,652 |
| <u>472,708,532</u> | <u>134,955,198</u> | <u>607,663,730</u> | <u>(29,724,923)</u> |
| <u>\$ 469,593,847</u> | <u>\$ 134,924,738</u> | <u>\$ 604,518,585</u> | <u>\$ (21,940,271)</u> |

CITY OF ALLEN, TEXAS

**BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014**

| | <u>GENERAL</u> | <u>DEBT SERVICE</u> | <u>GENERAL CAPITAL PROJECTS</u> |
|--|-----------------------------|--------------------------|---|
| ASSETS | | | |
| Cash and cash equivalents | \$ 7,237,090 | \$ 668,533 | \$ 7,973,437 |
| Investments | 11,495,067 | 200,427 | 12,207,442 |
| Receivables, net of allowances for uncollectibles: | | | |
| Ad valorem taxes | 101,053 | 32,096 | - |
| Sales taxes | 2,872,313 | - | - |
| Accounts receivable | - | - | - |
| Accrued interest | 72,267 | 20,742 | 45,684 |
| Other | 2,021,206 | - | - |
| Special assessments | - | - | 187,557 |
| Prepaid items | 4,767 | - | - |
| TOTAL ASSETS | <u>\$ 23,803,763</u> | <u>\$ 921,798</u> | <u>\$ 20,414,120</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Accounts payable | \$ 3,017,140 | \$ - | \$ 1,234,030 |
| Accrued liabilities | 1,532,630 | - | 571,237 |
| Unearned revenue | 500 | - | - |
| Retainage payable | - | - | 235,885 |
| TOTAL LIABILITIES | <u>4,550,270</u> | <u>-</u> | <u>2,041,152</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable revenue - property taxes | 101,053 | 32,096 | - |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>101,053</u> | <u>32,096</u> | <u>-</u> |
| FUND BALANCES | | | |
| Nonspendable | | | |
| Prepaid items | 4,767 | - | - |
| Restricted | | | |
| Debt service | - | 889,702 | - |
| Capital projects | - | - | 18,372,968 |
| Tourism | - | - | - |
| Asset forfeiture | - | - | - |
| State and federal grants | - | - | - |
| Park acquisition and development | - | - | - |
| Tax increment financing agreement | - | - | - |
| Court technology | 25,614 | - | - |
| PEG fees | 632,143 | - | - |
| Photo red light enforcement | 38,340 | - | - |
| Cemetery trust | 56,141 | - | - |
| Assigned | | | |
| Facilities maintenance | 600,000 | - | - |
| Other | 148,200 | - | - |
| Unassigned | 17,647,235 | - | - |
| TOTAL FUND BALANCES | <u>19,152,440</u> | <u>889,702</u> | <u>18,372,968</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | <u>\$ 23,803,763</u> | <u>\$ 921,798</u> | <u>\$ 20,414,120</u> |

The Notes to Financial Statements are an integral part of this statement.

EXHIBIT 3

| GENERAL OBLIGATION BOND | OTHER GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|-------------------------------|--------------------------------|--------------------------------|
| \$ 6,917,487 | \$ 2,733,917 | \$ 25,530,464 |
| 9,564,392 | 3,854,376 | 37,321,704 |
| - | - | 133,149 |
| - | - | 2,872,313 |
| - | 283,875 | 283,875 |
| 26,485 | 14,702 | 179,880 |
| - | - | 2,021,206 |
| - | - | 187,557 |
| - | - | 4,767 |
| <u>\$ 16,508,364</u> | <u>\$ 6,886,870</u> | <u>\$ 68,534,915</u> |
| | | |
| \$ 73,246 | \$ 202,384 | \$ 4,526,800 |
| - | 45,242 | 2,149,109 |
| - | 121,199 | 121,699 |
| 66,720 | - | 302,605 |
| <u>139,966</u> | <u>368,825</u> | <u>7,100,213</u> |
| | | |
| - | - | 133,149 |
| | | |
| - | - | 133,149 |
| | | |
| - | - | 4,767 |
| - | - | 889,702 |
| 16,368,398 | - | 34,741,366 |
| - | 3,227,470 | 3,227,470 |
| - | 41,715 | 41,715 |
| - | 400,492 | 400,492 |
| - | 1,359,931 | 1,359,931 |
| - | 1,488,437 | 1,488,437 |
| - | - | 25,614 |
| - | - | 632,143 |
| - | - | 38,340 |
| - | - | 56,141 |
| - | - | 600,000 |
| - | - | 148,200 |
| - | - | 17,647,235 |
| <u>16,368,398</u> | <u>6,518,045</u> | <u>61,301,553</u> |
| | | |
| <u>\$ 16,508,364</u> | <u>\$ 6,886,870</u> | <u>\$ 68,534,915</u> |

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2014**

| | |
|--|-----------------------|
| Total fund balances - governmental funds | \$ 61,301,553 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. | 502,347,524 |
| Funds comprising the net other post employment benefit asset are not current financial resources and therefore are not reported in the governmental funds balance sheet. | 115,284 |
| Interest payable on long-term debt does not require current financial resources, therefore interest payable is not reported as a liability in the governmental funds balance sheet. | (498,844) |
| Internal service funds are used by management to charge the cost of certain activities, such as insurance and fleet management, to individual funds. The assets and liabilities of the internal service funds are net of the amount allocated to business-type activities (\$1,138,601) and to capital assets (\$6,712,798). | 14,117,090 |
| Revenues earned but not available within sixty days of the year end are not recognized as revenue on the fund financial statements. | 133,149 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the fund financial statements. | <u>(107,921,909)</u> |
| Net position of governmental activities | <u>\$ 469,593,847</u> |



CITY OF ALLEN

PRIDE

PEOPLE FIRST RESPECT INTEGRITY DELIVER EXCEL

CITY OF ALLEN, TEXAS

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

| | GENERAL | DEBT SERVICE | GENERAL CAPITAL PROJECTS |
|--|----------------------|-------------------|--------------------------------|
| REVENUES | | | |
| Ad valorem taxes, penalties and interest | \$ 33,936,634 | \$ 11,678,213 | \$ - |
| Franchise taxes | 6,973,705 | - | - |
| Municipal sales tax | 17,592,860 | - | - |
| Licenses, permits and fees | 2,863,226 | - | - |
| Charges for services | 10,300,677 | - | 279,876 |
| Fines | 2,160,168 | - | - |
| Gifts and contributions | 815,408 | - | 4,000 |
| Hotel / motel fees | - | - | - |
| Intergovernmental | 11,826 | - | 1,048,596 |
| Investment earnings | 154,788 | 46,941 | 82,725 |
| Miscellaneous | 2,023,573 | - | 1,354,431 |
| Total revenues | <u>76,832,865</u> | <u>11,725,154</u> | <u>2,769,628</u> |
| EXPENDITURES | | | |
| Current | | | |
| General government | 20,469,625 | - | 2,100,516 |
| Public safety | 29,025,421 | - | - |
| Public works | 3,489,328 | - | - |
| Culture and recreation | 20,326,175 | - | - |
| Community development | 2,031,281 | - | - |
| Capital outlay | - | - | 4,788,883 |
| Debt service: | | | |
| Principal retirement | 9,986 | 8,355,000 | - |
| Interest and fiscal charges | 94 | 3,882,300 | - |
| Total expenditures | <u>75,351,910</u> | <u>12,237,300</u> | <u>6,889,399</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>1,480,955</u> | <u>(512,146)</u> | <u>(4,119,771)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Issuance of debt | - | - | - |
| Premium on bonds issued | - | - | - |
| Transfers in | 5,314,988 | 500,000 | 3,402,959 |
| Transfers out | (4,191,984) | - | - |
| Proceeds from sale of capital assets | 15,829 | - | - |
| Total other financing sources (uses) | <u>1,138,833</u> | <u>500,000</u> | <u>3,402,959</u> |
| NET CHANGE IN FUND BALANCES | 2,619,788 | (12,146) | (716,812) |
| FUND BALANCES, BEGINNING OF YEAR | <u>16,532,652</u> | <u>901,848</u> | <u>19,089,780</u> |
| FUND BALANCES, END OF YEAR | <u>\$ 19,152,440</u> | <u>\$ 889,702</u> | <u>\$ 18,372,968</u> |

The Notes to Financial Statements are an integral part of this statement.

EXHIBIT 5

| GENERAL OBLIGATION BOND | OTHER GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|-------------------------------|--------------------------------|--------------------------------|
| \$ - | \$ 527,375 | \$ 46,142,222 |
| - | - | 6,973,705 |
| - | 411,776 | 18,004,636 |
| - | 52,307 | 2,915,533 |
| - | - | 10,580,553 |
| - | - | 2,160,168 |
| - | - | 819,408 |
| - | 1,499,512 | 1,499,512 |
| - | 643,982 | 1,704,404 |
| 33,020 | 26,912 | 344,386 |
| 651 | 15,542 | 3,394,197 |
| <u>33,671</u> | <u>3,177,406</u> | <u>94,538,724</u> |
| 168,626 | 805,288 | 23,544,055 |
| - | 189,131 | 29,214,552 |
| 588,633 | - | 4,077,961 |
| 13,667 | 1,095,739 | 21,435,581 |
| - | 600,008 | 2,631,289 |
| 1,489,798 | 294,321 | 6,573,002 |
| - | - | 8,364,986 |
| - | - | 3,882,394 |
| <u>2,260,724</u> | <u>2,984,487</u> | <u>99,723,820</u> |
| <u>(2,227,053)</u> | <u>192,919</u> | <u>(5,185,096)</u> |
| 10,595,000 | - | 10,595,000 |
| 432,879 | - | 432,879 |
| - | 39,158 | 9,257,105 |
| (198,441) | (93,857) | (4,484,282) |
| - | 5,429 | 21,258 |
| <u>10,829,438</u> | <u>(49,270)</u> | <u>15,821,960</u> |
| 8,602,385 | 143,649 | 10,636,864 |
| <u>7,766,013</u> | <u>6,374,396</u> | <u>50,664,689</u> |
| <u>\$ 16,368,398</u> | <u>\$ 6,518,045</u> | <u>\$ 61,301,553</u> |

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2014**

| | |
|---|-----------------------|
| Net change in fund balances - total governmental funds | \$ 10,636,864 |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets recorded in the current period. | 6,929,469 |
| Governmental funds do not recognize contributed capital assets. However, in the statement of activities the fair market value of those assets is recognized as revenue, then allocated over their estimated useful lives and reported as depreciation expense. | 7,808,534 |
| Depreciation expense on capital assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds. | (26,098,550) |
| In governmental fund financial statements, the proceeds from sale of assets are shown as an increase in financial resources. However, in the statement of activities, the gain or loss is calculated and reported. | (301,167) |
| The proceeds from issuance of long-term debt, e.g. bonds (\$10,595,000), provides current financial resources to governmental funds, while the payment of the principal of long-term debt (\$8,364,986) consumes the current financial resources of governmental funds. | (2,230,014) |
| Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued. However, these amounts are amortized in the government-wide financial statements. | (492,109) |
| Current year changes in long-term liabilities for compensated absences and the pension obligation, and current year changes in the opeb asset do not require the use of current financial resources and, therefore, are not reported in governmental funds. | (305,826) |
| Current year changes in accrued interest payable do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | (13,775) |
| Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net operating and non-operating income and transfers of the internal service funds is reported with governmental activities net of amounts allocated to business-type activities. | 861,546 |
| Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds. | <u>90,343</u> |
| Change in net position of governmental activities | <u>\$ (3,114,685)</u> |

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2014**

| | BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS | | | | | GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS |
|--|--|---------------------|---------------------|-------------------|-----------------------|---|
| | WATER AND SEWER | SOLID WASTE | DRAINAGE | GOLF COURSE | TOTAL | |
| ASSETS | | | | | | |
| CURRENT ASSETS | | | | | | |
| Cash and cash equivalents | \$ 11,440,071 | \$ 1,356,199 | \$ 376,773 | \$ 542,315 | \$ 13,715,358 | \$ 7,155,019 |
| Investments | 14,278,625 | 1,661,810 | 457,523 | - | 16,397,958 | 9,111,573 |
| Receivables, net of allowance for uncollectibles: | | | | | | |
| Accounts | 4,967,318 | 284,409 | 65,114 | - | 5,316,841 | - |
| Accrued interest | 59,533 | 6,301 | 1,575 | - | 67,409 | 38,168 |
| Other | - | 427,085 | - | - | 427,085 | - |
| Inventories | 36,728 | - | - | - | 36,728 | - |
| Prepaid items | - | - | - | 5,050 | 5,050 | 266,630 |
| Restricted cash and cash equivalents | 1,384,812 | - | - | - | 1,384,812 | - |
| Total current assets | 32,167,087 | 3,735,804 | 900,985 | 547,365 | 37,351,241 | 16,571,390 |
| NONCURRENT ASSETS | | | | | | |
| CAPITAL ASSETS | | | | | | |
| Land | 4,072,882 | - | - | - | 4,072,882 | - |
| Construction in progress | 4,585,888 | - | - | - | 4,585,888 | 291,903 |
| Other improvements | - | - | 496,132 | - | 496,132 | - |
| Towers, tanks, and pump stations | 172,224,009 | - | - | - | 172,224,009 | - |
| Vehicles | 864,128 | 12,923 | 31,378 | - | 908,429 | 10,811,534 |
| Machinery and equipment | 4,844,845 | 8,392 | 430,347 | 937,453 | 6,221,037 | 3,730,730 |
| Furniture and fixtures | - | - | - | - | - | - |
| Total capital assets | 186,591,752 | 21,315 | 957,857 | 937,453 | 188,508,377 | 14,834,167 |
| Less: accumulated depreciation | (77,707,527) | (21,315) | (579,729) | (501,870) | (78,810,441) | (8,121,369) |
| Capital assets, net of accumulated depreciation | 108,884,225 | - | 378,128 | 435,583 | 109,697,936 | 6,712,798 |
| Total noncurrent assets | 108,884,225 | - | 378,128 | 435,583 | 109,697,936 | 6,712,798 |
| TOTAL ASSETS | 141,051,312 | 3,735,804 | 1,279,113 | 982,948 | 147,049,177 | 23,284,188 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| Deferred loss on refunding | 321,461 | - | - | - | 321,461 | - |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 321,461 | - | - | - | 321,461 | - |
| LIABILITIES AND NET POSITION | | | | | | |
| CURRENT LIABILITIES | | | | | | |
| Accounts payable | 1,983,153 | 33,763 | 32,585 | 174,647 | 2,224,148 | 372,763 |
| Accrued liabilities | 114,575 | 26,176 | 11,687 | 31,913 | 184,351 | 7,672 |
| Retainage payable | 172,973 | - | - | - | 172,973 | - |
| Accrued compensated absences - current | 359,324 | 57,414 | 38,924 | 81,353 | 537,015 | - |
| Incurred but not reported claims | - | - | - | - | - | 935,264 |
| Payable from restricted assets: | | | | | | |
| Revenue bonds payable - current | 1,280,000 | - | - | - | 1,280,000 | - |
| Capital leases payable - current | - | - | - | 116,578 | 116,578 | - |
| Accrued interest payable | 77,953 | - | - | - | 77,953 | - |
| Customer deposits payable | 1,614,483 | - | - | 27,980 | 1,642,463 | - |
| Total current liabilities | 5,602,461 | 117,353 | 83,196 | 432,471 | 6,235,481 | 1,315,699 |
| NONCURRENT LIABILITIES | | | | | | |
| Revenue bonds payable | 6,990,910 | - | - | - | 6,990,910 | - |
| Capital leases payable | - | - | - | 319,005 | 319,005 | - |
| Accrued compensated absences | 12,630 | 3,238 | 2,882 | 20,355 | 39,105 | - |
| Total noncurrent liabilities | 7,003,540 | 3,238 | 2,882 | 339,360 | 7,349,020 | - |
| TOTAL LIABILITIES | 12,606,001 | 120,591 | 86,078 | 771,831 | 13,584,501 | 1,315,699 |
| NET POSITION | | | | | | |
| Net investment in capital assets | 100,613,315 | - | 378,128 | - | 100,991,443 | 6,712,798 |
| Restricted for revenue bond principal and interest | 26,859 | - | - | - | 26,859 | - |
| Unrestricted | 28,126,598 | 3,615,213 | 814,907 | 211,117 | 32,767,835 | 15,255,691 |
| TOTAL NET POSITION | \$ 128,766,772 | \$ 3,615,213 | \$ 1,193,035 | \$ 211,117 | \$ 133,786,137 | \$ 21,968,489 |

The Notes to Financial Statements are an integral part of this statement.

**RECONCILIATION OF THE STATEMENT OF NET POSITION
OF PROPRIETARY FUNDS TO THE
GOVERNMENT – WIDE STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2014**

Amounts reported for business-type activities in the statement of net position are different because:

| | |
|--|----------------|
| Total net position per statement of net position | \$ 133,786,137 |
|--|----------------|

Internal service funds are used by management to charge the costs of replacing machinery and equipment, fleet management, workers compensation, property liability loss, medical and dental insurance, and health claims to individual funds.

The assets and liabilities of internal service funds are included in the governmental activities in the government-wide statement of net position. The amount shown represents the net receivable from internal service funds allocated to business-type activities since the adoption of GASB 34.

| |
|------------------|
| <u>1,138,601</u> |
|------------------|

| | |
|--|------------------------------|
| Total net position of business-type activities | <u><u>\$ 134,924,738</u></u> |
|--|------------------------------|

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

| | BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS | | | | TOTAL | GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS |
|---|--|---------------------|---------------------|-------------------|-----------------------|---|
| | WATER AND SEWER | SOLID WASTE | DRAINAGE | GOLF COURSE | | |
| OPERATING REVENUES | | | | | | |
| Charges for sales and services: | | | | | | |
| Water sales | \$ 15,475,216 | \$ - | \$ - | \$ - | \$ 15,475,216 | \$ - |
| Sewer charges | 12,749,253 | - | - | - | 12,749,253 | - |
| Connection fees | 178,003 | - | - | - | 178,003 | - |
| Garbage collections | - | 6,309,729 | - | - | 6,309,729 | - |
| Service charges | 552,810 | - | 53,214 | 2,537,564 | 3,143,588 | 11,265,035 |
| Drainage fees | - | - | 1,325,448 | - | 1,325,448 | - |
| Intergovernmental | 11,800 | - | - | - | 11,800 | - |
| Gifts and contributions | 1,000,000 | - | - | - | 1,000,000 | - |
| Miscellaneous | 800,515 | 42,380 | 2,868 | 4,394 | 850,157 | 641,471 |
| Total operating revenues | 30,767,597 | 6,352,109 | 1,381,530 | 2,541,958 | 41,043,194 | 11,906,506 |
| OPERATING EXPENSES | | | | | | |
| Personnel services | 4,383,437 | 480,593 | 481,402 | 1,302,901 | 6,648,333 | 480,241 |
| Contractual services | 18,611,905 | 4,792,608 | 172,355 | 1,035,399 | 24,612,267 | 10,092,293 |
| Maintenance | 351,292 | 1,903 | 219,477 | 52,719 | 625,391 | - |
| Supplies | 242,449 | 15,542 | 51,042 | 263,148 | 572,181 | - |
| Depreciation | 5,869,169 | 270 | 24,165 | 113,587 | 6,007,191 | 1,501,430 |
| Other | 165,765 | 92,299 | 3,532 | 71,344 | 332,940 | - |
| Total operating expenses | 29,624,017 | 5,383,215 | 951,973 | 2,839,098 | 38,798,303 | 12,073,964 |
| OPERATING INCOME (LOSS) | 1,143,580 | 968,894 | 429,557 | (297,140) | 2,244,891 | (167,458) |
| NON-OPERATING REVENUES (EXPENSES) | | | | | | |
| Investment earnings | 120,402 | 11,842 | 2,744 | - | 134,988 | 72,442 |
| Interest expense | (442,441) | - | - | - | (442,441) | - |
| Gain on disposal of capital assets | - | - | - | - | - | 87,327 |
| Total non-operating revenues (expenses) | (322,039) | 11,842 | 2,744 | - | (307,453) | 159,769 |
| INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS | 821,541 | 980,736 | 432,301 | (297,140) | 1,937,438 | (7,689) |
| CAPITAL CONTRIBUTIONS AND TRANSFERS | | | | | | |
| Development fees | 1,271,549 | - | - | - | 1,271,549 | - |
| Capital contributions | 2,402,611 | - | - | - | 2,402,611 | - |
| Transfers from other funds | 33,375 | - | - | 208,587 | 241,962 | 854,314 |
| Transfers to other funds | (4,678,035) | (709,363) | (481,701) | - | (5,869,099) | - |
| Total capital contributions and transfers | (970,500) | (709,363) | (481,701) | 208,587 | (1,952,977) | 854,314 |
| CHANGE IN NET POSITION | (148,959) | 271,373 | (49,400) | (88,553) | (15,539) | 846,625 |
| NET POSITION, BEGINNING OF YEAR, AS RESTATED (NOTE 13) | 128,915,731 | 3,343,840 | 1,242,435 | 299,670 | 133,801,676 | 21,121,864 |
| NET POSITION, END OF YEAR | \$ 128,766,772 | \$ 3,615,213 | \$ 1,193,035 | \$ 211,117 | \$ 133,786,137 | \$ 21,968,489 |

The Notes to Financial Statements are
an integral part of this statement.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION OF PROPRIETARY FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

Amounts reported for business-type activities in the statement of activities
are different because:

Net change in fund net position- total proprietary funds \$ (15,539)

Internal service funds are used by management to charge the costs of replacing
machinery and equipment, fleet management, workers compensation, property liability
loss, medical and dental insurance, and health claims to individual funds.

The net expenses of certain activities of internal service funds is allocated to
business-type activities.

(14,921)

Change in net position of business-type activities

\$ (30,460)

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

| | BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS | | | | TOTAL | GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS |
|---|--|---------------------|-------------------|---------------------|----------------------|---|
| | WATER AND SEWER | SOLID WASTE | DRAINAGE | GOLF COURSE | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | |
| Cash received from customers | \$ 31,392,906 | \$ 6,212,427 | \$ 1,387,138 | \$ 2,544,780 | \$ 41,537,251 | \$ - |
| Cash received from transactions with other funds | - | - | - | - | - | 11,748,771 |
| Cash paid to employees for services | (4,335,248) | (475,571) | (476,073) | (1,295,405) | (6,582,297) | (480,241) |
| Cash paid for goods and services | (18,431,520) | (4,900,136) | (450,646) | (1,393,667) | (25,175,969) | (6,487,236) |
| Cash paid for claims | - | - | - | - | - | (3,301,372) |
| Net cash provided by (used in) operating activities | 8,626,138 | 836,720 | 460,419 | (144,292) | 9,778,985 | 1,479,922 |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | | | | | |
| Transfers in from other funds | 33,375 | - | - | 208,587 | 241,962 | 854,314 |
| Transfers out to other funds | (4,678,035) | (709,363) | (481,701) | - | (5,869,099) | - |
| Net cash provided by (used in) non-capital financing activities | (4,644,660) | (709,363) | (481,701) | 208,587 | (5,627,137) | 854,314 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | | |
| Principal paid on revenue bond maturities | (1,205,000) | - | - | - | (1,205,000) | - |
| Interest and fees paid on long-term debt | (491,328) | - | - | - | (491,328) | - |
| Acquisition and construction of capital assets | (3,915,426) | - | (16,564) | - | (3,931,990) | (1,135,769) |
| Capital lease payment | - | - | - | (113,587) | (113,587) | - |
| Proceeds from debt issuance | 4,650,000 | - | - | - | 4,650,000 | - |
| Payment to refunded bond escrow agent | (4,800,000) | - | - | - | (4,800,000) | 87,327 |
| Contributions from developers | 1,271,549 | - | - | - | 1,271,549 | - |
| Net cash used in capital and related financial activities | (4,490,205) | - | (16,564) | (113,587) | (4,620,356) | (1,048,442) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | |
| Purchase of investment securities | (346,490) | (200,775) | (50,402) | - | (597,667) | (903,380) |
| Interest on investments | 192,964 | 11,842 | 3,330 | - | 208,136 | 77,835 |
| Net cash used in investing activities | (153,526) | (188,933) | (47,072) | - | (389,531) | (825,545) |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (662,253) | (61,576) | (84,918) | (49,292) | (858,039) | 460,249 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 13,487,136 | 1,417,775 | 461,691 | 591,607 | 15,958,209 | 6,694,770 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | \$ 12,824,883 | \$ 1,356,199 | \$ 376,773 | \$ 542,315 | \$ 15,100,170 | \$ 7,155,019 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | | | | | |
| Net operating income (loss) | \$ 1,143,580 | \$ 968,894 | \$ 429,557 | \$ (297,140) | \$ 2,244,891 | \$ (167,458) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | | | |
| Depreciation and amortization expense | 5,910,821 | 270 | 24,165 | 113,587 | 6,048,843 | 1,501,430 |
| Change in assets and liabilities: | | | | | | |
| Accounts receivable | 625,309 | (141,135) | 5,608 | 2,822 | 492,604 | - |
| Other receivables | - | 1,453 | - | - | 1,453 | - |
| Prepays | - | - | - | 6,000 | 6,000 | (93,550) |
| Inventories | 10,583 | - | - | - | 10,583 | - |
| Accounts payable | 708,373 | 2,033 | (7,223) | 25,283 | 728,466 | 239,500 |
| Retainage payable | 126,720 | - | - | - | 126,720 | - |
| Accrued liabilities | 11,261 | 183 | 2,983 | (7,190) | 7,237 | - |
| Compensated absences | 48,189 | 5,022 | 5,329 | 7,496 | 66,036 | - |
| Deposits | 41,302 | - | - | 4,850 | 46,152 | - |
| Total adjustments | 7,482,558 | (132,174) | 30,862 | 152,848 | 7,534,094 | 1,647,380 |
| Net cash provided by (used in) operating activities | \$ 8,626,138 | \$ 836,720 | \$ 460,419 | \$ (144,292) | \$ 9,778,985 | \$ 1,479,922 |
| NON-CASH INVESTING ACTIVITIES: | | | | | | |
| Change in the fair value of investments | \$ (57,850) | \$ - | \$ - | \$ - | \$ (57,850) | \$ - |
| NON-CASH FINANCING ACTIVITIES: | | | | | | |
| Contributions of capital assets from developers | \$ 2,402,611 | \$ - | \$ - | \$ - | \$ 2,402,611 | \$ - |
| Reconciliation of total cash to the statement of net position | | | | | | |
| Cash and cash equivalents - current | \$ 11,440,071 | \$ 1,356,199 | \$ 376,773 | \$ 542,315 | \$ 13,715,358 | \$ 7,155,019 |
| Restricted cash and cash equivalents | 1,384,812 | - | - | - | 1,384,812 | - |
| CASH AND CASH EQUIVALENTS, END OF YEAR | \$ 12,824,883 | \$ 1,356,199 | \$ 376,773 | \$ 542,315 | \$ 15,100,170 | \$ 7,155,019 |

The Notes to Financial Statements are an integral part of this statement.

**STATEMENT OF NET POSITION
COMPONENT UNITS
SEPTEMBER 30, 2014**

| | ALLEN ECONOMIC DEVELOPMENT CORPORATION | ALLEN COMMUNITY DEVELOPMENT CORPORATION | TOTALS |
|--|---|--|------------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | \$ 4,829,520 | \$ 2,882,775 | \$ 7,712,295 |
| Investments | 6,891,910 | 4,220,285 | 11,112,195 |
| Sales tax receivable | 1,436,156 | 1,436,156 | 2,872,312 |
| Accounts receivable | 2,534 | 2,534 | 5,068 |
| Accrued interest receivable | 26,813 | 15,917 | 42,730 |
| Prepaid items | 6,298 | - | 6,298 |
| Restricted cash and cash equivalents | 751,646 | 1,100,500 | 1,852,146 |
| Total current assets | 13,944,877 | 9,658,167 | 23,603,044 |
| NONCURRENT ASSETS | | | |
| CAPITAL ASSETS | | | |
| Land | 3,973,042 | - | 3,973,042 |
| Furniture and fixtures | 66,075 | - | 66,075 |
| Improvements other than buildings | 3,128,689 | - | 3,128,689 |
| Total capital assets | 7,167,806 | - | 7,167,806 |
| Less: accumulated depreciation | (2,399,315) | - | (2,399,315) |
| Capital assets, net of accumulated depreciation | 4,768,491 | - | 4,768,491 |
| Total noncurrent assets | 4,768,491 | - | 4,768,491 |
| TOTAL ASSETS | 18,713,368 | 9,658,167 | 28,371,535 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred loss on refunding | - | 16,414 | 16,414 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | - | 16,414 | 16,414 |
| LIABILITIES AND NET POSITION | | | |
| CURRENT LIABILITIES | | | |
| Accounts payable | 65,095 | 104,703 | 169,798 |
| Retainage payable | - | 27,795 | 27,795 |
| Accrued interest payable | 60,326 | 158,843 | 219,169 |
| Accrued and other liabilities | 13,878 | - | 13,878 |
| Revenue bonds payable - current | 870,000 | 1,135,000 | 2,005,000 |
| Total current liabilities | 1,009,299 | 1,426,341 | 2,435,640 |
| NONCURRENT LIABILITIES | | | |
| Revenue bonds payable (net of unamortized discounts) | 16,554,160 | 31,338,420 | 47,892,580 |
| Total noncurrent liabilities | 16,554,160 | 31,338,420 | 47,892,580 |
| TOTAL LIABILITIES | 17,563,459 | 32,764,761 | 50,328,220 |
| NET POSITION | | | |
| Investment in capital assets | 4,768,491 | - | 4,768,491 |
| Restricted for debt service | 691,320 | 941,657 | 1,632,977 |
| Unrestricted | (4,309,902) | (24,031,837) | (28,341,739) |
| TOTAL NET POSITION | \$ 1,149,909 | \$ (23,090,180) | \$ (21,940,271) |

The Notes to Financial Statements are an integral part of this statement.

**STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

| Function/Program Activities | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|---|----------------------|-------------------------|--|--|--|------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | COMPONENT UNITS | | TOTALS |
| | | | | ALLEN ECONOMIC DEVELOPMENT CORPORATION | ALLEN COMMUNITY DEVELOPMENT CORPORATION | |
| COMPONENT UNITS | | | | | | |
| Allen Economic Development Corporation | \$ 4,952,338 | \$ - | \$ - | \$ (4,952,338) | \$ - | \$ (4,952,338) |
| Allen Community Development Corporation | 5,189,723 | - | - | - | (5,189,723) | (5,189,723) |
| TOTAL COMPONENT UNITS | <u>\$ 10,142,061</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (4,952,338)</u> | <u>\$ (5,189,723)</u> | <u>\$ (10,142,061)</u> |
| General revenues: | | | | | | |
| Sales taxes | | | | \$ 8,832,627 | \$ 8,832,627 | \$ 17,665,254 |
| Interest on investments | | | | 47,044 | 28,842 | 75,886 |
| Miscellaneous | | | | 185,573 | - | 185,573 |
| Total general revenues | | | | <u>9,065,244</u> | <u>8,861,469</u> | <u>17,926,713</u> |
| CHANGE IN NET POSITION | | | | 4,112,906 | 3,671,746 | 7,784,652 |
| NET POSITION, beginning of year, as restated (Note 13) | | | | <u>(2,962,997)</u> | <u>(26,761,926)</u> | <u>(29,724,923)</u> |
| NET POSITION, end of year | | | | <u>\$ 1,149,909</u> | <u>\$ (23,090,180)</u> | <u>\$ (21,940,271)</u> |

The Notes to Financial Statements are
an integral part of this statement.



CITY OF ALLEN

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NOTES TO FINANCIAL STATEMENTS



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CITY OF ALLEN, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED SEPTEMBER 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Statement

The City of Allen (the City) was incorporated in 1953, under the provisions of Chapter 11, Title 28, Texas Revised Civil Statutes of 1925. In 1979, the City adopted a charter making it a home rule city operating under a Council-Manager form of government. The City provides such services as are authorized by its charter to advance the welfare, health, comfort, safety and convenience of its inhabitants.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), and the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units*. The more significant accounting policies of the City are described below.

Financial Reporting Entity

As required by accounting principles generally accepted in the United States of America, the financial statements of the City include the primary government and organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The City is financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Some organizations are included as component units because of their fiscal dependency on the primary government. An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval by the primary government. The following entities were found to be component units of the City and are included in the basic financial statements:

Allen Economic Development Corporation (AEDC) - The AEDC is responsible for aiding, promoting and furthering economic development within the City.

Allen Community Development Corporation (ACDC) - The ACDC is responsible for supporting the improvements in community parks and recreation, streets and sidewalks, public safety and the community library.

CITY OF ALLEN, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Financial Reporting Entity – Continued

The members of both the AEDC's and ACDC's Boards of Directors are appointed by the City Council. Both the AEDC and ACDC are fiscally dependent upon the City as the City Council approves their budgets and must approve any debt issuance. However, the component units do not qualify for blending because the component services directly benefit the community rather than the City itself. The AEDC and ACDC are discretely presented as governmental fund types and do not issue separate financial statements.

Basis of Presentation

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements; however, interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Additionally, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental funds and proprietary funds. These statements present each major fund as a separate column on the fund financial statements; all nonmajor funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balances of current financial resources. The City has presented the following major governmental funds:

General Fund -

The General Fund is the general operating fund of the City. It is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

CITY OF ALLEN, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Presentation – Continued

Debt Service Fund -

The Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt paid primarily from taxes levied by the City. The fund balance of the Debt Service Fund is reserved to signify the amounts that are restricted exclusively for debt service expenditures.

General Capital Projects Fund -

The General Capital Projects Fund is used to account for resources used for the acquisition and/or construction of capital facilities by the City, except those financed by proprietary funds and not accounted for by another capital projects fund.

General Obligation Bond Capital Projects Fund -

To account for financing, acquisitions, and construction of improvements to City facilities and infrastructure not accounted for by other bond funds.

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Position. The City has presented the following major proprietary funds:

Enterprise Funds:

Water and Sewer Fund -

The Water and Sewer Fund is used to account for the provision of water and sewer services to the residents of the City. Activities for the fund include administration, operations and maintenance of the water and sewer system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the fund.

Solid Waste Fund -

The Solid Waste Fund is used to account for the provision of solid waste services to residents of the City.

Drainage Fund -

The Drainage Fund is used to account for the provision of developing and maintaining proper drainage services to the residents of the City.

CITY OF ALLEN, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Presentation – Continued

Golf Course Fund -

The Golf Course Fund is used to account for activities associated with the operations of The Courses at Watters Creek Golf Course purchased by the City in October 2004.

Internal Service Funds:

Replacement Fund -

The Replacement Fund is an internal service fund that accounts for the costs associated with the acquisition and replacement of vehicles, machinery, and equipment through the rental of such items to other departments.

Risk Management Fund -

The Risk Management Fund accounts for the costs associated with workers compensation, liability and property insurance and medical and dental programs established for City employees and their covered dependents.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personnel and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured. Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liabilities are incurred.

CITY OF ALLEN, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus and Basis of Accounting – Continued

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers all revenues as available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The revenues susceptible to accrual are property and sales taxes, franchise taxes and interest income. Other receipts (special assessments) become measurable and available when cash is received by the City and are recognized as revenue at that time.

Cash, Cash Equivalents and Investments

State statutes and policy as established by the City Council authorize the City to invest in certificates of deposit, direct obligations of the U.S. Treasury, investment pools consisting of such U.S. Treasury obligations, repurchase agreements, commercial paper and mutual funds. Substantially all operating cash and cash equivalents are maintained in pooled cash and time deposit accounts. Interest income relating to pooled deposits is allocated to the individual funds based on each fund’s pro rata share of total pooled deposits.

For purposes of the statement of cash flows, the proprietary funds consider all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents, as they are available for withdrawal on demand.

Investments are recorded at amortized cost when original maturity at the time of purchase is less than one year or at market if greater than one year.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Under the City’s budgetary process, appropriations lapse at fiscal year end. Encumbrances are reported as assigned fund balance because they do not constitute expenditures or liabilities.

CITY OF ALLEN, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Property Taxes

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and certain personal property located within the City. Appraised values are established by the Central Appraisal District of Collin County at 100% of estimated market value and certified by the Appraisal Review Board. The assessed value upon which the 2013 levy was based is \$8,373,043,840. Taxes are due on October 1 and are delinquent after the following January 31.

The City is permitted by Article XI, Section 5 of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services, including the payment of principal and interest on general obligation long-term debt. The combined tax rate to finance general governmental services including the payment of principal and interest on long-term debt for the year ended September 30, 2014 was \$0.550 per \$100 of assessed valuation. In Texas, countywide central appraisal districts are required to assess all property within the appraisal district on the basis of 100% of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every three years; however, the City may, at its own expense, require annual reviews of appraised values.

The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action. Under this legislation, the City continues to set tax rates on City property. However, if the effective maintenance and operations tax rate, increased by 8% excluding other contractual obligations, adjusted for new improvements, plus the calculated debt tax rate is less than the proposed city tax rate, then qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than the rollback tax rate.

Interfund Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Transactions Between Funds and Between Funds and Component Units

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund reimbursed. All other interfund transactions, except transactions between the component units and the primary government are recorded as transfers.

Transactions between the component units and the primary government are accounted for as external transactions (revenues and expenses). During the fiscal year ended September 30, 2014, ACDC contributed \$393,302 and AEDC contributed \$100,370 to the General Fund for administrative costs and for the Allen U.S.A. Celebration. These revenues were reflected as grants and contributions for the primary government in the government-wide statement of activities.

CITY OF ALLEN, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Inventories and Prepaid Items

Inventories, which are expended when consumed, are recorded using the average cost method, and are valued at cost.

Prepaid items are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year. Prepaid items are reported as nonspendable fund balance in the governmental funds in the fund level financial statements to signify that a portion of fund balance is not available for other subsequent expenditures.

Special Assessments

The City has the authority to make special assessments to property owners as part of the financing of capital improvements. Such assessments are recorded in the capital projects fund as receivables when assessed and are recognized as revenue when both the measurable and available criteria have been met (generally when collected).

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at fair market value on the date donated. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend the asset lives are not capitalized. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

Assets capitalized have an original cost of \$5,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

| | |
|----------------------------------|---------------|
| Buildings | 15 - 40 Years |
| Towers, tanks, and pump stations | 30 Years |
| Infrastructure | 10 - 50 Years |
| Machinery and equipment | 3 - 15 Years |
| Vehicles | 2 - 15 years |
| Library books | 5 Years |
| Furniture and fixture | 5 Years |
| Other improvements | 2 - 30 Years |

The City has established the Replacement Fund to account for the replacement of the City-owned vehicle, machinery, and equipment. Charges for use in the form of user payments are made by City departments to the Replacement Fund to provide for future acquisitions and replacements.

CITY OF ALLEN, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Compensated Absences

City employees earn vacation and sick leave, which may either be taken or accumulated, up to certain amounts, until paid upon retirement or termination. Upon termination or retirement, an employee is reimbursed up to a maximum number of hours of vacation pay and sick leave based upon the years of service. Accumulated vacation and sick leave is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements.

Net Position

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

Fund Balance

Fund balance classifications, under GASB 54 are nonspendable, restricted, committed, assigned, and unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of constraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

The City classifies governmental fund balances as follows:

Nonspendable -- includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories, prepaid items and long term receivables.

Restricted -- includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts restricted due to constitutional provisions or enabling legislation. This classification includes retirement of long term debt, construction programs, and other federal and state grants.

Committed -- includes fund balance amounts that are constrained for specific purposes that are internally imposed by the City through formal action of the highest level of decision making authority. Committed fund balance is reported pursuant to resolution passed by the City Council.

CITY OF ALLEN, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Balance – Continued

Assigned -- includes fund balance amounts that are self-imposed by the City to be used for a particular purpose. Fund balance can be assigned by the City Manager or the Chief Financial Officer. This classification includes insurance deductibles, encumbrances, program start-up costs, projected budget deficit for subsequent years and other legal uses.

Unassigned -- includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

When multiple categories of fund balance are available for expenditure, the City will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

Minimum General Fund Unassigned Fund Balance - It is the goal of the City to achieve and maintain an unassigned General Fund balance that is within a range of 60 to 90 days of annual expenditures. If unassigned General Fund balance falls below the goal or has a deficiency, the City will establish a timeframe and work plan to replenish the fund balance. The work plan may include tax increases, fee increases, reduction of services, and/or reduction of expenditures (i.e. hiring freeze, salary freeze, or reduction of travel/training).

NOTE 2. DEPOSITS, INVESTMENTS AND INVESTMENT POLICIES

Deposits – State statutes require that all deposits be fully collateralized by U.S. Government obligations or obligations of Texas and its agencies that have a market value of not less than the principal amount of the deposits.

The City's demand deposits and certificates of deposit were fully insured or collateralized at September 30, 2014, with collateral required by state statutes. At year-end, the carrying amount of the City's deposits was \$9,378,025 and the bank balance was \$10,067,472. Of the bank balance, federal depository insurance covered \$250,000 and the remainder was covered by collateral held by the pledging financial institution's agent in the City's name. The City's petty cash balance at September 30, 2014 was \$47,075.

The carrying amount of deposits for ACDC and AEDC, discretely presented component units, were \$437,420 and \$836,048, respectively, with no corresponding bank balances as they are pooled with the City's deposits. AEDC's petty cash balance at September 30, 2014 was \$100.

Investments – State statutes authorize the City to invest in U.S. Government obligations, obligations of Texas and its agencies and fully collateralized repurchase agreements. The City, AEDC and ACDC invest in Texpool which is an investment fund authorized by the Texas Legislature and administered by the Texas State Treasury. The Texas Treasury Safekeeping Trust Company is trustee of Texpool and is a limited purpose trust company authorized pursuant to Texas Government Code. The purpose of Texpool is to allow for the pooling of public funds to provide a higher yield on the pooled investment than would be possible with the investment of the individual public entity's funds. Texpool investments are subject to the same investment policies maintained by the State Treasury for all state funds. The Legislature has authorized only certain investment instruments for public funds, including repurchase agreements, U.S. Treasury bills and bonds, securities of other

CITY OF ALLEN, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014**

NOTE 2. DEPOSITS, INVESTMENTS AND INVESTMENT POLICIES – CONTINUED

U.S. Government agencies, commercial paper and other safe instruments. The investment in Texpool and any accrued interest may be redeemed at the City's discretion. The City's position in the pool is not materially different from the value of the pool shares.

The table below identifies the investment types that are authorized for the City by the Public Funds Investment Act. (Government Code Chapter 2256). The table also identifies certain provisions of the City's investment policy that address interest rate risk, credit risk, and concentration of credit risk.

| <u>Authorized Investment Type</u> | <u>Maximum Maturity</u> | <u>Maximum Percentage of Portfolio</u> | <u>Maximum Investment In One Issuer</u> |
|---|-----------------------------|--|---|
| Certificates of Deposit | 5 years | 50% | None |
| Repurchase Agreements | 5 years | 30% | None |
| U. S. Treasury Obligations | 5 years | 100% | None |
| Municipal Investment Pool | 5 years | 100% | None |
| Commercial Bank Savings Account | 5 years | 30% | None |
| Money Market Mutual Fund | 5 years | 15% | None |
| U. S. Government Securities (non-callable) | 5 years | 100% | None |
| U. S. Government Securities (callable) | 5 years | 70% | None |
| U. S. Government Sponsored Corp. Instruments: non-callable | 5 years | 75% | None |
| U. S. Government Sponsored Corp. Instruments: callable | 5 years | 70% | None |
| Commercial Paper | 5 years | 20% | None |
| Bankers Acceptance | 5 years | 10% | None |
| Guaranteed Investment Contracts | 5 years | 25% | None |
| State or Local Governmental Obligations | 5 years | 30% | None |

Disclosures Relating To Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Investments with interest rates that are fixed for longer periods of time are more likely to be subject to increased variability in their fair values due to changes in the market interest rates. The City manages its exposure to market price changes by avoiding over-concentration of assets in a specific maturity sector, limitation of average maturity of operating funds investments to less than eighteen months, and avoidance of over-concentration of assets in specific instruments other than U.S. Treasury Securities and authorized investment pools.

CITY OF ALLEN, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014**

NOTE 2. DEPOSITS, INVESTMENTS AND INVESTMENT POLICIES – CONTINUED

Disclosures Relating To Interest Rate Risk – Continued

As of September 30, 2014, the City had the following investments:

| Investment Type | Fair Value | | | | Weighted Avg. Maturity (Years) |
|-------------------------|-----------------------|----------------------|---------------------|-----------------------|--------------------------------|
| | Primary Government | AEDC | ACDC | Total | |
| FFCB | \$ 9,309,703 | \$ 1,021,174 | \$ 625,320 | \$ 10,956,197 | 2.86 |
| FHLB | 7,813,541 | 857,062 | 524,824 | 9,195,427 | 3.42 |
| FHLMC | 5,595,747 | 613,793 | 375,858 | 6,585,398 | 3.09 |
| FNMA | 12,788,445 | 1,402,755 | 858,982 | 15,050,182 | 3.15 |
| Municipal Bond | 1,204,724 | 132,145 | 80,920 | 1,417,789 | 1.39 |
| Certificates of Deposit | 26,119,075 | 2,864,981 | 1,754,381 | 30,738,437 | 1.13 |
| Texpool | 38,360,553 | 4,745,018 | 3,545,855 | 46,651,426 | 0.003 |
| Total | <u>\$ 101,191,788</u> | <u>\$ 11,636,928</u> | <u>\$ 7,766,140</u> | <u>\$ 120,594,856</u> | |

Disclosures Relating To Credit Risk

The City's Investment policy, in conjunction with state law, specifies the type of credit rating of all authorized investments.

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This type of risk is typically expressed in terms of the credit ratings issued by a nationally recognized statistical rating organization. The City reduces the risk of issuer default by limiting investments to those instruments allowed by the Public Funds Investment Act, Chapter 2256, Texas Government Code. The City's investments in U.S. Agency securities (FHLB, FHLMC, and FNMA) are rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service. The City's investments in municipal bonds are rated AA- by Standard and Poor's and Aa3 by Moody's Investors Service. Investments in the Texas Local Government Pool (TexPool) carried a credit rating of AAAM by Standard & Poor's as of September 30, 2014.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's investment policy controls concentration of credit risk by limiting the amount of investment with a single issuer to no more than 35% of the total portfolio with the exception of State approved investment pools and U.S. Government Securities. As of September 30, 2014, with the exception of funds invested at Texpool, the following table represents 5% or more of the City's investments.

| Issuer | Investment Type | Reported Amount | Percentage |
|--------|---------------------------|-----------------|------------|
| FNMA | Federal agency securities | \$ 15,050,182 | 12.48% |
| FFCB | Federal agency securities | 10,956,197 | 9.09% |
| FHLB | Federal agency securities | 9,195,427 | 7.63% |
| FHLMC | Federal agency securities | 6,585,398 | 5.46% |

CITY OF ALLEN, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014**

NOTE 2. DEPOSITS, INVESTMENTS AND INVESTMENT POLICIES – CONTINUED

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

The custodial credit risk for investments is the risk that, in the event of failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's investment policy minimizes custodial credit risk by requiring pledged securities to be in the name of the City.

The Public Funds Investment Act does require that financial institutions secure deposits made by state or local governmental bodies by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities of the collateral must always remain at least equivalent to the bank balance less the FDIC insurance.

As of September 30, 2014, the City's deposits with financial institutions above the federal depository limits were fully collateralized.

NOTE 3. RECEIVABLES

Receivables at September 30, 2014 for both governmental and business-type activities, including the applicable allowances for uncollectible accounts, consist of the following:

| | Property Tax | Sales Taxes | Accrued Accounts | Interest | Assessments | Other | Total |
|--|-------------------|--------------------|---------------------|-------------------|-------------------|---------------------|---------------------|
| General Fund | \$ 369,761 | \$2,872,313 | \$ - | \$ 72,267 | \$ - | \$ 2,021,206 | \$ 5,335,547 |
| Debt Service | 153,625 | - | - | 20,742 | - | - | 174,367 |
| General Capital Projects | - | - | - | 45,684 | 187,557 | - | 233,241 |
| G.O. Bond Fund | - | - | - | 26,485 | - | - | 26,485 |
| Nonmajor Governmental Funds | - | - | 283,875 | 14,702 | - | - | 298,577 |
| Water and Sewer | - | - | 4,981,899 | 59,533 | - | - | 5,041,432 |
| Solid Waste | - | - | 284,409 | 6,301 | - | 427,085 | 717,795 |
| Drainage | - | - | 65,114 | 1,575 | - | - | 66,689 |
| Internal Service Funds | - | - | - | 38,168 | - | - | 38,168 |
| Gross Receivables | 523,386 | 2,872,313 | 5,615,297 | 285,457 | 187,557 | 2,448,291 | 11,932,301 |
| Less: Allowance for Uncollectibles | <u>(390,237)</u> | - | <u>(14,581)</u> | - | - | - | <u>(404,818)</u> |
| Total Net Receivables, Primary Government | <u>\$ 133,149</u> | <u>\$2,872,313</u> | <u>\$ 5,600,716</u> | <u>\$ 285,457</u> | <u>\$ 187,557</u> | <u>\$ 2,448,291</u> | <u>\$11,527,483</u> |
| Component Units | <u>\$ -</u> | <u>\$2,872,312</u> | <u>\$ -</u> | <u>\$ 42,730</u> | <u>\$ -</u> | <u>\$ 5,068</u> | <u>\$ 2,920,110</u> |

The Water and Sewer Fund accounts receivable include unbilled charges for services rendered through September 30, 2014.

CITY OF ALLEN, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2014 was as follows:

Governmental Activities

| | Balance September 30, 2013 | Additions | Dispositions | Adjustments/ Transfers | Balance September 30, 2014 |
|---|----------------------------------|-----------------|--------------|---------------------------|----------------------------------|
| Governmental Funds:- | | | | | |
| General capital assets not being depreciated: | | | | | |
| Land and land improvements | \$ 129,147,461 | \$ 1,480,163 | \$ (12,982) | \$ - | \$ 130,614,642 |
| Construction in progress | 11,645,278 | 8,495,575 | - | (10,740,530) | 9,400,323 |
| Total capital assets not being depreciated | 140,792,739 | 9,975,738 | (12,982) | (10,740,530) | 140,014,965 |
| General capital assets being depreciated: | | | | | |
| Buildings | 131,347,203 | - | (16,856) | - | 131,330,347 |
| Improvements other than buildings | 466,053,965 | 4,243,451 | (3,360,355) | 10,260,813 | 477,197,874 |
| Furniture and fixtures | 8,042,531 | - | (69,289) | - | 7,973,242 |
| Vehicles | 2,518,180 | 62,683 | (135,027) | - | 2,445,836 |
| Library books | 1,355,346 | 243,842 | - | - | 1,599,188 |
| Machinery and equipment | 10,497,952 | 212,289 | (145,093) | 479,717 | 11,044,865 |
| Total capital assets being depreciated | 619,815,177 | 4,762,265 | (3,726,620) | 10,740,530 | 631,591,352 |
| Less accumulated depreciation for: | | | | | |
| Buildings | (22,377,218) | (3,336,914) | 16,855 | - | (25,697,277) |
| Improvements other than buildings | (213,262,970) | (20,188,445) | 3,072,170 | - | (230,379,245) |
| Furniture and fixtures | (6,412,566) | (1,036,218) | 69,289 | - | (7,379,495) |
| Vehicles | (2,013,017) | (227,463) | 135,028 | - | (2,105,452) |
| Library books | (866,632) | (195,704) | - | - | (1,062,336) |
| Machinery and equipment | (8,379,073) | (1,113,806) | 145,093 | - | (9,347,786) |
| Total accumulated depreciation | (253,311,476) | (26,098,550) | 3,438,435 | - | (275,971,591) |
| Total general capital assets being depreciated, net | 366,503,701 | (21,336,285) | (288,185) | 10,740,530 | 355,619,761 |
| General capital assets, net | \$ 507,296,440 | \$ (11,360,547) | \$ (301,167) | \$ - | \$ 495,634,726 |

CITY OF ALLEN, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014

NOTE 4. CAPITAL ASSETS – CONTINUED

| | Balance September 30, 2013 | Additions | Dispositions | Adjustments/ Transfers | Balance September 30, 2014 |
|--|----------------------------------|------------------------|---------------------|---------------------------|----------------------------------|
| Internal Service Funds: | | | | | |
| Internal service funds assets not being depreciated: | | | | | |
| Construction in progress | \$ 1,510,164 | \$ 291,903 | \$ - | \$ (1,510,164) | \$ 291,903 |
| Total capital assets not being depreciated | <u>1,510,164</u> | <u>291,903</u> | <u>-</u> | <u>(1,510,164)</u> | <u>291,903</u> |
| Internal service assets being depreciated: | | | | | |
| Vehicles | 10,543,978 | 589,305 | (321,749) | - | 10,811,534 |
| Machinery and equipment | <u>2,068,592</u> | <u>254,558</u> | <u>(102,584)</u> | <u>1,510,164</u> | <u>3,730,730</u> |
| Total internal service assets being depreciated | <u>12,612,570</u> | <u>843,863</u> | <u>(424,333)</u> | <u>1,510,164</u> | <u>14,542,264</u> |
| Less accumulated depreciation for: | | | | | |
| Vehicles | (5,474,274) | (1,217,593) | 321,749 | - | (6,370,118) |
| Machinery and equipment | <u>(1,570,001)</u> | <u>(283,834)</u> | <u>102,584</u> | <u>-</u> | <u>(1,751,251)</u> |
| Total accumulated depreciation | <u>(7,044,275)</u> | <u>(1,501,427)</u> | <u>424,333</u> | <u>-</u> | <u>(8,121,369)</u> |
| Total Internal service funds capital assets being depreciated, net | <u>5,568,295</u> | <u>(657,564)</u> | <u>-</u> | <u>1,510,164</u> | <u>6,420,895</u> |
| Total Internal service funds capital assets, net | <u>7,078,459</u> | <u>(365,661)</u> | <u>-</u> | <u>-</u> | <u>6,712,798</u> |
| Governmental activities capital assets, net | <u>\$ 514,374,899</u> | <u>\$ (11,726,208)</u> | <u>\$ (301,167)</u> | <u>\$ -</u> | <u>\$ 502,347,524</u> |
| Business-Type Activities | | | | | |
| Water and Sewer Activities: | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 4,072,882 | \$ - | \$ - | \$ - | \$ 4,072,882 |
| Construction in progress | <u>1,150,580</u> | <u>3,435,308</u> | <u>-</u> | <u>-</u> | <u>4,585,888</u> |
| Total capital assets not being depreciated | <u>5,223,462</u> | <u>3,435,308</u> | <u>-</u> | <u>-</u> | <u>8,658,770</u> |
| Capital Assets Being depreciated: | | | | | |
| Towers, tanks, & pumps stations | 170,835,634 | 2,402,611 | (1,014,236) | - | 172,224,009 |
| Furniture and fixtures | 11,114 | - | (11,114) | - | - |
| Machinery and equipment | 4,602,049 | 457,132 | (214,336) | - | 4,844,845 |
| Vehicles | <u>841,143</u> | <u>22,985</u> | <u>-</u> | <u>-</u> | <u>864,128</u> |
| Total capital assets being depreciated | <u>176,289,940</u> | <u>2,882,728</u> | <u>(1,239,686)</u> | <u>-</u> | <u>177,932,982</u> |
| Less accumulated depreciation for: | | | | | |
| Towers, tanks, & pumps stations | (69,169,490) | (5,418,531) | 1,014,236 | - | (73,573,785) |
| Furniture and fixtures | (11,114) | - | 11,114 | - | - |
| Machinery and equipment | <u>(3,214,048)</u> | <u>(392,703)</u> | <u>214,336</u> | <u>-</u> | <u>(3,392,415)</u> |
| Vehicles | <u>(683,392)</u> | <u>(57,935)</u> | <u>-</u> | <u>-</u> | <u>(741,327)</u> |
| Total accumulated depreciation | <u>(73,078,044)</u> | <u>(5,869,169)</u> | <u>1,239,686</u> | <u>-</u> | <u>(77,707,527)</u> |
| Total capital assets being depreciated, net | <u>103,211,896</u> | <u>(2,986,441)</u> | <u>-</u> | <u>-</u> | <u>100,225,455</u> |
| Water and sewer activities capital assets, net | <u>\$ 108,435,358</u> | <u>\$ 448,867</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 108,884,225</u> |

CITY OF ALLEN, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014

NOTE 4. CAPITAL ASSETS – CONTINUED

| | Balance September 30, 2013 | Additions | Dispositions | Balance September 30, 2014 |
|---|----------------------------------|-------------------|-----------------|----------------------------------|
| Solid Waste Activities: | | | | |
| Capital assets being depreciated: | | | | |
| Machinery and equipment | \$ 8,392 | \$ - | \$ - | \$ 8,392 |
| Vehicles | 12,923 | - | - | 12,923 |
| Total capital assets being depreciated | <u>21,315</u> | <u>-</u> | <u>-</u> | <u>21,315</u> |
| Less accumulated depreciation for: | | | | |
| Machinery and equipment | (8,122) | (270) | - | (8,392) |
| Vehicles | (12,923) | - | - | (12,923) |
| Total accumulated depreciation | <u>(21,045)</u> | <u>(270)</u> | <u>-</u> | <u>(21,315)</u> |
| Solid waste activities capital assets, net | <u>\$ 270</u> | <u>\$ (270)</u> | <u>\$ -</u> | <u>\$ -</u> |
| Drainage Activities: | | | | |
| Capital assets being depreciated: | | | | |
| Other improvements | \$ 496,132 | \$ - | \$ - | \$ 496,132 |
| Vehicles | 31,379 | - | - | 31,379 |
| Machinery and equipment | 430,682 | 16,564 | (16,900) | 430,346 |
| Total capital assets being depreciated | <u>958,193</u> | <u>16,564</u> | <u>(16,900)</u> | <u>957,857</u> |
| Less accumulated depreciation for: | | | | |
| Other improvements | (128,772) | (12,264) | - | (141,036) |
| Vehicles | (29,697) | (1,682) | - | (31,379) |
| Machinery and equipment | (413,995) | (10,219) | 16,900 | (407,314) |
| Total accumulated depreciation | <u>(572,464)</u> | <u>(24,165)</u> | <u>16,900</u> | <u>(579,729)</u> |
| Drainage activities capital assets, net | <u>\$ 385,729</u> | <u>\$ (7,601)</u> | <u>\$ -</u> | <u>\$ 378,128</u> |
| Golf Course Activities: | | | | |
| Capital assets being depreciated: | | | | |
| Machinery and equipment | \$ 937,453 | \$ - | \$ - | \$ 937,453 |
| Furniture and fixtures | 10,894 | - | (10,894) | - |
| Total capital assets being depreciated | <u>948,347</u> | <u>-</u> | <u>(10,894)</u> | <u>937,453</u> |
| Less accumulated depreciation for: | | | | |
| Machinery and equipment | (388,283) | (113,587) | - | (501,870) |
| Furniture and fixtures | (10,894) | - | 10,894 | - |
| Total accumulated depreciation | <u>(399,177)</u> | <u>(113,587)</u> | <u>10,894</u> | <u>(501,870)</u> |
| Golf course activities capital assets, net | <u>549,170</u> | <u>(113,587)</u> | <u>-</u> | <u>435,583</u> |
| Business-type activities capital assets, net | <u>\$109,370,527</u> | <u>\$ 327,409</u> | <u>\$ -</u> | <u>\$ 109,697,936</u> |

CITY OF ALLEN, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014

NOTE 4. CAPITAL ASSETS – CONTINUED

| | Balance September 30, 2013 | Additions | Dispositions | Balance September 30, 2014 |
|---|----------------------------------|---------------------|---------------------|----------------------------------|
| Component Units: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 4,324,525 | \$ 30,000 | \$ (381,483) | \$ 3,973,042 |
| Land improvements | 207,878 | - | (207,878) | - |
| Total capital assets not being depreciated | <u>4,532,403</u> | <u>30,000</u> | <u>(589,361)</u> | <u>3,973,042</u> |
| Capital assets being depreciated: | | | | |
| Improvements other than buildings | 3,128,689 | - | - | 3,128,689 |
| Furniture and fixtures | 66,075 | - | - | 66,075 |
| Total capital assets being depreciated | <u>3,194,764</u> | <u>-</u> | <u>-</u> | <u>3,194,764</u> |
| Less accumulated depreciation for: | | | | |
| Improvements other than buildings | (2,179,907) | (153,333) | - | (2,333,240) |
| Furniture and fixtures | <u>(66,075)</u> | <u>-</u> | <u>-</u> | <u>(66,075)</u> |
| Total accumulated depreciation | <u>(2,245,982)</u> | <u>(153,333)</u> | <u>-</u> | <u>(2,399,315)</u> |
| Total capital assets being depreciated, net | <u>948,782</u> | <u>(153,333)</u> | <u>-</u> | <u>795,449</u> |
| Component units capital assets, net | <u>\$ 5,481,185</u> | <u>\$ (123,333)</u> | <u>\$ (589,361)</u> | <u>\$ 4,768,491</u> |

Depreciation expense was charged as direct expense to programs of the primary government and component units as follows:

| | |
|--|----------------------|
| Governmental activities: | |
| General government | \$ 1,204,458 |
| Public safety | 987,068 |
| Public works | 14,592,664 |
| Culture and recreation | 9,236,143 |
| Community development | 3,076 |
| Grant Administration | <u>75,141</u> |
| Total depreciation expense - General capital assets | 26,098,550 |
| Internal Service Funds | <u>1,501,427</u> |
| Total depreciation expense - Governmental activities | <u>\$ 27,599,977</u> |

CITY OF ALLEN, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014**

NOTE 4. CAPITAL ASSETS – CONTINUED

| | |
|---|----------------------|
| Business-type activities: | |
| Water and sewer | \$ 5,869,169 |
| Solid waste | 270 |
| Drainage utility | 24,165 |
| Golf course | <u>113,587</u> |
| Total depreciation expense - Business-type activities | <u>6,007,191</u> |
| Component units: | |
| Allen Economic Development Corporation | <u>\$ 153,333</u> |

Outstanding commitments at September 30, 2014, under authorized construction contracts were \$297,869. These outstanding commitments for capital projects will be funded from unexpended bond proceeds and additional general obligation bonds.

NOTE 5. LONG-TERM DEBT

At September 30, 2014, bonds payable consisted of the following individual issues:

General Obligation Bonds:

| | |
|--|---------------|
| \$32,330,000 Series 2005 Refunding Bonds due in annual installments of \$75,000 to \$3,505,000 through August 15, 2021; interest at 3.0% to 5.00%. | \$ 16,875,000 |
| \$1,595,000 Series 2006 Bonds due in annual installments of \$50,000 to \$115,000 through August 15, 2026; interest at 4.0% to 4.20%. | 1,110,000 |
| \$11,145,000 Series 2007 Bonds due in annual installments of \$380,000 to \$815,000 through August 15, 2027; interest at 4.0% to 5.0%. | 8,210,000 |
| \$10,185,000 Series 2008 Bonds due in annual installments of \$250,000 to \$745,000 through August 15, 2028; interest at 3.5% to 4.60%. | 7,885,000 |

CITY OF ALLEN, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014**

NOTE 5. LONG-TERM DEBT – CONTINUED

General Obligation Bonds – continued

| | |
|--|----------------------|
| \$15,400,000 Series 2009 Bonds due in annual installments of \$435,000 to \$1,140,000 through August 15, 2028; interest at 2.5% to 4.5%. | \$ 12,400,000 |
| \$12,000,000 Series 2010 Bonds due in annual installments of \$370,000 to \$865,000 through August 15, 2029; interest at 2.0% to 4.0%. | 10,100,000 |
| \$8,785,000 Series 2010A Refunding Bonds due in annual installments of \$110,000 to \$970,000 through August 15, 2022; interest at 2.0% to 3.0%. | 6,990,000 |
| \$8,840,000 Series 2011 Refunding and Improvement Bonds due in annual installments of \$255,000 to \$795,000 through August 15, 2030; interest at 2.0% to 4.25%. | 6,690,000 |
| \$13,865,000 Series 2012 Refunding and Improvement Bonds due in annual installments of \$350,000 to \$1,600,000 through August 15, 2024; interest at 2.0% to 5.0%. | 13,515,000 |
| \$5,065,000 Series 2013 Bonds due in annual installments of \$190,000 to \$340,000 through August 15, 2032; interest at 2.0% to 3.5%. | 4,875,000 |
| \$10,595,000 Series 2014 Bonds due in annual installments of \$375,000 to \$740,000 through August 15, 2033; interest at 2.0% to 4.0%. | 10,595,000 |
| | <u>\$ 99,245,000</u> |

Certificates of Obligation:

| | |
|--|-------------------|
| \$765,000 Series 2004B Combination Tax & Revenue Golf Course Certificates of Obligation due in annual installments of \$25,000 to \$70,000 through September 1, 2024; interest at 4.875% to 5.50%. | \$ 530,000 |
| | <u>\$ 530,000</u> |

Water and Sewer Revenue Bonds:

| | |
|---|---------------------|
| \$4,300,000 Series 2005 Bonds due in annual installments of \$140,000 to \$310,000 through June 1, 2025; interest at 3.75% to 6.625%. | \$ 415,000 |
| \$5,795,000 Series 2009 Refunding Bonds due installments \$530,000 to \$630,000 through June 1, 2019; interest at 1.2% to 3.5%. | 2,950,000 |
| \$3,370,000 Series 2013 Refunding Bonds due installments \$90,000 to \$385,000 through June 1, 2025; interest at 2.0% to 3.0%. | 3,370,000 |
| \$1,280,000 Series 2014 Refunding Bonds due installments \$105,000 to \$265,000 through June 1, 2024; interest at 2.1%. | 1,280,000 |
| | <u>\$ 8,015,000</u> |

CITY OF ALLEN, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014**

NOTE 5. LONG-TERM DEBT – CONTINUED

AEDC Sales Tax Revenue Bonds:

| | |
|--|----------------------|
| \$15,335,000 Series 2008 Sales Tax Revenue Bonds due in annual installments of \$390,000 to \$940,000 through September 1, 2032; interest at 3.50% to 4.50%. | \$ 12,170,000 |
| \$1,605,000 Series 2010A Sales Tax Revenue Bonds due in annual installments of \$440,000 to \$595,000 beginning September 1, 2023 through September 1, 2025; interest at 4.00%. | 1,605,000 |
| \$5,165,000 Series 2010B Sales Tax Revenue Bonds due in annual installments of \$105,000 to \$520,000 through September 1, 2023; interest at 1.35% to 5.10%. | <u>3,690,000</u> |
| | <u>\$ 17,465,000</u> |

ACDC Sales Tax Revenue Bonds:

| | |
|--|----------------------|
| \$5,600,000 Series 2006 Refunding Bonds due in annual installments of \$290,000 to \$785,000 through September 1, 2019; interest at 3.75% to 5.0%. | \$ 3,010,000 |
| \$32,835,000 Series 2008 Sales Tax Revenue Bonds due in annual installments of \$345,000 to \$2,785,000 through September 1, 2032; interest at 4.00% to 6.00%. | <u>29,590,000</u> |
| | <u>\$ 32,600,000</u> |

CITY OF ALLEN, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014

NOTE 5. LONG-TERM DEBT – CONTINUED

The following is a summary of long-term debt transactions, including current portion, of the City for the year ended September 30, 2014:

| | Balance Beginning of Year | Increases | Decreases | Balance End of Year | Due Within One Year |
|---|---------------------------------|----------------------|------------------------|---------------------------|---------------------------|
| Governmental Activities | | | | | |
| General Obligation Bonds | \$ 96,735,000 | \$ 10,595,000 | \$ (8,085,000) | \$ 99,245,000 | \$ 9,115,000 |
| Certificates of Obligation | 800,000 | - | (270,000) | 530,000 | 40,000 |
| Capital lease payable | 17,523 | - | (9,986) | 7,537 | 7,537 |
| Compensated absences | 4,688,221 | 2,948,386 | (2,640,182) | 4,996,425 | 2,927,596 |
| Municipal pension obligation | 236,177 | 5,402,669 | (5,403,924) | 234,922 | - |
| Premiums/discounts | 4,477,788 | 432,879 | (302,555) | 4,608,112 | - |
| | <u>\$ 106,954,709</u> | <u>\$ 19,378,934</u> | <u>\$ (16,711,647)</u> | <u>\$ 109,621,996</u> | <u>\$ 12,090,133</u> |
| Governmental activity long-term debt | | | | | |

The general fund has typically been used to liquidate the liability for compensated absences for governmental activities.

| | Balance Beginning of Year | Increases | Decreases | Balance End of Year | Due Within One Year |
|--|---------------------------------|---------------------|-----------------------|---------------------------|---------------------------|
| Business Type Activities | | | | | |
| Water and Sewer Revenue Bonds | \$ 9,370,000 | \$ 4,650,000 | \$ (6,005,000) | \$ 8,015,000 | \$ 1,280,000 |
| Compensated absences | 510,084 | 387,503 | (321,467) | 576,120 | 537,015 |
| Capital lease payable | 549,169 | - | (113,587) | 435,582 | 116,578 |
| Premiums/discounts | 105,457 | 180,475 | (30,021) | 255,911 | - |
| | <u>\$ 10,534,710</u> | <u>\$ 5,217,978</u> | <u>\$ (6,470,075)</u> | <u>\$ 9,282,613</u> | <u>\$ 1,933,593</u> |
| Business-type activity long-term debt | | | | | |
| Component Unit | | | | | |
| Allen Community Development Corporation | | | | | |
| Sales Tax Revenue Bonds | \$ 33,690,000 | \$ - | \$ (1,090,000) | \$ 32,600,000 | \$ 1,135,000 |
| Premiums/discounts | (124,589) | - | (1,991) | (126,580) | - |
| ACDC long-term debt | <u>\$ 33,565,411</u> | <u>\$ -</u> | <u>\$ (1,091,991)</u> | <u>\$ 32,473,420</u> | <u>\$ 1,135,000</u> |
| Allen Economic Development Corporation | | | | | |
| Sales Tax Revenue Bonds | \$ 18,310,000 | \$ - | \$ (845,000) | \$ 17,465,000 | \$ 870,000 |
| Premiums/discounts | (43,905) | - | 3,065 | (40,840) | - |
| AEDC long-term debt | <u>\$ 18,266,095</u> | <u>\$ -</u> | <u>\$ (841,935)</u> | <u>\$ 17,424,160</u> | <u>\$ 870,000</u> |
| Component unit long-term debt | <u>\$ 51,831,506</u> | <u>\$ -</u> | <u>\$ (1,933,926)</u> | <u>\$ 49,897,580</u> | <u>\$ 2,005,000</u> |

CITY OF ALLEN, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014

NOTE 5. LONG-TERM DEBT – CONTINUED

Annual Requirements to Retire Debt Obligations

The City intends to retire all of its general long-term liabilities, plus accrued interest, from ad valorem taxes and other current revenues. The proprietary fund type long-term debt will be repaid, plus accrued interest, from operating revenues of the Water and Sewer Fund. The annual aggregate maturities for each bond type for the years subsequent to September 30, 2014, are as follows:

General Obligation Bonds

Annual debt service requirements to maturity for general obligation bonds, including interest of \$27,692,782 are as follows:

| Governmental Activities | | | |
|-------------------------|---------------|---------------|----------------|
| Fiscal Year Ending | Principal | Interest | Total |
| September 30 | | | |
| 2015 | \$ 9,115,000 | \$ 3,907,027 | \$ 13,022,027 |
| 2016 | 8,875,000 | 3,504,293 | 12,379,293 |
| 2017 | 8,555,000 | 3,206,738 | 11,761,738 |
| 2018 | 8,880,000 | 2,896,513 | 11,776,513 |
| 2019 | 8,415,000 | 2,539,019 | 10,954,019 |
| 2020 - 2024 | 32,050,000 | 8,370,176 | 40,420,176 |
| 2025 - 2029 | 19,225,000 | 2,900,416 | 22,125,416 |
| 2030 - 2033 | 4,130,000 | 368,600 | 4,498,600 |
| Total | \$ 99,245,000 | \$ 27,692,782 | \$ 126,937,782 |

Certificates of Obligation

Annual debt service requirements to maturity for the Certificates of Obligation, including interest of \$172,595 are as follows:

| Governmental Activities | | | |
|-------------------------|------------|------------|------------|
| Fiscal Year Ending | Principal | Interest | Total |
| September 30 | | | |
| 2015 | \$ 40,000 | \$ 28,270 | \$ 68,270 |
| 2016 | 40,000 | 26,230 | 66,230 |
| 2017 | 45,000 | 24,150 | 69,150 |
| 2018 | 45,000 | 21,810 | 66,810 |
| 2019 | 50,000 | 19,470 | 69,470 |
| 2020 - 2024 | 310,000 | 52,665 | 362,665 |
| Total | \$ 530,000 | \$ 172,595 | \$ 702,595 |

CITY OF ALLEN, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014

NOTE 5. LONG-TERM DEBT – CONTINUED

Water and Sewer Revenue Bonds

Revenue bond debt service requirements to maturity, including interest of \$1,101,161 are as follows:

| Business-type Activities | | | |
|--------------------------|---------------------|---------------------|---------------------|
| Fiscal Year Ending | Principal | Interest | Total |
| September 30 | | | |
| 2015 | \$ 1,280,000 | \$ 233,860 | \$ 1,513,860 |
| 2016 | 975,000 | 198,576 | 1,173,576 |
| 2017 | 1,000,000 | 169,081 | 1,169,081 |
| 2018 | 1,040,000 | 141,675 | 1,181,675 |
| 2019 | 1,070,000 | 108,426 | 1,178,426 |
| 2020 - 2024 | 2,390,000 | 241,743 | 2,631,743 |
| 2025 | 260,000 | 7,800 | 267,800 |
| Total | <u>\$ 8,015,000</u> | <u>\$ 1,101,161</u> | <u>\$ 9,116,161</u> |

AEDC Sales Tax and Revenue Bonds

Sales Tax Revenue bond debt service requirements to maturity, including interest of \$6,969,000 are as follows:

| AEDC | | | |
|--------------------|----------------------|---------------------|----------------------|
| Fiscal Year Ending | Principal | Interest | Total |
| September 30 | | | |
| 2015 | \$ 870,000 | \$ 723,905 | \$ 1,593,905 |
| 2016 | 900,000 | 694,625 | 1,594,625 |
| 2017 | 930,000 | 662,125 | 1,592,125 |
| 2018 | 970,000 | 627,500 | 1,597,500 |
| 2019 | 1,010,000 | 590,288 | 1,600,288 |
| 2020 - 2024 | 5,705,000 | 2,281,698 | 7,986,698 |
| 2025 - 2029 | 4,380,000 | 1,142,259 | 5,522,259 |
| 2030 - 2032 | 2,700,000 | 246,600 | 2,946,600 |
| Total | <u>\$ 17,465,000</u> | <u>\$ 6,969,000</u> | <u>\$ 24,434,000</u> |

CITY OF ALLEN, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014

NOTE 5. LONG-TERM DEBT – CONTINUED

ACDC Sales Tax and Revenue Bonds

Sales Tax Revenue bond debt service requirements to maturity, including interest of \$20,529,140 are as follows:

| ACDC | | | |
|--------------------|----------------------|----------------------|----------------------|
| Fiscal Year Ending | | | |
| September 30 | Principal | Interest | Total |
| 2015 | \$ 1,135,000 | \$ 1,816,365 | \$ 2,951,365 |
| 2016 | 1,190,000 | 1,760,455 | 2,950,455 |
| 2017 | 1,245,000 | 1,705,145 | 2,950,145 |
| 2018 | 1,305,000 | 1,646,820 | 2,951,820 |
| 2019 | 1,370,000 | 1,583,420 | 2,953,420 |
| 2020 - 2024 | 7,985,000 | 6,770,550 | 14,755,550 |
| 2025 - 2029 | 10,480,000 | 4,281,285 | 14,761,285 |
| 2030 - 2032 | 7,890,000 | 965,100 | 8,855,100 |
| Total | <u>\$ 32,600,000</u> | <u>\$ 20,529,140</u> | <u>\$ 53,129,140</u> |

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and infrastructure. During the year, \$10,595,000 of general obligation bonds were issued to construct and/or make improvements to existing City facilities, streets and drainage, parks, park land acquisition, and public art. The Debt Service Fund has \$889,702 available to service the general obligation debt at September 30, 2014. There are a number of limitations and restrictions contained in the various general obligation bond indentures. The City is in compliance with all significant limitations and restrictions at September 30, 2014.

A schedule of authorized but unissued direct General Obligation Bonds as of September 30, 2014, is as follows:

| Purpose | Date of Authorization | Original Amount Authorized | Issued in Prior Fiscal Years | Issued in 2014 | Unissued Balance |
|---------------------------|-----------------------|----------------------------|------------------------------|----------------------|----------------------|
| Performing Arts Center | 11/5/2002 | \$ 19,500,000 | \$ 2,815,000 | \$ - | \$ 16,685,000 |
| Service Center Facilities | 5/12/2007 | 14,500,000 | 12,500,000 | - | 2,000,000 |
| Municipal Building | 5/12/2007 | 1,700,000 | 1,025,000 | 425,000 | 250,000 |
| Streets | 5/12/2007 | 27,200,000 | 22,040,000 | 3,210,000 | 1,950,000 |
| Parks | 5/12/2007 | 17,250,000 | 8,700,000 | 5,100,000 | 3,450,000 |
| Public Art Projects | 5/12/2007 | 1,390,000 | 925,000 | 230,000 | 235,000 |
| Public Safety | 5/12/2007 | 15,855,000 | 11,975,000 | 1,900,000 | 1,980,000 |
| | | <u>\$ 97,395,000</u> | <u>\$ 59,980,000</u> | <u>\$ 10,865,000</u> | <u>\$ 26,550,000</u> |

CITY OF ALLEN, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014

NOTE 5. LONG-TERM DEBT – CONTINUED

Water and Sewer Revenue Bonds

The City is required by the applicable revenue bond indentures to pledge the net revenues of the Water and Sewer Enterprise Fund for the retirement of its outstanding revenue bonds, including interest thereon, and is required to maintain debt service funds and bond reserve funds for all such bonds outstanding.

Funds aggregating \$26,859 at September 30, 2014 are restricted within the Water and Sewer Enterprise Fund for servicing of the debt. The respective bond indentures require the City to make equal monthly payments to the restricted accounts to accumulate the annual principal and interest requirements as they become due.

Water and Sewer Revenue Bonds and Refunding Bonds are payable solely from and, equally secured by, a first lien on and pledge of the net revenue of the City's combined waterworks and sanitary sewer systems.

The ordinances authorizing the Revenue Bonds stipulate that the City will deposit, in addition to principal and interest requirements, certain amounts in a reserve fund. Amounts in the reserve fund are to be used to pay principal and interest on outstanding bonds at any time sufficient funds are not available in the bond interest and redemption fund. The bond indentures require that the City accumulate reserves to an amount equal to the average annual principal and interest requirements of all outstanding bonds secured by the net revenues of the system. Such reserves are funded up to the required level in equal monthly installments over a maximum five-year period, as defined in the indentures. Amounts in the reserve fund at September 30, 2014 of \$1,384,812 are adequate to meet the reserve requirements.

At September 30, 2014, restricted assets, which include Water and Sewer Revenue Bond Debt Service and Reserve Funds, were as follows:

| | |
|---------------------------|---------------------|
| Revenue bond debt service | \$ 504,634 |
| Revenue bond reserve fund | 880,178 |
| | <u>\$ 1,384,812</u> |

Net position reserved for Water and Sewer revenue bond retirement is detailed as follows:

| | |
|--|--------------------|
| Restricted assets, revenue bond debt | |
| Service and reserve funds | \$ 1,384,812 |
| Accrued interest, payable from restricted assets | (77,953) |
| Current maturities of revenue bonds, payable from restricted assets | <u>(1,280,000)</u> |
| Reserved for revenue bond principal and interest | <u>\$ 26,859</u> |

CITY OF ALLEN, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014

NOTE 5. LONG-TERM DEBT – CONTINUED

Water and Sewer Revenue Bonds – Continued

The City is in compliance with the various requirements of the bond ordinances. This covenant requires that operating revenues, as defined, cover the current debt requirement including principal and interest by a minimum of 1.2 times. Such coverage at September 30, 2014 was 4.50 times.

Capital Leases

The City acquired office equipment under various leases accounted for as capital leases. As of September 30, 2014, the capitalized costs of the Governmental leased property and Business-type leased property under capital leases were \$851,183 and \$937,453, respectively.

The terms of the leases range from 3 - 5 years and call for monthly and annual payments over the life of the leases. The future minimum lease payments under the capitalized leases and the net present value of the future minimum lease payments at September 30, 2014 are as follows:

| Fiscal Year Ending September 30, | Governmental Activities | | |
|-------------------------------------|-------------------------|----------|----------|
| | Principal | Interest | Total |
| 2015 | \$ 7,537 | \$ 23 | \$ 7,560 |
| Total | \$ 7,537 | \$ 23 | \$ 7,560 |

| Fiscal Year Ending September 30, | Business-type Activities | | |
|-------------------------------------|--------------------------|-----------|------------|
| | Principal | Interest | Total |
| 2015 | \$ 116,578 | \$ 14,480 | \$ 131,058 |
| 2016 | 120,713 | 9,942 | 130,655 |
| 2017 | 120,852 | 5,353 | 126,205 |
| 2018 | 77,439 | 1,025 | 78,464 |
| Total | \$ 435,582 | \$ 30,800 | \$ 466,382 |

Operating Leases

The City leases machinery and equipment under non-cancelable operating leases. Total costs for such leases were \$324,700 for the fiscal year ended September 30, 2014. Future minimum lease payments, by year and in the aggregate, under the non-cancelable lease commitments are as follows:

| Fiscal Year Ending September 30, | Amount |
|-------------------------------------|------------|
| 2015 | \$ 353,792 |
| 2016 | 251,248 |
| 2017 | 62,233 |
| 2018 | 42,021 |
| 2019 | 5,689 |
| Total | \$ 714,983 |

CITY OF ALLEN, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014**

NOTE 6. INTERFUND TRANSFERS

All interfund transfers between the various funds are approved supplements to the operations of those funds. Individual fund transfers for fiscal year 2014 were as follows:

| <u>Fund</u> | <u>Transfers In</u> | <u>Transfers Out</u> |
|-----------------------------------|----------------------|----------------------|
| Major Governmental Funds: | | |
| General Fund | \$ 5,314,988 | \$ 4,191,984 |
| General Capital Projects | 3,402,959 | - |
| General Obligation Bonds | - | 198,441 |
| Debt Service Fund | 500,000 | - |
| Total Major Governmental Funds | <u>9,217,947</u> | <u>4,390,425</u> |
| Nonmajor Governmental Funds: | | |
| Grants and Special Revenue | 39,158 | - |
| Hotel Occupancy Tax | - | 93,857 |
| Total Nonmajor Governmental Funds | <u>39,158</u> | <u>93,857</u> |
| Major Enterprise Funds | | |
| Water and Sewer Fund | 33,375 | 4,678,035 |
| Solid Waste Fund | - | 709,363 |
| Drainage Utility Fund | - | 481,701 |
| Golf Course Fund | 208,587 | - |
| Total Major Enterprise Funds | <u>241,962</u> | <u>5,869,099</u> |
| Internal Service Funds: | | |
| Replacement Fund | 400,000 | - |
| Risk Management Fund | 454,314 | - |
| Total Internal Service Funds | <u>854,314</u> | <u>-</u> |
| Total Transfers | <u>\$ 10,353,381</u> | <u>\$ 10,353,381</u> |

Transfers are used to 1) move amounts from funds receiving administrative and operating support to the appropriate fund incurring the administrative and operating costs and 2) to move unrestricted funds to finance various programs that the City must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs and to support cash financing of capital projects.

The fund financial statements show:

- Governmental funds: Total transfers in of \$9,257,105 include funding for capital projects, grant matching funds, and reimbursement for operating and administrative costs incurred to provide technology, procurement, human resources, building maintenance, financial and administrative support. Transfers out totaling \$4,484,282 include cash financing of capital projects, support of programs recorded in nonmajor governmental funds and internal service funds.

CITY OF ALLEN, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014**

NOTE 6. INTERFUND TRANSFERS – CONTINUED

- Proprietary funds: Total enterprise funds transfers in of \$241,962 mainly represent amounts transferred into the Golf Course Fund to support operations. The total transfers out of \$5,869,099 represent the amount provided by other funds for technology, procurement, human resources, building maintenance, financial and administrative support. The internal service funds total transfer in of \$854,314 represents the amounts needed for sign plotter and CAD software, and administrative support for the Risk Management Fund.

NOTE 7. RETIREMENT PLAN

Plan Description

The City provides pension benefits for all 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 from the TMRS website at www.TMRS.com.

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

| | <u>Plan Year 2013</u> | <u>Plan Year 2014</u> |
|---|------------------------------|------------------------------|
| Employee deposit rate | 7% | 7% |
| Matching ratio (City to employee) | 2 to 1 | 2 to 1 |
| Years required for vesting | 5 | 5 |
| Service retirement eligibility (expressed as age/years of service) | 60/5, 0/20 | 60/5, 0/20 |
| Updated service credit | 100% repeating, transfers | 100% repeating, transfers |
| Annuity Increase (to Retirees) | 70% repeating CPI | 70% repeating CPI |

Contributions and Funding Policy

Under the state law governing TMRS, the contribution rate for each City is determined annually by the actuary using the Entry Age Normal (EAN) cost method (EAN was first used in the December 31, 2013 valuation; previously the Projected Unit Credit actuarial cost method had been used). The 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 for an employee is the contribution rate which, if applied to a member's compensation throughout their period of anticipated covered service with the municipality, would be sufficient to meet all benefits payable on their behalf. The salary-weighted average of the individual rates is the total normal cost rate. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits such as updated service credits and annuity increases.

CITY OF ALLEN, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014**

NOTE 7. RETIREMENT PLAN – CONTINUED

Contributions and Funding Policy – Continued

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect (i.e. the December 31, 2013 valuation will determine the contribution rate beginning January 1, 2015).

The City's retirement cost rate was 13.90% from October to December 2013 and 13.87% from January to September 2014.

Beginning in fiscal year 2008, changes in actuarial funding and assumptions resulted in higher required contributions and lower funded ratios. To assist in this transition to higher rates, TMRS approved an eight-year phase-in period, which allows cities the opportunity to increase their contributions gradually to their full required contribution rate. The City made additional voluntary contributions of approximately 1% from January to September 2008, approximately 2% for the fiscal years 2010, 2011, and 2012, and beginning in 2013, increased the City's contribution rate above the minimum phase in rate in order to reduce the unfunded actuarial accrued liability.

The annual pension cost and net pension obligation are as follows:

| | |
|---|--------------------------|
| Annual required contribution (ARC) | \$ 5,401,003 |
| Interest on net pension obligation | 16,532 |
| Adjustment to the ARC | <u>(14,866)</u> |
| Annual pension cost (APC) | 5,402,669 |
| Contributions made | <u>(5,403,924)</u> |
| Decrease in net pension obligation | (1,255) |
| Net pension obligation, beginning of the year | <u>236,177</u> |
| Net pension obligation, end of the year | <u><u>\$ 234,922</u></u> |

Three-Year Trend Information:

| Fiscal Year | Annual Pension Cost (APC) | Actual Contribution Made | Percentage of APC Contributed | Net Pension Obligation |
|----------------|---------------------------------|--------------------------------|-------------------------------------|------------------------------|
| 2012 | \$ 5,001,225 | \$ 4,976,069 | 99% | \$ 270,853 |
| 2013 | \$ 5,248,905 | \$ 5,283,581 | 101% | \$ 236,177 |
| 2014 | \$ 5,402,669 | \$ 5,403,924 | 100% | \$ 234,922 |

CITY OF ALLEN, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014

NOTE 7. RETIREMENT PLAN – CONTINUED

Contributions and Funding Policy – Continued

A summary of actuarial methods and assumptions is as follows:

| | | |
|--|----|----------------------------|
| Actuarial Cost Method | -- | Entry Age Normal |
| Amortization Method | -- | Level percent of payroll |
| Remaining Amortization Period | -- | 30.0 years – closed period |
| Amortization period for new gains/losses | -- | 30 years |
| Asset Valuation Method | -- | 10 year smoothed market |
| Investment Rate of Return | -- | 7.0% |
| Projected Salary increases | -- | Varies by age and service |
| Includes Inflation at | -- | 3.0% |
| Cost-of-Living Adjustments | -- | 2.1% |

Funding Status and Funding Progress:

In October 2013, the TMRS Board approved actuarial changes in (a) the funding method from Projected Unit Credit to Entry Age Normal, (b) the post-retirement mortality assumptions used in calculating liabilities and contribution rates and in the development of the Annuity Purchase Rate factors, and (c) the amortization policy. These actuarial changes were effective with the December 31, 2013 actuarial valuation. For a complete description of the new actuarial cost method and assumptions, please see the December 31, 2013 TMRS Comprehensive Annual Financial Report (CAFR).

As of December 31, 2013, the most recent actuarial valuation date, the plan was 79.8% funded. The actuarial accrued liability for benefits was \$137,679,525, and the actuarial value of assets was \$109,927,597, resulting in an unfunded actuarial accrued liability (UAAL) of \$27,751,928. The covered payroll (annual payroll of active employees covered by the plan) was \$38,057,771, and the ratio of the UAAL to the covered payroll was 72.9%.

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

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents 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.

CITY OF ALLEN, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED SEPTEMBER 30, 2014

NOTE 8. WATER AND SEWER CONTRACTS

In 1972, the City entered into a forty-year contract with the North Texas Municipal Water District (District) for the purchase of water. Under the terms of this contract, the City is obligated to make a minimum annual payment (adjusted annually) in return for a minimum volume of gallons of water per year. During 1998, the City was annexed into the North Texas Municipal Water District, which guaranteed the City a minimum volume of water. During the year ended September 30, 2014, the cost of water purchased under this contract was \$11,240,959.

In 1978, the City entered into a contract with the District for the transportation, treatment and disposal of sanitary sewage and other waste. The contract will continue in force at least until all bonds issued by the District pursuant to the contract have been paid in full and will remain in force thereafter throughout the useful life of the District's sanitary sewer system. The contract requires the City to pay varying amounts based on the costs associated with sewage transported and/or treated and disposed of. The cost includes the City's proportionate share of the District's operating and maintenance expenses and related debt service costs. During fiscal year 2014, the cost for transportation, treatment and disposal of sewage and other wastes was \$5,654,466.

NOTE 9. DEFERRED COMPENSATION PLAN

As a result of legislative changes, all amounts of compensation deferred, all property and rights purchased, and all income, property or rights are (until paid or made available to the employee or other beneficiary) held in trust for the exclusive benefit of the participants and their beneficiaries, whereas, prior to these legislative changes, these amounts were solely the property and rights of the City subject only to the claims of the City's general creditors. As a result at September 30, 2014, the deferred compensation investments are not reported in the City's financial statements.

NOTE 10. RISK MANAGEMENT

Health and Dental Insurance

The City provides health and dental insurance benefits to City employees under a modified self-insurance plan. Under the plan, the City and the employee pay a portion of a predetermined monthly premium, which is based on the estimated claims cost for the plan and the extent of medical coverage selected by the employee. To cover annual costs, premium payments are reported as operating revenues of the Risk Management Fund and operating expenditures/expenses of the participating funds.

A commercial insurance carrier is utilized to adjudicate and pay medical claims on behalf of the City. The City's medical claims liability is limited by a stop loss insurance policy covering an individual's medical claims in excess of \$125,000 per plan year. Aggregate stop loss coverage of \$2,000,000 per plan year provides protection to limit claim liability for the plan as a whole. The liabilities for insurance claims reported are based on GASB No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

CITY OF ALLEN, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014**

NOTE 10. RISK MANAGEMENT – CONTINUED

Health and Dental Insurance – Continued

These liabilities include an estimate for incurred but not reported claims. The estimated amount at September 30, 2014 was \$935,264. Changes in the Risk Management liability during the past five fiscal years were as follows:

| Year Ending September 30, | Balance at Beginning of Fiscal Year | Current Year Claims and Changes in Estimates | Claim Payments | Balance at End of Fiscal Year |
|------------------------------|---|--|-------------------|-------------------------------------|
| 2010 | \$ 599,371 | \$ 5,685,199 | \$ 5,544,605 | \$ 739,965 |
| 2011 | 739,965 | 5,444,705 | 5,459,311 | 725,359 |
| 2012 | 725,359 | 6,631,188 | 6,524,565 | 831,982 |
| 2013 | 831,982 | 5,691,732 | 5,711,304 | 812,410 |
| 2014 | 812,410 | 7,054,662 | 6,931,808 | 935,264 |

Workers Compensation, Property and Liability Insurance

The City participates in the Texas Municipal League Intergovernmental Risk Pool (TMLIRP) for workers' compensation claims, liability (general, automobile, law enforcement, and errors/omissions), and property insurance. The cost is based on the pool's claims cost, which is adjusted to reflect the City's individual claims experience. As claims arise they are submitted to and paid by TMLIRP. To cover annual costs, premium payments are reported as operating revenues of the Risk Management Fund and operating expenditures/expenses of the participating funds.

The City has a workers' compensation deductible of \$25,000 per occurrence, with an annual aggregate deductible of \$282,222. During 2014, the City contributed \$222,380 to the Risk Management Fund for workers' compensation.

The City has various levels of insurance deductibles for property, liability, and automobile insurance with the maximum deductible set at \$10,000. All insured claims are paid by TMLIRP, less the appropriate deductible. During 2014, the City contributed \$590,845 for property and general liability.

CITY OF ALLEN, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014**

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Program Description

In addition to the pension benefits described in Note 7, as required by state law the City makes health care benefits available to all retired employees through a single-employer defined benefit medical plan. Retirees must make a one-time irrevocable decision to continue benefits at the time of retirement, after that their eligibility for this benefit ends. The retiree benefit consists of medical, dental and vision care until age 65.

Due to the significant increase in retiree premium costs, the City elected to create a separate plan for retirees effective January 1, 2013. Employees who retired on or before December 31, 2012, were "grandfathered" and allowed to pay blended medical premium rates the same as COBRA participants which are the total cost of premiums (no City subsidy) plus 2% administration fees. They will also be subject to the same rate increases as COBRA participants. Retirees retiring on or after January 1, 2013, can elect health care coverage but will be required to pay the (higher) unblended rate.

Current OPEB benefits are made on a pay-as-you-go basis from the Risk Management Fund. In 2013, retirees paid \$181,830 in the form of premiums and incurred \$442,024 in expenses. In 2014, retirees paid \$181,216 in the form of premiums and incurred \$313,559 in expenses.

Funding Policy

In October 2012, an actuarial study update was completed. This study estimated the actuarial accrued liability increased slightly from \$2,736,262 to \$2,790,177; however, the annual required contribution (ARC) decreased from \$321,597 to \$217,491. The decrease in the ARC is because the City created a separate plan for retirees. Employees retiring on or after January 1, 2013 can elect health care coverage but will be required to pay a higher, unblended rate. In March 2011, the City established a Section 115 Trust (the Trust) to comply with the requirements of Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions (OPEB), for the purpose of funding and providing certain benefits to its eligible retirees and dependents. The single-employer defined benefit plan is created by City ordinance and appoints the City Manager as Plan Administrator for the program. The trust was established with Public Agency Retirement Services Company (PARS). Prior to establishment of the trust, the ARC was contributed to the Risk Management Fund where all medical costs are incurred. Net position of \$4,335,659 available in the Risk Management Fund exceeds the \$2,790,177 actuarial accrued liability, therefore, OPEB costs will continue to be covered by the Risk Management Fund until the funded ratio of the trust is more positive. The City has budgeted for annual actuarial study updates to determine if funding requirements need to be changed.

CITY OF ALLEN, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014**

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS (OPEB) – CONTINUED

Annual OPEB costs and NET OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the City (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing costs between the employer and plan members to that point.

| | |
|--|----------------------------|
| Annual required contribution (ARC) | \$ 217,491 |
| Interest on net OPEB obligation | (5,708) |
| Adjustment to the ARC | 7,094 |
| Annual OPEB cost | <u>218,877</u> |
| Contributions made | <u>(220,000)</u> |
| Increase in OPEB obligation (asset) | (1,123) |
| Net OPEB obligation (asset), beginning of the year | <u>(114,161)</u> |
| Net OPEB obligation (asset), end of the year | <u><u>\$ (115,284)</u></u> |

Three-Year Trend Information:

| Fiscal Year | Annual OPEB Cost | Actual Contribution Made | Percentage of OPEB Contributed | Net OPEB Asset |
|----------------|------------------------|--------------------------------|--------------------------------------|----------------------|
| 2012 | \$ 321,650 | \$ 325,000 | 101% | \$ (6,753) |
| 2013 | \$ 217,592 | \$ 325,000 | 149% | \$ (114,161) |
| 2014 | \$ 218,877 | \$ 220,000 | 101% | \$ (115,284) |

Actuarial valuations for the OPEB plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations of the OPEB plan reflect a long-term perspective.

Significant methods and assumptions used for this were:

| | |
|-----------------------------------|--|
| Investment return | 8.86% |
| Discount Rate | 5.00% |
| Amortization Method/Period | level dollar, open, 30 years |
| Health Care Cost Trend Rate | Avg. 5.8% Yrs 1-10, 60.08% Yrs 11-20, 44.1% |
| Retirement Rates | Ages 50-55-2%, 56-60-5%, 60-64-15%, 65+ 100% |
| Retiree/Spouse Participation Rate | 20%/40% |
| Mortality | RP 2000 EE/Combined |
| Actuarial Value of Assets | Market value on valuation date |
| Actuarial Cost Method | Projected unit credit |
| Inflation Rate | 6.2% Medical inflation and 3.7% dental inflation |

CITY OF ALLEN, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014**

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS (OPEB) – CONTINUED

Schedule of Funding Information

| | |
|---|--------------|
| Actuarial valuation date | 10/1/12 |
| Actuarial value of assets | \$1,365,426 |
| Actuarial Accrued Liability (AAL) | \$2,790,177 |
| Funded Ratio | 48.9% |
| Unfunded Actuarial Accrued Liability (UAAL) | \$2,112,085 |
| Annual covered payroll | \$35,875,962 |
| UAAL as % of covered payroll | 4% |

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets held in an irrevocable trust is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Supplemental Death Benefits Plan:

Program Description

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

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

Contributions and Funding Policy

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employee's entire careers.

The City's contributions to the TMRS SDBF for retiree's for the years ended 2014, 2013, and 2012 were \$50,597, \$49,157, and \$51,028, respectively, which equals the required contributions (ARC) each year.

CITY OF ALLEN, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014

NOTE 12. COMMITMENTS AND CONTINGENT LIABILITIES

Federal Grants The City participates in a number of State and Federal assisted grant programs. Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the Federal Government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Litigation The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City.

Economic Development Grant The City has several economic development agreements whereby it has agreed to pay a grant(s) to a developer and/or business in return for the design, construction, operating and/or managing of the business within the City of Allen. All grants are performance based and do not constitute a liability on the City's financial records.

NOTE 13. CUMULATIVE CHANGE IN ACCOUNTING PRINCIPLE

The City implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, during the fiscal year ended September 30, 2014. In accordance with GASB Statement No. 65, debt issuance costs should be recognized as expenses in the period incurred. Previously, debt issuance costs were recorded as assets and amortized over the life of the debt. The implementation of GASB Statement No. 65 resulted in a restatement of beginning net position as follows:

| | Governmental Activities | Business-type Activities | Water and Sewer | Component Units |
|--|----------------------------|-----------------------------|-----------------------|------------------------|
| Net position, beginning of year | \$ 473,968,388 | \$ 135,053,935 | \$ 129,014,468 | \$ (28,915,346) |
| Cumulative change in accounting principle | (1,259,856) | (98,737) | (98,737) | (809,577) |
| Net position, beginning of year, as restated | <u>\$ 472,708,532</u> | <u>\$ 134,955,198</u> | <u>\$ 128,915,731</u> | <u>\$ (29,724,923)</u> |



CITY OF ALLEN

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**REQUIRED SUPPLEMENTARY
INFORMATION**



**SCHEDULE OF TMRS FUNDING PROGRESS AND CONTRIBUTIONS
AND SCHEDULE OF OPEB FUNDING PROGRESS AND CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

Required Supplementary Information
Schedule of Texas Municipal Retirement System
Funding Progress and Contributions
Last Three Valuation Years (unaudited)

| Actuarial Valuation Date | Actuarial value of assets | Actuarial accrued liability | Percentage funded | Unfunded Actuarial Accrued Liability (UAAL) | Annual covered payroll | UAAL as a percentage of covered payroll |
|--------------------------------|------------------------------|--------------------------------|----------------------|--|---------------------------|---|
| 12/31/11 | \$ 86,384,487 | \$ 108,537,229 | 79.6% | \$ 22,152,742 | \$ 35,359,763 | 62.6% |
| 12/31/12 | 98,094,098 | 117,900,313 | 83.2% | 19,806,215 | 36,537,115 | 54.2% |
| 12/31/13 | 109,927,597 | 137,679,525 | 79.8% | 27,751,928 | 38,057,771 | 72.9% |

Required Supplementary Information
Schedule of Other Postemployment Benefits
Funding Progress and Contributions
Last Three Valuation Years (unaudited)

| Actuarial Valuation Date | Fiscal Year | Value of Assets | AAL* | UAAL** | Funded Ratio | Covered Payroll | UAAL as a % of Covered Payroll |
|--------------------------------|-------------|-----------------|--------------|--------------|--------------|-----------------|---|
| 10/1/2009 | 2012 | \$ 678,092 | \$ 2,736,262 | \$ 2,058,170 | 24.8% | \$ 33,188,362 | 6.2% |
| 10/1/2012 | 2013 | 1,065,372 | 2,790,177 | 1,724,805 | 38.2% | 34,304,723 | 5.0% |
| 10/1/2012 | 2014 | 1,365,426 | 2,790,177 | 1,424,751 | 48.9% | 35,875,962 | 4.0% |

*Actuarial Accrued Liability

**Unfunded Actuarial Accrued Liability

**GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

| | BUDGETED AMOUNTS | | | VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE) |
|--|----------------------|----------------------|----------------------|---|
| | ORIGINAL | FINAL | ACTUAL | |
| REVENUES | | | | |
| Ad valorem taxes, penalties and interest | \$ 34,112,693 | \$ 33,980,692 | \$ 33,936,634 | \$ (44,058) |
| Municipal sales tax | 16,822,299 | 17,369,309 | 17,592,860 | 223,551 |
| Franchise taxes | 6,831,834 | 6,946,244 | 6,973,705 | 27,461 |
| Licenses, permits and fees | 1,484,800 | 2,073,800 | 2,863,226 | 789,426 |
| Charge for services | 11,381,618 | 10,847,256 | 10,300,677 | (546,579) |
| Fines | 1,859,625 | 1,932,066 | 2,160,168 | 228,102 |
| Gifts and contributions | 866,092 | 770,950 | 815,408 | 44,458 |
| Investment earnings | 163,750 | 139,900 | 154,788 | 14,888 |
| Miscellaneous | 1,712,686 | 1,826,516 | 2,035,399 | 208,883 |
| Total revenues | 75,235,397 | 75,886,733 | 76,832,865 | 946,132 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 23,542,346 | 22,905,830 | 20,479,705 | 2,426,125 |
| Public safety | 29,125,055 | 29,390,898 | 29,025,421 | 365,477 |
| Public works | 3,001,793 | 3,247,318 | 3,489,328 | (242,010) |
| Culture and recreation | 21,948,672 | 21,327,416 | 20,326,175 | 1,001,241 |
| Community development | 2,221,540 | 2,117,671 | 2,031,281 | 86,390 |
| Total expenditures | 79,839,406 | 78,989,133 | 75,351,910 | 3,637,223 |
| Excess (deficiency) of revenues over (under) expenditures | (4,604,009) | (3,102,400) | 1,480,955 | 4,583,355 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 5,221,488 | 5,314,988 | 5,314,988 | - |
| Transfers out | (472,820) | (563,640) | (4,191,984) | (3,628,344) |
| Sale of capital assets | 8,000 | 11,500 | 15,829 | 4,329 |
| Total other financing sources (uses) | 4,756,668 | 4,762,848 | 1,138,833 | (3,624,015) |
| NET CHANGE IN FUND BALANCE | 152,659 | 1,660,448 | 2,619,788 | 959,340 |
| FUND BALANCES, BEGINNING OF YEAR | 16,532,652 | 16,532,652 | 16,532,652 | - |
| FUND BALANCES, END OF YEAR | \$ 16,685,311 | \$ 18,193,100 | \$ 19,152,440 | \$ 959,340 |

CITY OF ALLEN, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION YEAR ENDED SEPTEMBER 30, 2014

BUDGETARY INFORMATION

The City Council adheres to the following procedures in establishing the budgets reflected in the financial statements:

1. Each year the City Manager is required to submit to the City Council a proposed budget for the fiscal year beginning on the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayers' comments.
3. Prior to October 1, the budget is legally enacted by the City Council through passage of an ordinance.
4. Annual budgets are legally adopted for the General Fund and Debt Service Fund on a basis consistent with accounting principles generally accepted in the United States of America. Formal budgetary integration is not employed for proprietary funds. However, the City does adopt an annual budget for those funds for managerial control.
5. The City Manager is authorized to adjust budgeted amounts; however, such revisions may not result in total expenditures (appropriations) in excess of budgeted expenditures without approval of the City Council. Therefore, the legal level of budgetary control is the combined total budgeted expenditures for all fund types.
6. Formal budgetary integration is not employed for Special Revenue Funds, Proprietary Funds or Capital Projects Funds. However, the City does adopt an annual budget for those funds for managerial control.
7. Budgetary data for the Special Revenue Funds and Capital Projects Funds has not been presented in the accompanying basic financial statements as such funds are budgeted over the life of the respective grant or project and not on an annual basis. Budgetary information for the Proprietary Funds has not been presented since reporting on such budgets is not legally required.

The Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual — General Fund presents a comparison of budgetary data to actual results. The General Fund utilizes the same basis of accounting for both budgetary purposes and actual results.



**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**



CITY OF ALLEN

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MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

The General Fund is used to account for resources associated with traditional governmental functions that are not required legally or by sound financial management to be accounted for in another fund.

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources for and the payment of general obligation bonds, certificate of obligation bonds, and interest from governmental resources.

MAJOR CAPITAL PROJECTS FUNDS

The Capital Projects Funds account for all resources used for the acquisition and/or construction of major capital facilities by the City, except those financed by proprietary funds and trust funds. The following Capital Projects Funds are classified as major funds:

General Capital Projects Fund – To account for the acquisition and/or construction of capital facilities and infrastructure, except those financed by proprietary and trust funds and not accounted for by the other capital project funds. Proceeds from nonrecurring revenue sources are allocated to this fund.

General Obligation Bond Fund – To account for bond proceeds used for financing, acquisitions, and construction of improvements to City facilities and infrastructure not accounted for by other bond funds. Proceeds from the sale of general obligation bonds provide financing for this fund.

**COMPARATIVE BALANCE SHEETS
GENERAL FUND
SEPTEMBER 30, 2014 AND 2013**

| | <u>2014</u> | <u>2013</u> |
|---|----------------------|----------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 7,237,090 | \$ 7,637,298 |
| Investments | 11,495,067 | 8,328,505 |
| Receivables: | | |
| Ad valorem taxes (net of allowances for uncollectibles of \$268,708 in 2014 and \$139,467 in 2013) | 101,053 | 31,378 |
| Sales taxes | 2,872,313 | 2,724,625 |
| Other, net | 2,021,206 | 2,357,432 |
| Accrued interest | 72,267 | 44,199 |
| Prepaid items | 4,767 | 2,098 |
| TOTAL ASSETS | <u>\$ 23,803,763</u> | <u>\$ 21,125,535</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE | | |
| LIABILITIES | | |
| Accounts payable | \$ 3,017,140 | \$ 3,202,139 |
| Accrued liabilities | 1,532,630 | 1,337,903 |
| Unearned revenue | 500 | 21,463 |
| TOTAL LIABILITIES | <u>4,550,270</u> | <u>4,561,505</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Unavailable revenue- property taxes | 101,053 | 31,378 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>101,053</u> | <u>31,378</u> |
| FUND BALANCES | | |
| Nonspendable | | |
| Prepaid items | 4,767 | 2,098 |
| Restricted | | |
| Court technology | 25,614 | 25,739 |
| Juvenile case manager | - | 27,804 |
| PEG fees | 632,143 | 468,910 |
| Photo red light enforcement | 38,340 | 40,554 |
| Child safety fees | - | 108,105 |
| Cemetery trust | 56,141 | 55,841 |
| Assigned | | |
| Facilities maintenance | 600,000 | 490,727 |
| Other | 148,200 | 360,837 |
| Unassigned | 17,647,235 | 14,952,037 |
| TOTAL FUND BALANCES | <u>19,152,440</u> | <u>16,532,652</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE | <u>\$ 23,803,763</u> | <u>\$ 21,125,535</u> |

**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GENERAL FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

| | <u>2014</u> | <u>2013</u> |
|---|----------------------|----------------------|
| REVENUES | | |
| Ad valorem taxes, penalties and interest | \$ 33,936,634 | \$ 32,432,416 |
| Franchise taxes | 6,973,705 | 6,302,018 |
| Municipal sales tax | 17,592,860 | 15,900,029 |
| Licenses, permits and fees | 2,863,226 | 1,939,426 |
| Charges for services | 10,300,677 | 10,287,097 |
| Fines | 2,160,168 | 1,402,725 |
| Gifts and contributions | 815,408 | 829,376 |
| Intergovernmental | 11,826 | 11,826 |
| Investment earnings | 154,788 | 90,093 |
| Miscellaneous | 2,023,573 | 1,866,723 |
| Total revenues | <u>76,832,865</u> | <u>71,061,729</u> |
| EXPENDITURES | | |
| Current: | | |
| General government | 20,469,625 | 19,745,780 |
| Public safety | 29,025,421 | 27,979,103 |
| Public works | 3,489,328 | 3,304,507 |
| Culture and recreation | 20,326,175 | 19,965,694 |
| Community development | 2,031,281 | 1,962,615 |
| Debt service: | | |
| Principal retirement | 9,986 | 9,914 |
| Interest and fiscal charges | 94 | 166 |
| Total expenditures | <u>75,351,910</u> | <u>72,967,779</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>1,480,955</u> | <u>(1,906,050)</u> |
| OTHER FINANCING SOURCES (USES) | | |
| Transfers in | 5,314,988 | 5,357,270 |
| Transfers out | (4,191,984) | (3,720,968) |
| Sale of capital assets | 15,829 | 16,350 |
| Total other financing sources (uses) | <u>1,138,833</u> | <u>1,652,652</u> |
| NET CHANGE IN FUND BALANCES | 2,619,788 | (253,398) |
| FUND BALANCE, BEGINNING OF YEAR | <u>16,532,652</u> | <u>16,786,050</u> |
| FUND BALANCE, END OF YEAR | <u>\$ 19,152,440</u> | <u>\$ 16,532,652</u> |

**COMPARATIVE BALANCE SHEETS
DEBT SERVICE FUND
SEPTEMBER 30, 2014 AND 2013**

| | <u>2014</u> | <u>2013</u> |
|--|-------------------|-------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 668,533 | \$ 899,350 |
| Investments | 200,427 | - |
| Receivables: | | |
| Ad valorem taxes (net of allowances for uncollectibles of \$121,529 in 2014 and \$75,977 in 2013) | 32,096 | 11,428 |
| Accrued interest receivable | <u>20,742</u> | <u>2,498</u> |
| Total assets | <u>\$ 921,798</u> | <u>\$ 913,276</u> |
| DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | |
| DEFERRED INFLOWS OF RESOURCES | | |
| Unavailable revenue - property taxes | <u>\$ 32,096</u> | <u>\$ 11,428</u> |
| Total deferred inflows of resources | <u>32,096</u> | <u>11,428</u> |
| FUND BALANCE | | |
| Restricted for debt service | <u>889,702</u> | <u>901,848</u> |
| TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE | <u>\$ 921,798</u> | <u>\$ 913,276</u> |

**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
DEBT SERVICE FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

| | <u>2014</u> | <u>2013</u> |
|---|-------------------|-------------------|
| REVENUES | | |
| Ad valorem taxes | \$ 11,678,213 | \$ 11,748,992 |
| Investment earnings | 46,941 | 25,809 |
| Total revenues | <u>11,725,154</u> | <u>11,774,801</u> |
| EXPENDITURES | | |
| Principal retirement | 8,355,000 | 7,955,000 |
| Interest and fiscal charges | <u>3,882,300</u> | <u>3,955,473</u> |
| Total expenditures | <u>12,237,300</u> | <u>11,910,473</u> |
| Deficiency of revenues under expenditures | <u>(512,146)</u> | <u>(135,672)</u> |
| OTHER FINANCING SOURCES (USES) | | |
| Transfers in | <u>500,000</u> | <u>500,000</u> |
| Total other financing sources (uses) | <u>500,000</u> | <u>500,000</u> |
| NET CHANGE IN FUND BALANCES | (12,146) | 364,328 |
| FUND BALANCES, BEGINNING OF YEAR | <u>901,848</u> | <u>537,520</u> |
| FUND BALANCES, END OF YEAR | <u>\$ 889,702</u> | <u>\$ 901,848</u> |

**BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

| | <u>BUDGETED AMOUNTS</u> | | | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|--|-------------------------|-------------------|-------------------|---|
| | <u>ORIGINAL</u> | <u>FINAL</u> | <u>ACTUAL</u> | |
| REVENUES | | | | |
| Ad valorem taxes | \$ 11,750,413 | \$ 11,701,723 | \$ 11,678,213 | \$ (23,510) |
| Investment earnings | 45,000 | 43,700 | 46,941 | 3,241 |
| Total revenues | <u>11,795,413</u> | <u>11,745,423</u> | <u>11,725,154</u> | <u>(20,269)</u> |
| EXPENDITURES | | | | |
| Principal retirement | 8,355,000 | 8,355,000 | 8,355,000 | - |
| Interest and fiscal charges | 3,883,464 | 3,884,914 | 3,882,300 | 2,614 |
| Total expenditures | <u>12,238,464</u> | <u>12,239,914</u> | <u>12,237,300</u> | <u>2,614</u> |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | 500,000 | 500,000 | 500,000 | - |
| Total other financing sources | <u>500,000</u> | <u>500,000</u> | <u>500,000</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | 56,949 | 5,509 | (12,146) | (17,655) |
| FUND BALANCE, BEGINNING OF YEAR | <u>901,848</u> | <u>901,848</u> | <u>901,848</u> | <u>-</u> |
| FUND BALANCE, END OF YEAR | <u>\$ 958,797</u> | <u>\$ 907,357</u> | <u>\$ 889,702</u> | <u>\$ (17,655)</u> |

**COMPARATIVE BALANCE SHEETS
GENERAL CAPITAL PROJECTS FUND
SEPTEMBER 30, 2014 AND 2013**

| | <u>2014</u> | <u>2013</u> |
|--|----------------------|----------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 7,973,437 | \$ 8,590,911 |
| Investments | 12,207,442 | 10,883,465 |
| Accrued interest receivable | 45,684 | 57,758 |
| Special assessments receivable | <u>187,557</u> | <u>187,557</u> |
| Total assets | <u>\$ 20,414,120</u> | <u>\$ 19,719,691</u> |
| LIABILITIES AND FUND BALANCES | | |
| LIABILITIES | | |
| Accounts payable | \$ 1,234,030 | \$ 71,925 |
| Retainage payable | 235,885 | 36,590 |
| Accrued liabilities | <u>571,237</u> | <u>521,396</u> |
| Total liabilities | <u>2,041,152</u> | <u>629,911</u> |
| FUND BALANCES | | |
| Restricted for capital projects | <u>18,372,968</u> | <u>19,089,780</u> |
| Total fund balances | <u>18,372,968</u> | <u>19,089,780</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 20,414,120</u> | <u>\$ 19,719,691</u> |

**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GENERAL CAPITAL PROJECTS FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

| | <u>2014</u> | <u>2013</u> |
|---|----------------------|----------------------|
| REVENUES | | |
| Charges for services | \$ 279,876 | \$ 322,321 |
| Intergovernmental | 1,048,596 | 4,440,385 |
| Investment earnings | 82,725 | 30,339 |
| Gifts and contributions | 4,000 | 277,852 |
| Miscellaneous | 1,354,431 | 617,336 |
| Total revenues | <u>2,769,628</u> | <u>5,688,233</u> |
| EXPENDITURES | | |
| General government | 2,100,516 | 1,092,911 |
| Capital outlay | 4,788,883 | 3,717,755 |
| Total expenditures | <u>6,889,399</u> | <u>4,810,666</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(4,119,771)</u> | <u>877,567</u> |
| OTHER FINANCING SOURCES (USES) | | |
| Transfers in | 3,402,959 | 3,453,992 |
| Transfers out | - | (322,232) |
| Total other financing sources (uses) | <u>3,402,959</u> | <u>3,131,760</u> |
| NET CHANGE IN FUND BALANCES | (716,812) | 4,009,327 |
| FUND BALANCES, BEGINNING OF YEAR | <u>19,089,780</u> | <u>15,080,453</u> |
| FUND BALANCES, END OF YEAR | <u>\$ 18,372,968</u> | <u>\$ 19,089,780</u> |

**COMPARATIVE BALANCE SHEETS
GENERAL OBLIGATION BOND FUND
SEPTEMBER 30, 2014 AND 2013**

| | <u>2014</u> | <u>2013</u> |
|--|----------------------|---------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 6,917,487 | \$ 3,242,695 |
| Investments | 9,564,392 | 4,742,963 |
| Accrued interest receivable | <u>26,485</u> | <u>25,171</u> |
| Total assets | <u>\$ 16,508,364</u> | <u>\$ 8,010,829</u> |
| LIABILITIES AND FUND BALANCES | | |
| LIABILITIES | | |
| Accounts payable | \$ 73,246 | \$ 205,248 |
| Retainage payable | <u>66,720</u> | <u>39,568</u> |
| Total liabilities | <u>139,966</u> | <u>244,816</u> |
| FUND BALANCES | | |
| Restricted for capital projects | <u>16,368,398</u> | <u>7,766,013</u> |
| Total fund balances | <u>16,368,398</u> | <u>7,766,013</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 16,508,364</u> | <u>\$ 8,010,829</u> |

**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GENERAL OBLIGATION BOND FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

| | 2014 | 2013 |
|---|----------------------|---------------------|
| REVENUES | | |
| Investment earnings | \$ 33,020 | \$ (10,984) |
| Miscellaneous | 651 | - |
| Total revenues | 33,671 | (10,984) |
| EXPENDITURES | | |
| General government | 168,626 | 111,357 |
| Culture and recreation | 13,667 | - |
| Public safety | - | 137,455 |
| Public works | 588,633 | 750,993 |
| Capital outlay | 1,489,798 | 1,965,685 |
| Total expenditures | 2,260,724 | 2,965,490 |
| Deficiency of revenues under expenditures | (2,227,053) | (2,976,474) |
| OTHER FINANCING SOURCES (USES) | | |
| Transfers in | - | 240,416 |
| Transfers out | (198,441) | (262,610) |
| Premium on debt issuance | 432,879 | 350,071 |
| Issuance of debt | 10,595,000 | 5,065,000 |
| Total other financing sources (uses) | 10,829,438 | 5,392,877 |
| NET CHANGE IN FUND BALANCES | 8,602,385 | 2,416,403 |
| FUND BALANCES, BEGINNING OF YEAR | 7,766,013 | 5,349,610 |
| FUND BALANCES, END OF YEAR | \$ 16,368,398 | \$ 7,766,013 |

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Hotel Occupancy Tax Fund – To account for funds received from hotel occupancy tax and expend as allowed by state law.

Asset Forfeiture Fund -- To account for activities associated with assets legally seized and forfeited.

Grants and Special Revenue Fund – To account for monies received from other governmental agencies that have restricted legal requirements and multi-year budgets.

Park Dedication Fund – To account for funds received and expended for the acquisition of additional park land and for the development of neighborhood parks.

Tax Increment Financing Fund – To account for the tracking of property tax and sales tax revenue and associated expenses for the City's Tax Increment Financing agreements.

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014**

| | SPECIAL REVENUE | | | | | TOTAL NON-MAJOR GOVERNMENTAL FUNDS |
|--|---------------------------|---------------------|-------------------------------------|---------------------|-------------------------------|---|
| | HOTEL OCCUPANCY TAX | ASSET FORFEITURE | GRANTS AND SPECIAL REVENUE | PARK DEDICATION | TAX INCREMENT FINANCING | |
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 1,263,872 | \$ 100,289 | \$ 288,504 | \$ 536,274 | \$ 544,978 | \$ 2,733,917 |
| Investments | 1,948,327 | 59,334 | 168,874 | 820,047 | 857,794 | 3,854,376 |
| Accounts receivable | 108,167 | - | 93,259 | - | 82,449 | 283,875 |
| Accrued interest | 6,826 | 197 | 853 | 3,610 | 3,216 | 14,702 |
| TOTAL ASSETS | \$ 3,327,192 | \$ 159,820 | \$ 551,490 | \$ 1,359,931 | \$ 1,488,437 | \$ 6,886,870 |
| LIABILITIES AND FUND BALANCES | | | | | | |
| LIABILITIES | | | | | | |
| Accounts payable | \$ 93,239 | \$ 737 | \$ 108,408 | \$ - | \$ - | \$ 202,384 |
| Accrued liabilities | 6,483 | 38,371 | 388 | - | - | 45,242 |
| Unearned revenue | - | 78,997 | 42,202 | - | - | 121,199 |
| TOTAL LIABILITIES | 99,722 | 118,105 | 150,998 | - | - | 368,825 |
| FUND BALANCES | | | | | | |
| Restricted | | | | | | |
| Tourism | 3,227,470 | - | - | - | - | 3,227,470 |
| Asset forfeiture | - | 41,715 | - | - | - | 41,715 |
| State and federal grants | - | - | 400,492 | - | - | 400,492 |
| Park acquisition and development | - | - | - | 1,359,931 | - | 1,359,931 |
| Tax increment financing agreement | - | - | - | - | 1,488,437 | 1,488,437 |
| TOTAL FUND BALANCES | 3,227,470 | 41,715 | 400,492 | 1,359,931 | 1,488,437 | 6,518,045 |
| TOTAL LIABILITIES AND FUND BALANCE: | \$ 3,327,192 | \$ 159,820 | \$ 551,490 | \$ 1,359,931 | \$ 1,488,437 | \$ 6,886,870 |

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

| | SPECIAL REVENUE | | | | | TOTAL NON-MAJOR GOVERNMENTAL FUNDS |
|--|---------------------------|---------------------|-------------------------------------|---------------------|-------------------------------|---|
| | HOTEL OCCUPANCY TAX | ASSET FORFEITURE | GRANTS AND SPECIAL REVENUE | PARK DEDICATION | TAX INCREMENT FINANCING | |
| REVENUES | | | | | | |
| Ad valorem taxes, penalties and interest | \$ - | \$ - | \$ - | \$ - | \$ 527,375 | \$ 527,375 |
| Municipal sales tax | - | - | - | - | 411,776 | 411,776 |
| Licenses, permits, and fees | - | - | - | 52,307 | - | 52,307 |
| Hotel / motel taxes | 1,499,512 | - | - | - | - | 1,499,512 |
| Intergovernmental | - | - | 517,211 | - | 126,771 | 643,982 |
| Investment earnings | 11,646 | 383 | 1,744 | 7,211 | 5,928 | 26,912 |
| Miscellaneous | - | 7,694 | 7,848 | - | - | 15,542 |
| Total revenues | 1,511,158 | 8,077 | 526,803 | 59,518 | 1,071,850 | 3,177,406 |
| EXPENDITURES | | | | | | |
| General government | - | - | - | - | 805,288 | 805,288 |
| Public safety | - | 80,027 | 109,104 | - | - | 189,131 |
| Culture and recreation | 997,861 | - | 45,006 | 52,872 | - | 1,095,739 |
| Community development | - | - | 600,008 | - | - | 600,008 |
| Capital outlay | - | 39,784 | - | 254,537 | - | 294,321 |
| Total expenditures | 997,861 | 119,811 | 754,118 | 307,409 | 805,288 | 2,984,487 |
| Excess (deficiency) of revenues over (under) expenditures | 513,297 | (111,734) | (227,315) | (247,891) | 266,562 | 192,919 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | - | 39,158 | - | - | 39,158 |
| Transfers out | (93,857) | - | - | - | - | (93,857) |
| Sale of capital assets | - | 5,429 | - | - | - | 5,429 |
| Total other financing sources (uses) | (93,857) | 5,429 | 39,158 | - | - | (49,270) |
| NET CHANGE IN FUND BALANCES | 419,440 | (106,305) | (188,157) | (247,891) | 266,562 | 143,649 |
| FUND BALANCES, BEGINNING OF YEAR | 2,808,030 | 148,020 | 588,649 | 1,607,822 | 1,221,875 | 6,374,396 |
| FUND BALANCES, END OF YEAR | \$ 3,227,470 | \$ 41,715 | \$ 400,492 | \$ 1,359,931 | \$ 1,488,437 | \$ 6,518,045 |

MAJOR ENTERPRISE FUNDS

The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the City's council has decided that periodic determination of net income is appropriate for accountability purposes.

Water and Sewer Fund – To account for the provision of water and sewer services to the residents of the City.

Solid Waste Fund – To account for the provision of solid waste services to the residents of the City.

Drainage Fund – To account for the provision of developing and maintaining proper drainage services to the residents of the City.

Golf Course Fund – To account for activities associated with the operations of the Chase Oaks Golf Course purchased by the City in October 2004.

**COMPARATIVE STATEMENTS OF NET POSITION
WATER AND SEWER ENTERPRISE FUND
SEPTEMBER 30, 2014 AND 2013**

| | <u>2014</u> | <u>2013</u> |
|--|-----------------------|-----------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 11,440,071 | \$ 11,790,786 |
| Investments | 14,278,625 | 13,989,985 |
| Receivables, net of allowance for uncollectibles: | | |
| Accounts | 4,967,318 | 5,592,627 |
| Accrued interest | 59,533 | 74,245 |
| Inventories | 36,728 | 47,311 |
| Restricted cash and cash equivalents | <u>1,384,812</u> | <u>1,696,350</u> |
| Total current assets | 32,167,087 | 33,191,304 |
| NONCURRENT ASSETS | | |
| CAPITAL ASSETS | | |
| Land | 4,072,882 | 4,072,882 |
| Towers, tanks, and pump stations | 172,224,009 | 170,835,635 |
| Vehicles | 864,128 | 841,143 |
| Machinery and equipment | 4,844,845 | 4,602,049 |
| Furniture and fixtures | - | 11,114 |
| Construction in progress | <u>4,585,888</u> | <u>1,150,580</u> |
| Total capital assets | 186,591,752 | 181,513,403 |
| Less: accumulated depreciation | <u>(77,707,527)</u> | <u>(73,078,045)</u> |
| Capital assets, net of accumulated depreciation | <u>108,884,225</u> | <u>108,435,358</u> |
| Total noncurrent assets | 108,884,225 | 108,435,358 |
| TOTAL ASSETS | 141,051,312 | 141,626,662 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred loss on refunding | 321,461 | 198,565 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | <u>321,461</u> | <u>198,565</u> |
| LIABILITIES AND NET POSITION | | |
| CURRENT LIABILITIES | | |
| Accounts payable | 1,983,153 | 1,274,780 |
| Accrued liabilities | 114,575 | 103,314 |
| Retainage payable | 172,973 | 46,253 |
| Payable from restricted assets: | | |
| Revenue bonds payable - current | 1,280,000 | 1,205,000 |
| Accrued interest payable | 77,953 | 126,840 |
| Accrued compensated absences - current | 359,324 | 312,771 |
| Customer deposits payable | <u>1,614,483</u> | <u>1,573,181</u> |
| Total current liabilities | 5,602,461 | 4,642,139 |
| NONCURRENT LIABILITIES | | |
| Revenue bonds payable | 6,990,910 | 8,270,456 |
| Accrued compensated absences | <u>12,630</u> | <u>10,994</u> |
| Total noncurrent liabilities | 7,003,540 | 8,281,450 |
| TOTAL LIABILITIES | 12,606,001 | 12,923,589 |
| NET POSITION | | |
| Net investment in capital assets | 100,613,315 | 99,158,467 |
| Restricted | | |
| Restricted for revenue bond principal and interest | 26,859 | 364,510 |
| Unrestricted | <u>28,126,598</u> | <u>29,378,661</u> |
| TOTAL NET POSITION | \$ 128,766,772 | \$ 128,901,638 |

**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
WATER AND SEWER ENTERPRISE FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

| | <u>2014</u> | <u>2013</u> |
|--|-----------------------|-----------------------|
| OPERATING REVENUES | | |
| Water sales | \$ 15,475,216 | \$ 17,805,137 |
| Sewer charges | 12,749,253 | 12,215,785 |
| Connection fees | 178,003 | 179,852 |
| Service charges | 552,810 | 607,310 |
| Intergovernmental | 11,800 | - |
| Gifts and contributions | 1,000,000 | 1,000,000 |
| Miscellaneous | 800,515 | 322,615 |
| Total operating revenues | <u>30,767,597</u> | <u>32,130,699</u> |
| OPERATING EXPENSES | | |
| Personnel services | 4,383,437 | 4,213,531 |
| Contractual and other services | 18,611,905 | 18,144,752 |
| Maintenance | 351,292 | 299,122 |
| Supplies | 242,449 | 258,593 |
| Depreciation | 5,869,169 | 5,816,795 |
| Other | 165,765 | 145,920 |
| Total operating expenses | <u>29,624,017</u> | <u>28,878,713</u> |
| OPERATING INCOME | <u>1,143,580</u> | <u>3,251,986</u> |
| NON-OPERATING REVENUES (EXPENSES) | | |
| Interest income | 120,402 | 68,829 |
| Interest expense | (442,441) | (446,474) |
| Total non-operating expenses | <u>(322,039)</u> | <u>(377,645)</u> |
| INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS | <u>821,541</u> | <u>2,874,341</u> |
| CAPITAL CONTRIBUTIONS AND TRANSFERS | | |
| Development fees | 1,271,549 | 1,320,089 |
| Capital contributions | 2,402,611 | 2,468,211 |
| Transfers in | 33,375 | 33,692 |
| Transfers out | (4,678,035) | (4,686,025) |
| Total capital contributions and transfers | <u>(970,500)</u> | <u>(864,033)</u> |
| CHANGE IN NET POSITION | (148,959) | 2,010,308 |
| NET POSITION, BEGINNING OF YEAR, AS RESTATED | <u>128,915,731</u> | <u>126,891,330</u> |
| NET POSITION, END OF YEAR | <u>\$ 128,766,772</u> | <u>\$ 128,901,638</u> |

**COMPARATIVE STATEMENTS OF CASH FLOWS
WATER AND SEWER ENTERPRISE FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

| | <u>2014</u> | <u>2013</u> |
|---|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash received from customers | \$ 31,392,906 | \$ 33,442,575 |
| Cash paid to employees for services | (4,335,248) | (4,189,698) |
| Cash paid for goods and services | (18,431,520) | (17,673,920) |
| Net cash provided by operating activities | <u>8,626,138</u> | <u>11,578,957</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | |
| Transfers in | 33,375 | 33,692 |
| Transfers out | (4,678,035) | (4,686,025) |
| Net cash used in non-capital financing activities | <u>(4,644,660)</u> | <u>(4,652,333)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Principal paid on revenue bond maturities | (1,205,000) | (1,165,000) |
| Proceeds from debt issuance | 4,650,000 | - |
| Payment to refunded bond escrow agent | (4,800,000) | - |
| Interest and fees paid on long-term debt | (491,328) | (460,650) |
| Acquisition and construction of capital assets | (3,915,426) | (1,827,262) |
| Contributions from developers | 1,271,549 | 1,320,089 |
| Net cash used in capital and related financing activities | <u>(4,490,205)</u> | <u>(2,132,823)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of investment securities | (346,490) | (261,213) |
| Interest on investments | 192,964 | 165,118 |
| Net cash used in investing activities | <u>(153,526)</u> | <u>(96,095)</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | (662,253) | 4,697,706 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>13,487,136</u> | <u>8,789,430</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u>\$ 12,824,883</u> | <u>\$ 13,487,136</u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | |
| Net operating income | \$ 1,143,580 | \$ 3,251,986 |
| Adjustments to reconcile net operating income to net cash provided by operating activities: | | |
| Depreciation and amortization expense | 5,910,821 | 5,853,297 |
| Change in assets and liabilities: | | |
| Accounts receivable | 625,309 | 1,311,876 |
| Inventories | 10,583 | 961 |
| Accounts payable | 708,373 | 1,115,250 |
| Accrued liabilities | 11,261 | 16,001 |
| Retainage payable | 126,720 | (42,293) |
| Compensated absences | 48,189 | 23,833 |
| Utility deposits | 41,302 | 48,046 |
| Total adjustments | <u>7,482,558</u> | <u>8,326,971</u> |
| Net cash provided by operating activities | <u>\$ 8,626,138</u> | <u>\$ 11,578,957</u> |
| NON-CASH INVESTING ACTIVITIES | | |
| Change in the fair value of investments | <u>\$ (57,850)</u> | <u>\$ (57,850)</u> |
| NON-CASH FINANCING ACTIVITIES | | |
| Contributions of capital assets from developers | <u>\$ 2,402,611</u> | <u>\$ 2,468,211</u> |
| RECONCILIATION OF CASH | | |
| Cash and cash equivalents - current | \$ 11,440,071 | \$ 11,790,786 |
| Restricted cash and cash equivalents | 1,384,812 | 1,696,350 |
| | <u>\$ 12,824,883</u> | <u>\$ 13,487,136</u> |

**COMPARATIVE STATEMENTS OF NET POSITION
SOLID WASTE ENTERPRISE FUND
SEPTEMBER 30, 2014 AND 2013**

| | <u>2014</u> | <u>2013</u> |
|---|---------------------|---------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 1,356,199 | \$ 1,417,775 |
| Investments | 1,661,810 | 1,461,035 |
| Receivables, net of allowance for uncollectibles: | | |
| Accounts | 284,409 | 312,093 |
| Other | 427,085 | 258,266 |
| Accrued interest | 6,301 | 7,754 |
| Total current assets | <u>3,735,804</u> | <u>3,456,923</u> |
| NONCURRENT ASSETS | | |
| CAPITAL ASSETS | | |
| Vehicles | 12,923 | 12,923 |
| Machinery and equipment | 8,392 | 8,392 |
| Total capital assets | 21,315 | 21,315 |
| Less: accumulated depreciation | <u>(21,315)</u> | <u>(21,045)</u> |
| Capital assets, net of accumulated depreciation | <u>-</u> | <u>270</u> |
| Total noncurrent assets | <u>-</u> | <u>270</u> |
| TOTAL ASSETS | <u>3,735,804</u> | <u>3,457,193</u> |
| LIABILITIES AND NET POSITION | | |
| CURRENT LIABILITIES | | |
| Accounts payable | 33,763 | 31,730 |
| Accrued compensated absences-current | 57,414 | 52,660 |
| Accrued liabilities | 26,176 | 25,993 |
| Total current liabilities | <u>117,353</u> | <u>110,383</u> |
| NONCURRENT LIABILITIES | | |
| Accrued compensated absences | <u>3,238</u> | <u>2,970</u> |
| Total noncurrent liabilities | <u>3,238</u> | <u>2,970</u> |
| TOTAL LIABILITIES | <u>120,591</u> | <u>113,353</u> |
| NET POSITION | | |
| Net investment in capital assets | - | 270 |
| Unrestricted | 3,615,213 | 3,343,570 |
| TOTAL NET POSITION | <u>\$ 3,615,213</u> | <u>\$ 3,343,840</u> |

**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
SOLID WASTE ENTERPRISE FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

| | <u>2014</u> | <u>2013</u> |
|--|---------------------|---------------------|
| OPERATING REVENUES | | |
| Garbage collections | \$ 6,309,729 | \$ 6,114,951 |
| Other | 42,380 | 47,983 |
| Total operating revenues | <u>6,352,109</u> | <u>6,162,934</u> |
| OPERATING EXPENSES | | |
| Personnel services | 480,593 | 444,411 |
| Contractual and other services | 4,792,608 | 4,942,657 |
| Maintenance | 1,903 | 2,353 |
| Supplies | 15,542 | 11,697 |
| Depreciation | 270 | 540 |
| Other | 92,299 | 93,996 |
| Total operating expenses | <u>5,383,215</u> | <u>5,495,654</u> |
| OPERATING INCOME | <u>968,894</u> | <u>667,280</u> |
| NON-OPERATING REVENUES | | |
| Interest income | 11,842 | 4,221 |
| INCOME BEFORE TRANSFERS | <u>980,736</u> | <u>671,501</u> |
| TRANSFERS | | |
| Transfers out | (709,363) | (704,528) |
| Total transfers | <u>(709,363)</u> | <u>(704,528)</u> |
| CHANGE IN NET POSITION | 271,373 | (33,027) |
| NET POSITION, BEGINNING OF YEAR | <u>3,343,840</u> | <u>3,376,867</u> |
| NET POSITION, END OF YEAR | <u>\$ 3,615,213</u> | <u>\$ 3,343,840</u> |

**COMPARATIVE STATEMENTS OF CASH FLOWS
SOLID WASTE ENTERPRISE FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

| | <u>2014</u> | <u>2013</u> |
|--|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash received from customers | \$ 6,212,427 | \$ 6,066,103 |
| Cash paid to employees for services | (475,571) | (438,182) |
| Cash paid for goods and services | <u>(4,900,136)</u> | <u>(5,239,315)</u> |
| Net cash provided by operating activities | <u>836,720</u> | <u>388,606</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | |
| Transfers out | <u>(709,363)</u> | <u>(704,528)</u> |
| Net cash used in non-capital financing activities | <u>(709,363)</u> | <u>(704,528)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from sale of investments | (200,775) | 665,014 |
| Interest on investments | <u>11,842</u> | <u>4,221</u> |
| Net cash provided by (used in) investing activities | <u>(188,933)</u> | <u>669,235</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | (61,576) | 353,313 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>1,417,775</u> | <u>1,064,462</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u>\$ 1,356,199</u> | <u>\$ 1,417,775</u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES | | |
| Net operating income | \$ 968,894 | \$ 667,280 |
| Adjustments to reconcile net operating income to net cash provided by operating activities: | | |
| Depreciation | 270 | 540 |
| Change in assets and liabilities: | | |
| Accounts receivable | (141,135) | (105,016) |
| Other receivables | 1,453 | 8,185 |
| Accounts payable | 2,033 | (187,086) |
| Accrued liabilities | 183 | (1,526) |
| Accrued compensated absences | <u>5,022</u> | <u>6,229</u> |
| Total adjustments | <u>(132,174)</u> | <u>(278,674)</u> |
| Net cash provided by operating activities | <u>\$ 836,720</u> | <u>\$ 388,606</u> |

**COMPARATIVE STATEMENTS OF NET POSITION
DRAINAGE ENTERPRISE FUND
SEPTEMBER 30, 2014 AND 2013**

| | <u>2014</u> | <u>2013</u> |
|---|---------------------|---------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 376,773 | \$ 461,691 |
| Investments | 457,523 | 407,121 |
| Receivables: | | |
| Accounts | 65,114 | 70,722 |
| Accrued interest | 1,575 | 2,161 |
| Total current assets | <u>900,985</u> | <u>941,695</u> |
| NONCURRENT ASSETS | | |
| CAPITAL ASSETS | | |
| Other improvements | 496,132 | 496,132 |
| Vehicles | 31,378 | 31,378 |
| Machinery and equipment | 430,347 | 430,683 |
| Total capital assets | 957,857 | 958,193 |
| Less: accumulated depreciation | <u>(579,729)</u> | <u>(572,464)</u> |
| Capital assets, net of accumulated depreciation | <u>378,128</u> | <u>385,729</u> |
| Total noncurrent assets | <u>378,128</u> | <u>385,729</u> |
| TOTAL ASSETS | <u>1,279,113</u> | <u>1,327,424</u> |
| LIABILITIES AND NET POSITION | | |
| CURRENT LIABILITIES | | |
| Accounts payable | 32,585 | 39,808 |
| Accrued compensated absences | 38,924 | 33,963 |
| Accrued liabilities | 11,687 | 8,704 |
| Total current liabilities | <u>83,196</u> | <u>82,475</u> |
| NONCURRENT LIABILITIES | | |
| Accrued compensated absences | <u>2,882</u> | <u>2,514</u> |
| Total noncurrent liabilities | <u>2,882</u> | <u>2,514</u> |
| TOTAL LIABILITIES | <u>86,078</u> | <u>84,989</u> |
| NET POSITION | | |
| Net investment in capital assets | 378,128 | 385,729 |
| Unrestricted | 814,907 | 856,706 |
| TOTAL NET POSITION | <u>\$ 1,193,035</u> | <u>\$ 1,242,435</u> |

**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
DRAINAGE ENTERPRISE FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

| | <u>2014</u> | <u>2013</u> |
|--|---------------------|---------------------|
| OPERATING REVENUES | | |
| Drainage fees | \$ 1,325,448 | \$ 1,299,562 |
| Service charges | 53,214 | 53,109 |
| Other | 2,868 | 2,520 |
| Total operating revenues | <u>1,381,530</u> | <u>1,355,191</u> |
| OPERATING EXPENSES | | |
| Personnel services | 481,402 | 434,276 |
| Contractual and other services | 172,355 | 167,465 |
| Maintenance | 219,477 | 212,142 |
| Supplies | 51,042 | 53,502 |
| Depreciation | 24,165 | 37,057 |
| Other | 3,532 | 5,737 |
| Total operating expenses | <u>951,973</u> | <u>910,179</u> |
| OPERATING INCOME | <u>429,557</u> | <u>445,012</u> |
| NON-OPERATING REVENUES | | |
| Interest income (loss) | 2,744 | (1,553) |
| INCOME BEFORE TRANSFERS | <u>432,301</u> | <u>443,459</u> |
| TRANSFERS | | |
| Transfers out | (481,701) | (638,784) |
| Total transfers | <u>(481,701)</u> | <u>(638,784)</u> |
| CHANGE IN NET POSITION | (49,400) | (195,325) |
| NET POSITION, BEGINNING OF YEAR | <u>1,242,435</u> | <u>1,437,760</u> |
| NET POSITION, END OF YEAR | <u>\$ 1,193,035</u> | <u>\$ 1,242,435</u> |

**COMPARATIVE STATEMENTS OF CASH FLOWS
DRAINAGE ENTERPRISE FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

| | <u>2014</u> | <u>2013</u> |
|--|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash received from customers | \$ 1,387,138 | \$ 1,374,080 |
| Cash paid to employees for services | (476,073) | (427,106) |
| Cash paid for goods and services | (450,646) | (427,274) |
| Net cash provided by operating activities | <u>460,419</u> | <u>519,700</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | |
| Transfers out | (481,701) | (638,784) |
| Net cash used in non-capital financing activities | <u>(481,701)</u> | <u>(638,784)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Acquisition of capital assets | (16,564) | - |
| Net cash used in capital and related financing activities | <u>(16,564)</u> | <u>-</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from sale of investments | - | 203,385 |
| Purchase of investment securities | (50,402) | - |
| Interest on investments | 3,330 | 1,581 |
| Net cash provided by (used in) investing activities | <u>(47,072)</u> | <u>204,966</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | (84,918) | 85,882 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 461,691 | 375,809 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u>\$ 376,773</u> | <u>\$ 461,691</u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | |
| Net operating income | \$ 429,557 | \$ 445,012 |
| Adjustments to reconcile net operating income to net cash provided by operating activities: | | |
| Depreciation | 24,165 | 37,057 |
| Change in assets and liabilities: | | |
| Accounts receivable | 5,608 | 18,889 |
| Accounts payable | (7,223) | 10,976 |
| Accrued liabilities | 2,983 | 596 |
| Compensated absences | 5,329 | 7,170 |
| Total adjustments | <u>30,862</u> | <u>74,688</u> |
| Net cash provided by operating activities | <u>\$ 460,419</u> | <u>\$ 519,700</u> |

**COMPARATIVE STATEMENTS OF NET POSITION
GOLF COURSE ENTERPRISE FUND
SEPTEMBER 30, 2014 AND 2013**

| | <u>2014</u> | <u>2013</u> |
|---|-------------------|-------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 542,315 | \$ 591,607 |
| Receivables: | | |
| Accounts | - | 2,822 |
| Prepaid items | 5,050 | 11,050 |
| Total current assets | <u>547,365</u> | <u>605,479</u> |
| NONCURRENT ASSETS | | |
| CAPITAL ASSETS | | |
| Furniture and fixtures | - | 10,894 |
| Machinery and equipment | 937,453 | 937,453 |
| Less: accumulated depreciation | <u>(501,870)</u> | <u>(399,177)</u> |
| Capital assets, net of accumulated depreciation | <u>435,583</u> | <u>549,170</u> |
| Total noncurrent assets | <u>435,583</u> | <u>549,170</u> |
| TOTAL ASSETS | <u>982,948</u> | <u>1,154,649</u> |
| LIABILITIES AND NET POSITION | | |
| CURRENT LIABILITIES | | |
| Accounts payable | 174,647 | 149,364 |
| Accrued liabilities | 31,913 | 39,103 |
| Accrued compensated absences | 81,353 | 75,358 |
| Capital leases payable - current | 116,578 | 113,587 |
| Customer deposits payable | <u>27,980</u> | <u>23,130</u> |
| Total current liabilities | <u>432,471</u> | <u>400,542</u> |
| NONCURRENT LIABILITIES | | |
| Capital leases payable | 319,005 | 435,583 |
| Accrued compensated absences | <u>20,355</u> | <u>18,854</u> |
| Total noncurrent liabilities | <u>339,360</u> | <u>454,437</u> |
| TOTAL LIABILITIES | <u>771,831</u> | <u>854,979</u> |
| NET POSITION | | |
| Unrestricted | <u>211,117</u> | <u>299,670</u> |
| TOTAL NET POSITION | <u>\$ 211,117</u> | <u>\$ 299,670</u> |

**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
GOLF COURSE ENTERPRISE FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

| | <u>2014</u> | <u>2013</u> |
|--|-------------------|-------------------|
| OPERATING REVENUES | | |
| Service charges | \$ 2,537,564 | \$ 1,924,706 |
| Miscellaneous | 4,394 | 12,724 |
| Total operating revenues | <u>2,541,958</u> | <u>1,937,430</u> |
| OPERATING EXPENSES | | |
| Personnel services | 1,302,901 | 1,328,541 |
| Contractual and other services | 1,035,399 | 687,061 |
| Maintenance | 52,719 | 68,145 |
| Supplies | 263,148 | 266,874 |
| Depreciation | 113,587 | 68,212 |
| Other | 71,344 | 64,634 |
| Total operating expenses | <u>2,839,098</u> | <u>2,483,467</u> |
| OPERATING LOSS | <u>(297,140)</u> | <u>(546,037)</u> |
| NON-OPERATING REVENUES | | |
| Interest income (loss) | - | (1,115) |
| LOSS BEFORE TRANSFERS | <u>(297,140)</u> | <u>(547,152)</u> |
| TRANSFERS | | |
| Transfers in | 208,587 | 633,815 |
| Total transfers | <u>208,587</u> | <u>633,815</u> |
| CHANGE IN NET POSITION | (88,553) | 86,663 |
| NET POSITION, BEGINNING OF YEAR | <u>299,670</u> | <u>213,007</u> |
| NET POSITION, END OF YEAR | <u>\$ 211,117</u> | <u>\$ 299,670</u> |

**COMPARATIVE STATEMENTS OF CASH FLOWS
GOLF COURSE ENTERPRISE FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

| | <u>2014</u> | <u>2013</u> |
|---|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash received from customers | \$ 2,544,780 | \$ 1,934,858 |
| Cash paid to employees for services | (1,295,405) | (1,318,196) |
| Cash paid for goods and services | (1,393,667) | (969,029) |
| Net cash used in operating activities | <u>(144,292)</u> | <u>(352,367)</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | |
| Transfers in | <u>208,587</u> | <u>633,815</u> |
| Net cash provided by non-capital financing activities | <u>208,587</u> | <u>633,815</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Capital lease payment | <u>(113,587)</u> | <u>(68,212)</u> |
| Net cash used in capital and related financing activities | <u>(113,587)</u> | <u>(68,212)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from sale of investments | - | 127 |
| Interest on investments | - | 300 |
| Net cash provided by investing activities | <u>-</u> | <u>427</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | (49,292) | 213,663 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>591,607</u> | <u>377,944</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u>\$ 542,315</u> | <u>\$ 591,607</u> |
| RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES | | |
| Net operating loss | \$ (297,140) | \$ (546,037) |
| Adjustments to reconcile net operating loss to net cash used in operating activities: | | |
| Depreciation | 113,587 | 68,212 |
| Change in assets and liabilities: | | |
| Accounts receivable | 2,822 | (2,572) |
| Prepaid items | 6,000 | |
| Accounts payable | 25,283 | 93,652 |
| Accrued liabilities | (7,190) | 12,087 |
| Customer deposits | 4,850 | 11,946 |
| Compensated absences | 7,496 | 10,345 |
| Total adjustments | <u>152,848</u> | <u>193,670</u> |
| Net cash used in operating activities | <u>\$ (144,292)</u> | <u>\$ (352,367)</u> |

INTERNAL SERVICE FUNDS

The Internal Service Funds are used to account for financing of services provided by one department to other departments of the City on a cost-reimbursement basis.

Replacement Fund - accounts for the costs associated with the acquisition of vehicles, machinery, and equipment through the rental of such items to other departments.

Risk Management Fund – accounts for the costs associated with workers compensation, liability and property insurance and medical and dental programs established for City employees and their covered dependents.

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2014
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2013)**

| | REPLACEMENT FUND | RISK MANAGEMENT FUND | TOTALS | |
|--|----------------------|----------------------------|----------------------|----------------------|
| | | | 2014 | 2013 |
| ASSETS | | | | |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents | \$ 4,848,840 | \$ 2,306,179 | \$ 7,155,019 | \$ 6,694,770 |
| Investments | 6,103,549 | 3,008,024 | 9,111,573 | 8,208,193 |
| Accrued interest receivable | 26,025 | 12,143 | 38,168 | 43,561 |
| Prepaid items | - | 266,630 | 266,630 | 173,080 |
| Total current assets | 10,978,414 | 5,592,976 | 16,571,390 | 15,119,604 |
| CAPITAL ASSETS | | | | |
| Machinery and equipment | 3,730,730 | - | 3,730,730 | 2,068,592 |
| Vehicles | 10,811,534 | - | 10,811,534 | 10,543,978 |
| Construction in progress | 291,903 | - | 291,903 | 1,510,164 |
| Accumulated depreciation | (8,121,369) | - | (8,121,369) | (7,044,275) |
| Capital assets, net of accumulated depreciation | 6,712,798 | - | 6,712,798 | 7,078,459 |
| TOTAL ASSETS | 17,691,212 | 5,592,976 | 23,284,188 | 22,198,063 |
| LIABILITIES AND NET POSITION | | | | |
| LIABILITIES | | | | |
| Accounts payable | 58,382 | 314,381 | 372,763 | 257,709 |
| Accrued liabilities | - | 7,672 | 7,672 | 6,080 |
| Incurred but not reported claims | - | 935,264 | 935,264 | 812,410 |
| TOTAL LIABILITIES | 58,382 | 1,257,317 | 1,315,699 | 1,076,199 |
| NET POSITION | | | | |
| Net investment in capital assets | 6,712,798 | - | 6,712,798 | 7,078,459 |
| Unrestricted | 10,920,032 | 4,335,659 | 15,255,691 | 14,043,405 |
| TOTAL NET POSITION | \$ 17,632,830 | \$ 4,335,659 | \$ 21,968,489 | \$ 21,121,864 |

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2013)**

| | REPLACEMENT FUND | RISK MANAGEMENT FUND | TOTALS | |
|--|----------------------|----------------------------|----------------------|----------------------|
| | | | 2014 | 2013 |
| OPERATING REVENUES | | | | |
| Charges for services | \$ 1,617,873 | \$ 9,647,162 | \$ 11,265,035 | \$ 11,832,858 |
| Other income | 10,235 | 631,236 | 641,471 | 2,134,159 |
| Total operating revenues | 1,628,108 | 10,278,398 | 11,906,506 | 13,967,017 |
| OPERATING EXPENSES | | | | |
| Personal services | - | 480,241 | 480,241 | 562,050 |
| Contractual services | 200,795 | 9,891,498 | 10,092,293 | 10,111,808 |
| Depreciation | 1,501,430 | - | 1,501,430 | 1,442,520 |
| Total operating expenses | 1,702,225 | 10,371,739 | 12,073,964 | 12,116,378 |
| OPERATING INCOME (LOSS) | (74,117) | (93,341) | (167,458) | 1,850,639 |
| NON-OPERATING REVENUES | | | | |
| Investment earnings | 50,273 | 22,169 | 72,442 | 32,891 |
| Gain on disposal of capital assets | 87,327 | - | 87,327 | 147,446 |
| Total non-operating revenues | 137,600 | 22,169 | 159,769 | 180,337 |
| INCOME BEFORE TRANSFERS | 63,483 | (71,172) | (7,689) | 2,030,976 |
| TRANSFERS | | | | |
| Transfers in | 400,000 | 454,314 | 854,314 | 334,869 |
| Total transfers | 400,000 | 454,314 | 854,314 | 334,869 |
| CHANGE IN NET POSITION | 463,483 | 383,142 | 846,625 | 2,365,845 |
| NET POSITION, BEGINNING OF YEAR | 17,169,347 | 3,952,517 | 21,121,864 | 18,756,019 |
| NET POSITION, END OF YEAR | \$ 17,632,830 | \$ 4,335,659 | \$ 21,968,489 | \$ 21,121,864 |

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2013)**

| | REPLACEMENT FUND | RISK MANAGEMENT FUND | TOTALS | |
|--|---------------------|----------------------------|---------------------|---------------------|
| | | | 2014 | 2013 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash received from transactions with other funds | \$ 1,563,923 | \$ 10,184,848 | \$ 11,748,771 | \$ 14,012,494 |
| Cash paid to employees for services | - | (480,241) | (480,241) | (562,050) |
| Cash paid for goods and services | (200,795) | (6,286,441) | (6,487,236) | (6,649,177) |
| Cash paid for claims | - | (3,301,372) | (3,301,372) | (3,616,040) |
| Net cash provided by operating activities | <u>1,363,128</u> | <u>116,794</u> | <u>1,479,922</u> | <u>3,185,227</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | | | |
| Transfers in | <u>400,000</u> | <u>454,314</u> | <u>854,314</u> | <u>334,869</u> |
| Net cash provided by non-capital financing activities | <u>400,000</u> | <u>454,314</u> | <u>854,314</u> | <u>334,869</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Acquisition of capital assets | (1,135,769) | - | (1,135,769) | (1,872,776) |
| Proceeds from sale of capital assets | <u>87,327</u> | <u>-</u> | <u>87,327</u> | <u>147,446</u> |
| Net cash used in capital and related financing activities | <u>(1,048,442)</u> | <u>-</u> | <u>(1,048,442)</u> | <u>(1,725,330)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Purchase of investment securities | (414,342) | (489,038) | (903,380) | (153,812) |
| Proceeds from sale and maturities of investment securities | - | - | - | 226,319 |
| Interest on investments | <u>54,441</u> | <u>23,394</u> | <u>77,835</u> | <u>59,904</u> |
| Net cash provided by (used in) investing activities | <u>(359,901)</u> | <u>(465,644)</u> | <u>(825,545)</u> | <u>132,411</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 354,785 | 105,464 | 460,249 | 1,927,177 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>4,494,055</u> | <u>2,200,715</u> | <u>6,694,770</u> | <u>4,767,593</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u>\$ 4,848,840</u> | <u>\$ 2,306,179</u> | <u>\$ 7,155,019</u> | <u>\$ 6,694,770</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | | | |
| Net operating income (loss) | \$ (74,117) | \$ (93,341) | \$ (167,458) | \$ 1,850,639 |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | | |
| Depreciation | 1,501,430 | - | 1,501,430 | 1,442,520 |
| Change in assets and liabilities: | | | | |
| Prepays | - | (93,550) | (93,550) | 26,997 |
| Accounts payable | <u>(64,185)</u> | <u>303,685</u> | <u>239,500</u> | <u>(134,929)</u> |
| Total adjustments | <u>1,437,245</u> | <u>210,135</u> | <u>1,647,380</u> | <u>1,334,588</u> |
| Net cash provided by operating activities | <u>\$ 1,363,128</u> | <u>\$ 116,794</u> | <u>\$ 1,479,922</u> | <u>\$ 3,185,227</u> |

DISCRETELY PRESENTED COMPONENT UNITS

Allen Economic Development Corporation (AEDC) – AEDC is a legally separate entity from the City and is responsible for aiding, promoting and furthering economic development within the City.

Allen Community Development Corporation (ACDC) – ACDC is a legally separate entity from the City and is responsible for supporting the improvements in community parks and recreation, streets and sidewalks, public safety and the community library.

**COMPARATIVE BALANCE SHEETS
ALLEN ECONOMIC DEVELOPMENT CORPORATION
SEPTEMBER 30, 2014 AND 2013**

| | <u>2014</u> | <u>2013</u> |
|--|----------------------|---------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 5,581,166 | \$ 3,929,847 |
| Investments | 6,891,910 | 4,583,427 |
| Sales tax receivable | 1,436,156 | 1,362,313 |
| Accounts receivable | 2,534 | 2,327 |
| Accrued interest receivable | 26,813 | 24,324 |
| Prepaid items | 6,298 | 6,298 |
| TOTAL ASSETS | <u>\$ 13,944,877</u> | <u>\$ 9,908,536</u> |
| LIABILITIES AND FUND BALANCES | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 65,095 | \$ 12,711 |
| Accrued and other liabilities | 13,878 | 11,375 |
| TOTAL LIABILITIES | <u>78,973</u> | <u>24,086</u> |
| FUND BALANCES | | |
| Nonspendable | 6,298 | 6,298 |
| Restricted | | |
| Debt service | 751,646 | 752,345 |
| Unassigned | 13,107,960 | 9,125,807 |
| TOTAL FUND BALANCES | <u>13,865,904</u> | <u>9,884,450</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 13,944,877</u> | <u>\$ 9,908,536</u> |

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
ALLEN ECONOMIC DEVELOPMENT CORPORATION
SEPTEMBER 30, 2014**

| | |
|--|---------------------|
| Total governmental fund balance | \$ 13,865,904 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Interest payable on long-term debt does not require current financial resources, therefore interest payable is not reported as a liability in the governmental funds balance sheet. | (60,326) |
| Long-term liabilities, including bonds payable are not due and payable in the current period and, therefore, are not reported in the fund financial statements. | (17,424,160) |
| Capital assets (net of accumulated depreciation) used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. | <u>4,768,491</u> |
| Net position of governmental activities | <u>\$ 1,149,909</u> |

**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALLEN ECONOMIC DEVELOPMENT CORPORATION
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

| | <u>2014</u> | <u>2013</u> |
|---|----------------------|---------------------|
| REVENUES | | |
| Sales and other taxes | \$ 8,832,627 | \$ 7,993,037 |
| Investment earnings | 47,044 | 32,354 |
| Miscellaneous | 31,184 | 1,635 |
| Total revenues | <u>8,910,855</u> | <u>8,027,026</u> |
| EXPENDITURES | | |
| Current: | | |
| Economic development | 4,047,711 | 4,159,337 |
| Capital projects: | | |
| Economic development | 30,000 | - |
| Debt service: | | |
| Principal retirement | 845,000 | 820,000 |
| Interest and fiscal charges | 750,440 | 774,515 |
| Total expenditures | <u>5,673,151</u> | <u>5,753,852</u> |
| Excess of revenues over expenditures | <u>3,237,704</u> | <u>2,273,174</u> |
| OTHER FINANCING SOURCES | | |
| Proceeds from sale of capital assets | 743,750 | - |
| Total other financing sources | 743,750 | - |
| NET CHANGE IN FUND BALANCE | 3,981,454 | 2,273,174 |
| FUND BALANCES, BEGINNING OF YEAR | <u>9,884,450</u> | <u>7,611,276</u> |
| FUND BALANCES, END OF YEAR | <u>\$ 13,865,904</u> | <u>\$ 9,884,450</u> |

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
ALLEN ECONOMIC DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

| | |
|---|---------------------|
| Net change in fund balances - total governmental funds | \$ 3,981,454 |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued. However, these amounts are amortized in the government-wide financial statements. | (3,065) |
| The repayment of the principal of long-term debt consumes the current financial resources of governmental funds (\$845,000). | 845,000 |
| Current year changes in accrued interest payable do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | 2,211 |
| In the governmental fund financial statements, the proceeds from a sale of assets are shown as an increase in financial resources. However in the statement of activities, the gain or loss is calculated and reported. | (589,361) |
| Depreciation expense on capital assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds. | (153,333) |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. | <u>30,000</u> |
| Change in net position of governmental activities | <u>\$ 4,112,906</u> |

**COMPARATIVE BALANCE SHEETS
ALLEN COMMUNITY DEVELOPMENT CORPORATION
SEPTEMBER 30, 2014 AND 2013**

| | <u>2014</u> | <u>2013</u> |
|--|---------------------|---------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 3,983,275 | \$ 3,002,013 |
| Investments | 4,220,285 | 2,651,935 |
| Sales tax receivable | 1,436,156 | 1,362,313 |
| Accounts receivable | 2,534 | 2,327 |
| Accrued interest receivable | 15,917 | 14,074 |
| | <u>9,658,167</u> | <u>7,032,662</u> |
| TOTAL ASSETS | <u>\$ 9,658,167</u> | <u>\$ 7,032,662</u> |
| LIABILITIES AND FUND BALANCES | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 104,703 | \$ 106,766 |
| Retainage payable | 27,795 | - |
| | <u>132,498</u> | <u>106,766</u> |
| TOTAL LIABILITIES | <u>132,498</u> | <u>106,766</u> |
| FUND BALANCES | | |
| Restricted | | |
| Debt service | 1,100,500 | 1,101,377 |
| Assigned for capital projects | 4,245,452 | 3,084,147 |
| Unassigned | 4,179,717 | 2,740,372 |
| | <u>9,525,669</u> | <u>6,925,896</u> |
| TOTAL FUND BALANCES | <u>9,525,669</u> | <u>6,925,896</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 9,658,167</u> | <u>\$ 7,032,662</u> |

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
ALLEN COMMUNITY DEVELOPMENT CORPORATION
SEPTEMBER 30, 2014**

| | |
|--|------------------------|
| Total governmental fund balance | \$ 9,525,669 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Interest payable on long-term debt does not require current financial resources, and, therefore, is not reported as a liability in the governmental funds balance sheet. | (158,843) |
| Long-term liabilities, including bonds payable are not due and payable in the current period and, therefore, are not reported in the fund financial statements. | <u>(32,457,006)</u> |
| Net position of governmental activities | <u>\$ (23,090,180)</u> |

**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALLEN COMMUNITY DEVELOPMENT CORPORATION
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

| | <u>2014</u> | <u>2013</u> |
|---|---------------------|---------------------|
| REVENUES | | |
| Sales and other taxes | \$ 8,832,627 | \$ 7,993,037 |
| Investment earnings | 28,842 | 1,828 |
| Total revenues | <u>8,861,469</u> | <u>7,994,865</u> |
| EXPENDITURES | | |
| Current: | | |
| Community development | 1,206,190 | 928,921 |
| Capital projects: | | |
| Community development | 2,102,671 | 1,386,961 |
| Debt service: | | |
| Principal retirement | 1,090,000 | 1,045,000 |
| Interest and fiscal charges | 1,862,835 | 1,906,116 |
| Total expenditures | <u>6,261,696</u> | <u>5,266,998</u> |
| NET CHANGE IN FUND BALANCES | 2,599,773 | 2,727,867 |
| FUND BALANCES, BEGINNING OF YEAR | <u>6,925,896</u> | <u>4,198,029</u> |
| FUND BALANCES, END OF YEAR | <u>\$ 9,525,669</u> | <u>\$ 6,925,896</u> |

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
ALLEN COMMUNITY DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

| | |
|---|---------------------|
| Net change in fund balances - total governmental funds | \$ 2,599,773 |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued. However, these amounts are amortized in the government-wide financial statements. | (14,420) |
| Current year changes in accrued interest payable do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | (3,607) |
| Repayment of the principal on long-term debt consumes the current financial resources of governmental funds. However, these transactions have no effect on net position. | <u>1,090,000</u> |
| Change in net position of governmental activities | <u>\$ 3,671,746</u> |



CITY OF ALLEN

PRIDE

PEOPLE FIRST RESPECT INTEGRITY DELIVER EXCEL

**CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS**



CITY OF ALLEN

PRIDE

PEOPLE FIRST RESPECT INTEGRITY DELIVER EXCEL

**COMPARATIVE SCHEDULES BY SOURCE
AS OF SEPTEMBER 30, 2014**

| | <u>2014</u> | <u>2013</u> |
|---|------------------------------|------------------------------|
| GOVERNMENTAL FUNDS CAPITAL ASSETS | | |
| Land and land improvements | \$ 130,614,642 | \$ 129,147,461 |
| Buildings | 131,330,347 | 131,347,203 |
| Machinery and equipment | 11,044,865 | 10,497,952 |
| Furniture and fixtures | 7,973,242 | 8,042,531 |
| Vehicles | 2,445,836 | 2,518,180 |
| Books | 1,599,188 | 1,355,346 |
| Infrastructure | <u>477,197,874</u> | <u>466,053,965</u> |
| Total property and equipment in service | 762,205,994 | 748,962,638 |
| Construction in progress | <u>9,400,323</u> | <u>11,645,278</u> |
| Total governmental funds capital assets | <u><u>\$ 771,606,317</u></u> | <u><u>\$ 760,607,916</u></u> |
| INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY REVENUE SOURCE | | |
| General obligation bond proceeds and interest income | \$ 189,869,270 | \$ 188,469,879 |
| Revenue bonds | 10,475,000 | 10,475,000 |
| Contributions | 378,162,347 | 372,456,483 |
| Other governments | 9,951,500 | 9,951,500 |
| General and other fund operations | 161,326,074 | 157,687,465 |
| Special revenue funds | <u>21,822,126</u> | <u>21,567,589</u> |
| Total governmental funds capital assets | <u><u>\$ 771,606,317</u></u> | <u><u>\$ 760,607,916</u></u> |

(a) This schedule presents only the capital asset balances related to governmental funds, including infrastructure. Accordingly, the capital assets reported in the internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

CITY OF ALLEN, TEXAS

**SCHEDULE OF CAPITAL ASSETS USED IN THE OPERATION OF
GOVERNMENTAL FUNDS BY FUNCTION AND ACTIVITY (a)
AS OF SEPTEMBER 30, 2014**

| Function and Activity | Land | Land Improvements | Buildings | Machinery & Equipment |
|---|-----------------------|-------------------|-----------------------|--------------------------|
| GENERAL GOVERNMENT | | | | |
| Municipal court | \$ 631,788 | \$ - | \$ 289,669 | \$ 137,584 |
| City administration | 2,719,532 | - | 8,871,016 | 303,049 |
| Information technology | - | - | - | 1,029,875 |
| Internal services | - | - | - | 371,109 |
| Finance | - | - | - | - |
| Total general government | <u>3,351,320</u> | <u>-</u> | <u>9,160,685</u> | <u>1,841,617</u> |
| PUBLIC SAFETY | | | | |
| Police | - | - | 8,528,747 | 647,708 |
| Fire | 78,932 | - | 9,470,738 | 899,823 |
| Total public safety | <u>78,932</u> | <u>-</u> | <u>17,999,485</u> | <u>1,547,531</u> |
| PUBLIC WORKS | | | | |
| Community services & streets | 51,274,858 | - | 13,184,077 | 602,961 |
| Engineering | 59,081,607 | - | 7,625,113 | 160,284 |
| Total public works | <u>110,356,465</u> | <u>-</u> | <u>20,809,190</u> | <u>763,245</u> |
| CULTURE & RECREATION | | | | |
| Parks & recreation | 15,512,837 | 815,088 | 70,288,315 | 5,225,231 |
| Library | - | - | 11,041,387 | 457,946 |
| Total culture and recreation | <u>15,512,837</u> | <u>815,088</u> | <u>81,329,702</u> | <u>5,683,177</u> |
| COMMUNITY DEVELOPMENT | | | | |
| Building & code compliance | - | - | - | - |
| Planning & development | - | - | - | 16,988 |
| Total community development | <u>-</u> | <u>-</u> | <u>-</u> | <u>16,988</u> |
| GRANT ADMINISTRATION | | | | |
| Grant Administration | 500,000 | - | 2,031,285 | 1,192,307 |
| Total grant administration | <u>500,000</u> | <u>-</u> | <u>2,031,285</u> | <u>1,192,307</u> |
| Construction in Progress | | | | |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total governmental funds capital assets | <u>\$ 129,799,554</u> | <u>\$ 815,088</u> | <u>\$ 131,330,347</u> | <u>\$ 11,044,865</u> |

(a) This schedule presents only the capital asset balances related to governmental funds, including infrastructure. Accordingly, the capital assets reported in the internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

EXHIBIT G-2

| <u>Furniture & Fixtures</u> | <u>Vehicles</u> | <u>Books</u> | <u>Other Improvements</u> | <u>Construction in Progress</u> | <u>Total</u> |
|---------------------------------|---------------------|---------------------|---------------------------|---------------------------------|-----------------------|
| \$ - | \$ - | \$ - | \$ 6,178 | \$ - | \$ 1,065,219 |
| 838,708 | - | - | - | - | 12,732,305 |
| 12,978 | 19,942 | - | 5,539,835 | - | 6,602,630 |
| 14,623 | 122,770 | - | 4,311 | - | 512,813 |
| 23,600 | - | - | - | - | 23,600 |
| <u>889,909</u> | <u>142,712</u> | <u>-</u> | <u>5,550,324</u> | <u>-</u> | <u>20,936,567</u> |
| 247,040 | 321,618 | - | 1,148,333 | - | 10,893,446 |
| 289,841 | 1,076,547 | - | 110,682 | - | 11,926,563 |
| <u>536,881</u> | <u>1,398,165</u> | <u>-</u> | <u>1,259,015</u> | <u>-</u> | <u>22,820,009</u> |
| 57,718 | 97,649 | - | 257,894,676 | - | 323,111,939 |
| 468,878 | 79,884 | - | 156,396,161 | - | 223,811,927 |
| <u>526,596</u> | <u>177,533</u> | <u>-</u> | <u>414,290,837</u> | <u>-</u> | <u>546,923,866</u> |
| 5,173,234 | 455,081 | - | 53,613,873 | - | 151,083,659 |
| 837,256 | - | 1,586,058 | 3,519 | - | 13,926,166 |
| <u>6,010,490</u> | <u>455,081</u> | <u>1,586,058</u> | <u>53,617,392</u> | <u>-</u> | <u>165,009,825</u> |
| - | 13,619 | - | - | - | 13,619 |
| 9,366 | 19,848 | - | - | - | 46,202 |
| <u>9,366</u> | <u>33,467</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>59,821</u> |
| - | 238,878 | 13,130 | 2,480,306 | - | 6,455,906 |
| <u>-</u> | <u>238,878</u> | <u>13,130</u> | <u>2,480,306</u> | <u>-</u> | <u>6,455,906</u> |
| - | - | - | - | 9,400,323 | 9,400,323 |
| <u>\$ 7,973,242</u> | <u>\$ 2,445,836</u> | <u>\$ 1,599,188</u> | <u>\$ 477,197,874</u> | <u>\$ 9,400,323</u> | <u>\$ 771,606,317</u> |

**SCHEDULE OF CHANGES IN CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS – BY FUNCTION AND ACTIVITY (a)
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

| Function and Activity | Governmental Funds | | | | | Governmental Funds |
|---|-----------------------------------|----------------------------|---------------------|-----------------------|---------------------|--------------------------------------|
| | Capital Assets October 1, 2013 | Developer Contributions | Additions | Deductions | Transfers | Capital Assets September 30, 2014 |
| GENERAL GOVERNMENT | | | | | | |
| Municipal Court | \$ 1,065,632 | \$ - | \$ - | \$ (413) | \$ - | \$ 1,065,219 |
| City Administration | 12,703,517 | - | 28,788 | - | - | 12,732,305 |
| Information Technology | 6,116,867 | - | 19,942 | (13,896) | 479,717 | 6,602,630 |
| Human Resources | 5,771 | - | - | (5,771) | - | - |
| Internal Services | 517,461 | - | - | (4,648) | - | 512,813 |
| Finance | 23,991 | - | - | (391) | - | 23,600 |
| Total General Government | <u>20,433,239</u> | <u>-</u> | <u>48,730</u> | <u>(25,119)</u> | <u>479,717</u> | <u>20,936,567</u> |
| PUBLIC SAFETY | | | | | | |
| Police | 11,044,433 | - | 39,784 | (190,771) | - | 10,893,446 |
| Fire | <u>11,877,027</u> | <u>-</u> | <u>22,894</u> | <u>(24,841)</u> | <u>51,483</u> | <u>11,926,563</u> |
| Total Public Safety | <u>22,921,460</u> | <u>-</u> | <u>62,678</u> | <u>(215,612)</u> | <u>51,483</u> | <u>22,820,009</u> |
| PUBLIC WORKS | | | | | | |
| Community services & streets | 326,165,830 | - | - | (3,053,891) | - | 323,111,939 |
| Engineering | <u>218,166,042</u> | <u>5,671,746</u> | <u>-</u> | <u>(25,861)</u> | <u>-</u> | <u>223,811,927</u> |
| Total Public Works | <u>544,331,872</u> | <u>5,671,746</u> | <u>-</u> | <u>(3,079,752)</u> | <u>-</u> | <u>546,923,866</u> |
| CULTURE & RECREATION | | | | | | |
| Parks & Recreation | 141,097,332 | 34,117 | 161,466 | (100,508) | 9,891,252 | 151,083,659 |
| Library | <u>13,688,110</u> | <u>-</u> | <u>243,842</u> | <u>(5,786)</u> | <u>-</u> | <u>13,926,166</u> |
| Total Culture & Recreation | <u>154,785,442</u> | <u>34,117</u> | <u>405,308</u> | <u>(106,294)</u> | <u>9,891,252</u> | <u>165,009,825</u> |
| COMMUNITY DEVELOPMENT | | | | | | |
| Building & Code Compliance | 38,260 | - | - | (24,641) | - | 13,619 |
| Planning & Development | <u>26,354</u> | <u>-</u> | <u>19,848</u> | <u>-</u> | <u>-</u> | <u>46,202</u> |
| Total Community Development | <u>64,614</u> | <u>-</u> | <u>19,848</u> | <u>(24,641)</u> | <u>-</u> | <u>59,821</u> |
| GRANT ADMINISTRATION | | | | | | |
| Grant Administration | <u>6,426,011</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>29,895</u> | <u>6,455,906</u> |
| Total Grant Administration | <u>6,426,011</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>29,895</u> | <u>6,455,906</u> |
| Total general capital assets allocated by function | 748,962,638 | 5,705,863 | 536,564 | (3,451,418) | 10,452,347 | 762,205,994 |
| Construction in progress | <u>11,645,278</u> | <u>-</u> | <u>8,495,575</u> | <u>(288,183)</u> | <u>(10,452,347)</u> | <u>9,400,323</u> |
| Total governmental funds capital assets | <u>\$ 760,607,916</u> | <u>\$ 5,705,863</u> | <u>\$ 9,032,139</u> | <u>\$ (3,739,601)</u> | <u>\$ -</u> | <u>\$ 771,606,317</u> |

(a) This schedule presents only the capital asset balances related to governmental funds, including infrastructure. Accordingly, the capital assets reported in the internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

**STATISTICAL SECTION
(UNAUDITED)**



CITY OF ALLEN

PRIDE

PEOPLE FIRST RESPECT INTEGRITY DELIVER EXCEL

STATISTICAL SECTION

This part of the City of Allen's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the City's overall financial health. This information has not been audited by the independent auditor.

| <u>Contents</u> | <u>Table #s</u> |
|--|---------------------------|
| Financial Trends These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. | 1, 2, 3 & 4 |
| Revenue Capacity These tables contain information to help the reader assess the City's two most significant local revenue sources, the property and sales taxes. | 5, 6, 7 & 8 |
| Debt Capacity These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. | 9, 10, 11 & 12 |
| Economic and Demographic Information These tables offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place. | 13 & 14 |
| Operating Information These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides. | 15, 16 & 17 |

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

**NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)**

| | Fiscal Year | | | | | | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 296,732,997 | \$ 319,817,360 | \$ 333,490,275 | \$ 366,609,833 | \$ 415,201,199 | \$ 428,550,870 | \$ 419,223,646 | \$ 426,207,901 | \$ 422,172,473 | \$ 415,790,437 |
| Restricted | 1,273,649 | 1,155,334 | 1,099,998 | 1,151,814 | 1,068,651 | 889,439 | 18,656,870 | 21,042,413 | 26,511,231 | 26,066,205 |
| Unrestricted | 26,069,318 | 27,991,963 | 33,402,994 | 38,666,826 | 43,584,591 | 40,218,786 | 24,181,393 | 24,614,505 | 25,284,684 | 27,737,205 |
| Total governmental activities net position | <u>\$ 324,075,964</u> | <u>\$ 348,964,657</u> | <u>\$ 367,993,267</u> | <u>\$ 406,428,473</u> | <u>\$ 459,854,441</u> | <u>\$ 469,659,095</u> | <u>\$ 462,061,909</u> | <u>\$ 471,864,819</u> | <u>\$ 473,968,388</u> | <u>\$ 469,593,847</u> |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | \$ 70,516,150 | \$ 78,492,220 | \$ 83,485,274 | \$ 95,620,414 | \$ 92,988,242 | \$ 94,983,309 | \$ 96,288,053 | \$ 99,960,794 | \$ 99,544,466 | \$ 100,991,443 |
| Restricted for debt service | 228,047 | 946,656 | 336,842 | 922,863 | 654,521 | 376,962 | 349,692 | 428,646 | 364,510 | 26,859 |
| Unrestricted | 16,953,181 | 21,495,894 | 22,107,342 | 26,254,327 | 28,450,857 | 27,145,409 | 30,718,830 | 32,630,970 | 35,144,959 | 33,906,436 |
| Total business-type activities net position | <u>\$ 87,697,378</u> | <u>\$ 100,934,770</u> | <u>\$ 105,929,458</u> | <u>\$ 122,797,604</u> | <u>\$ 122,093,620</u> | <u>\$ 122,505,680</u> | <u>\$ 127,356,575</u> | <u>\$ 133,020,410</u> | <u>\$ 135,053,935</u> | <u>\$ 134,924,738</u> |
| Primary government | | | | | | | | | | |
| Net investment in capital assets | \$ 367,249,147 | \$ 398,309,580 | \$ 416,975,549 | \$ 462,230,247 | \$ 508,189,441 | \$ 523,534,179 | \$ 515,511,699 | \$ 526,168,695 | \$ 521,716,939 | \$ 516,781,880 |
| Restricted for debt service | 1,501,696 | 2,101,990 | 1,436,840 | 2,074,677 | 1,723,172 | 1,266,401 | 19,006,562 | 21,471,059 | 26,875,741 | 26,093,064 |
| Unrestricted | 43,022,499 | 49,487,857 | 55,510,336 | 64,921,153 | 72,035,448 | 67,364,195 | 54,900,223 | 57,245,475 | 60,429,643 | 61,643,641 |
| Total primary governmental net position | <u>\$ 411,773,342</u> | <u>\$ 449,899,427</u> | <u>\$ 473,922,725</u> | <u>\$ 529,226,077</u> | <u>\$ 581,948,061</u> | <u>\$ 592,164,775</u> | <u>\$ 589,418,484</u> | <u>\$ 604,885,229</u> | <u>\$ 609,022,323</u> | <u>\$ 604,518,585</u> |

Source: Comprehensive Annual Financial Report

CITY OF ALLEN, TEXAS

TABLE 2

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)**

| | Fiscal Year | | | | | | | | | |
|---|---------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 8,354,753 | \$ 9,262,795 | \$ 11,171,912 | \$ 13,466,124 | \$ 14,304,910 | \$ 20,415,700 | \$ 16,989,047 | \$ 18,347,067 | \$ 22,271,050 | \$ 24,940,939 |
| Public safety | 16,938,526 | 19,006,622 | 20,718,946 | 23,438,274 | 24,498,604 | 26,106,950 | 27,110,778 | 28,675,146 | 28,935,911 | 30,408,487 |
| Public works | 11,284,098 | 13,058,440 | 13,178,850 | 14,508,426 | 14,893,306 | 16,036,561 | 16,779,393 | 17,681,730 | 17,807,948 | 18,252,130 |
| Culture and recreation | 11,004,820 | 14,053,062 | 14,912,287 | 16,980,568 | 17,689,583 | 23,160,807 | 30,645,922 | 32,112,451 | 29,983,224 | 30,987,689 |
| Community development | 1,781,916 | 2,029,569 | 2,031,522 | 4,557,098 | 2,718,864 | 2,665,534 | 2,742,284 | 2,527,518 | 2,230,968 | 2,689,517 |
| Grants administration | - | - | - | - | - | - | - | - | - | - |
| Interest on long-term debt | 4,388,211 | 4,236,614 | 4,040,682 | 4,219,858 | 4,326,330 | 4,860,527 | 4,715,550 | 4,539,622 | 4,067,303 | 3,955,305 |
| Total governmental activities expenses | 53,752,324 | 61,647,102 | 66,054,199 | 77,170,348 | 78,431,597 | 93,246,079 | 98,982,974 | 103,883,534 | 105,296,404 | 111,234,067 |
| Business-type activities: | | | | | | | | | | |
| Water and sewer | 15,915,281 | 17,851,504 | 19,463,383 | 21,357,015 | 22,227,624 | 26,344,371 | 25,638,007 | 26,359,698 | 29,160,281 | 30,081,379 |
| Solid waste | 3,470,363 | 3,523,094 | 3,921,060 | 4,433,560 | 4,893,175 | 5,111,913 | 5,411,960 | 5,429,049 | 5,495,654 | 5,383,215 |
| Drainage | 730,530 | 647,755 | 705,503 | 710,711 | 692,180 | 895,924 | 819,947 | 882,726 | 910,179 | 951,973 |
| Golf Course | 1,610,613 | 1,994,480 | 1,803,174 | 1,964,367 | 2,165,144 | 2,029,699 | 1,912,583 | 1,179,015 | 2,483,467 | 2,839,098 |
| Total business-type activities expenses | 21,726,787 | 24,016,833 | 25,893,120 | 28,465,653 | 29,978,123 | 34,381,907 | 33,782,497 | 33,850,488 | 38,049,581 | 39,255,665 |
| Total primary government expenses | \$ 75,479,111 | \$ 85,663,935 | \$ 91,947,319 | \$ 105,636,001 | \$ 108,409,720 | \$ 127,627,986 | \$ 132,765,471 | \$ 137,734,022 | \$ 143,345,985 | \$ 150,489,732 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| General government | \$ 358,546 | \$ 387,773 | \$ 488,618 | \$ 508,964 | \$ 553,322 | \$ 619,950 | \$ 575,406 | \$ 712,432 | \$ 675,196 | \$ 823,801 |
| Public safety | 731,979 | 827,845 | 984,340 | 1,274,374 | 1,514,091 | 1,464,849 | 1,521,787 | 1,577,643 | 1,541,985 | 1,568,294 |
| Public works | 300,881 | 287,527 | 180,773 | 194,223 | 26,940 | 131,147 | 117,518 | 137,357 | 196,685 | 154,418 |
| Culture and recreation | 2,294,878 | 2,403,913 | 2,340,027 | 2,473,738 | 2,638,116 | 4,347,601 | 7,762,439 | 8,019,145 | 8,443,286 | 8,425,791 |
| Community development | 2,447,465 | 2,565,363 | 2,549,806 | 4,296,269 | 1,492,567 | 1,498,580 | 1,394,833 | 1,265,485 | 2,220,438 | 3,103,410 |
| Operating grants and contributions | 2,828,863 | 2,868,438 | 2,767,412 | 2,762,517 | 2,771,709 | 3,148,752 | 2,736,094 | 1,504,355 | 2,067,482 | 1,121,356 |
| Capital grants and contributions | 38,431,255 | 25,504,879 | 18,896,486 | 42,823,515 | 70,200,823 | 21,884,059 | 5,437,433 | 26,626,381 | 14,737,780 | 9,571,206 |
| Total governmental activities program revenues | 47,393,867 | 34,845,738 | 28,207,462 | 54,333,600 | 79,197,568 | 33,094,938 | 19,545,510 | 39,842,798 | 29,882,852 | 24,768,276 |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Water and sewer | 19,428,212 | 22,931,094 | 19,394,286 | 24,589,440 | 24,642,034 | 25,588,187 | 30,798,158 | 28,693,707 | 30,808,084 | 28,955,282 |
| Solid waste | 3,330,542 | 4,436,419 | 4,597,805 | 4,975,594 | 5,541,375 | 5,789,828 | 6,138,900 | 6,040,165 | 6,114,951 | 6,309,729 |
| Drainage | 937,774 | 1,000,008 | 975,639 | 1,016,208 | 1,116,881 | 1,238,278 | 1,284,058 | 1,338,680 | 1,352,671 | 1,378,662 |
| Golf Course | 1,204,536 | 1,297,427 | 1,340,087 | 1,554,661 | 1,628,697 | 1,430,861 | 1,406,555 | 59,054 | 1,924,706 | 2,537,564 |
| Operating grants and contributions | - | - | - | - | - | - | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| Capital grants and contributions | 7,912,862 | 8,257,558 | 6,029,069 | 14,561,455 | 2,135,885 | 5,142,221 | 2,749,029 | 7,151,043 | 3,788,300 | 3,685,960 |
| Total business-type activities program revenues | 32,813,926 | 37,922,506 | 32,336,886 | 46,697,358 | 35,064,872 | 39,189,375 | 43,376,700 | 44,282,649 | 44,988,712 | 43,867,197 |
| Total primary government program revenues | \$ 80,207,793 | \$ 72,768,244 | \$ 60,544,348 | \$ 101,030,958 | \$ 114,262,440 | \$ 72,284,313 | \$ 62,922,210 | \$ 84,125,447 | \$ 74,871,564 | \$ 68,635,473 |

(continued)

CITY OF ALLEN, TEXAS

TABLE 2

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)**

| | Fiscal Year | | | | | | | | | |
|---|----------------------|------------------------|------------------------|-----------------------|----------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Net (Expenses) Revenue | | | | | | | | | | |
| Governmental activities | \$ (6,358,457) | \$ (26,801,364) | \$ (37,846,737) | \$ (22,836,748) | \$ 765,971 | \$ (60,151,141) | \$ (79,437,464) | \$ (64,040,736) | \$ (75,413,552) | \$ (86,465,791) |
| Business-type activities | 11,087,139 | 13,905,673 | 6,443,766 | 18,231,705 | 5,086,749 | 4,807,468 | 9,594,203 | 10,432,161 | 6,939,131 | 4,611,532 |
| Total primary government net expenses | <u>\$ 4,728,682</u> | <u>\$ (12,895,691)</u> | <u>\$ (31,402,971)</u> | <u>\$ (4,605,043)</u> | <u>\$ 5,852,720</u> | <u>\$ (55,343,673)</u> | <u>\$ (69,843,261)</u> | <u>\$ (53,608,575)</u> | <u>\$ (68,474,421)</u> | <u>\$ (81,854,259)</u> |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Property taxes | \$ 27,414,742 | \$ 29,667,668 | \$ 32,922,229 | \$ 37,261,411 | \$ 39,450,387 | \$ 40,757,240 | \$ 41,111,106 | \$ 42,042,753 | \$ 44,474,745 | \$ 46,232,565 |
| Sales taxes | 7,749,679 | 9,230,206 | 9,755,380 | 10,046,534 | 11,140,337 | 12,461,268 | 13,907,095 | 15,038,519 | 16,289,761 | 18,004,636 |
| Franchise taxes | 4,021,020 | 5,562,256 | 4,931,008 | 5,530,732 | 5,533,573 | 6,091,857 | 6,421,059 | 6,150,419 | 6,302,018 | 6,973,705 |
| Hotel / Motel taxes | 346,753 | 411,489 | 673,383 | 719,039 | 597,512 | 805,185 | 1,113,312 | 1,229,996 | 1,350,286 | 1,499,512 |
| Other taxes | 1,764,506 | 1,631,725 | 1,893,830 | 1,900,081 | 1,987,765 | 2,128,167 | 1,886,665 | 1,622,633 | 1,389,503 | 2,151,232 |
| Investment earnings | 1,071,768 | 2,401,571 | 3,011,145 | 2,437,926 | 1,558,913 | 1,154,160 | 644,169 | 538,863 | 177,495 | 416,828 |
| Gain on disposition of capital assets | - | 327,268 | 77,938 | 57,979 | 113,734 | 103,095 | 233,783 | 40,509 | 92,401 | - |
| Miscellaneous | 1,069,285 | 794,086 | 891,846 | 511,656 | 1,052,184 | 1,312,462 | 1,451,743 | 1,802,747 | 2,079,082 | 2,445,491 |
| Transfers | (4,943,063) | 1,663,788 | 2,718,588 | 2,806,596 | 3,211,453 | 5,142,361 | 5,071,346 | 5,377,207 | 5,361,830 | 5,627,137 |
| Total governmental activities | <u>38,494,690</u> | <u>51,690,057</u> | <u>56,875,347</u> | <u>61,271,954</u> | <u>64,645,858</u> | <u>69,955,795</u> | <u>71,840,278</u> | <u>73,843,646</u> | <u>77,517,121</u> | <u>83,351,106</u> |
| Business-type activities: | | | | | | | | | | |
| Investment earnings | 206,415 | 995,507 | 1,269,510 | 775,413 | 499,148 | 338,849 | 184,709 | 197,613 | 70,382 | 134,988 |
| Gain on disposition of capital assets | - | - | - | 667,624 | - | - | - | - | - | - |
| Miscellaneous | - | - | - | - | - | 408,104 | 143,329 | 411,268 | 385,842 | 850,157 |
| Transfers | 4,943,063 | (1,663,788) | (2,718,588) | (2,806,596) | (3,211,453) | (5,142,361) | (5,071,346) | (5,377,207) | (5,361,830) | (5,627,137) |
| Total business-type activities | <u>5,149,478</u> | <u>(668,281)</u> | <u>(1,449,078)</u> | <u>(1,363,559)</u> | <u>(2,712,305)</u> | <u>(4,395,408)</u> | <u>(4,743,308)</u> | <u>(4,768,326)</u> | <u>(4,905,606)</u> | <u>(4,641,992)</u> |
| Total primary government | <u>\$ 43,644,168</u> | <u>\$ 51,021,776</u> | <u>\$ 55,426,269</u> | <u>\$ 59,908,395</u> | <u>\$ 61,933,553</u> | <u>\$ 65,560,387</u> | <u>\$ 67,096,970</u> | <u>\$ 69,075,320</u> | <u>\$ 72,611,515</u> | <u>\$ 78,709,114</u> |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | \$ 32,136,233 | \$ 24,888,693 | \$ 19,028,610 | \$ 38,435,206 | \$ 65,411,829 | \$ 9,804,654 | \$ (7,597,186) | \$ 9,802,910 | \$ 2,103,569 | \$ (3,114,685) |
| Business-type activities | 16,236,617 | 13,237,392 | 4,994,688 | 16,868,146 | 2,374,444 | 412,060 | 4,850,895 | 5,663,835 | 2,033,525 | (30,460) |
| Total primary government | <u>\$ 48,372,850</u> | <u>\$ 38,126,085</u> | <u>\$ 24,023,298</u> | <u>\$ 55,303,352</u> | <u>\$ 67,786,273</u> | <u>\$ 10,216,714</u> | <u>\$ (2,746,291)</u> | <u>\$ 15,466,745</u> | <u>\$ 4,137,094</u> | <u>\$ (3,145,145)</u> |

Source: Comprehensive Annual Financial Report

CITY OF ALLEN, TEXAS

TABLE 3

**FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(Unaudited)**

| | Fiscal Year | | | | | | | | | |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
| General Fund | | | | | | | | | | |
| Nonspendable | \$ 7,796 | \$ 1,250 | \$ - | \$ 1,126 | \$ 941 | \$ 862 | \$ 156 | \$ 2,081 | \$ 2,098 | \$ 4,767 |
| Restricted | - | - | - | - | - | - | 55,898 | 513,801 | 726,953 | 752,238 |
| Assigned | - | - | - | - | - | - | 1,402 | 133,478 | 851,564 | 748,200 |
| Unassigned | 9,427,379 | 11,490,983 | 13,373,243 | 13,830,321 | 13,863,592 | 15,466,113 | 15,628,882 | 16,136,690 | 14,952,037 | 17,647,235 |
| Total General Fund | <u>\$ 9,435,175</u> | <u>\$ 11,492,233</u> | <u>\$ 13,373,243</u> | <u>\$ 13,831,447</u> | <u>\$ 13,864,533</u> | <u>\$ 15,466,975</u> | <u>\$ 15,686,338</u> | <u>\$ 16,786,050</u> | <u>\$ 16,532,652</u> | <u>\$ 19,152,440</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Restricted | \$ 21,152,744 | \$ 19,165,792 | \$ 29,973,609 | \$ 39,699,958 | \$ 54,286,739 | \$ 39,138,691 | \$ 31,131,674 | \$ 26,297,587 | \$ 34,132,037 | \$ 42,149,113 |
| Total all other governmental funds | <u>\$ 21,152,744</u> | <u>\$ 19,165,792</u> | <u>\$ 29,973,609</u> | <u>\$ 39,699,958</u> | <u>\$ 54,286,739</u> | <u>\$ 39,138,691</u> | <u>\$ 31,131,674</u> | <u>\$ 26,297,587</u> | <u>\$ 34,132,037</u> | <u>\$ 42,149,113</u> |

Source: Comprehensive Annual Financial Report

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

| | Fiscal Year | | | | | | | | | |
|--|------------------------|------------------|----------------------|----------------------|----------------------|------------------------|-----------------------|-----------------------|---------------------|----------------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| REVENUES | | | | | | | | | | |
| Ad valorem taxes | \$ 27,314,825 | \$ 29,328,253 | \$ 33,188,243 | \$ 37,524,441 | \$ 39,524,538 | \$ 40,555,218 | \$ 41,167,524 | \$ 42,045,252 | \$ 44,725,261 | \$ 46,142,222 |
| Franchise taxes | 4,021,020 | 5,562,256 | 4,931,008 | 5,530,732 | 5,533,573 | 6,091,857 | 6,421,059 | 6,150,419 | 6,302,018 | 6,973,705 |
| Municipal sales tax | 7,749,679 | 9,230,206 | 9,755,380 | 10,046,534 | 11,140,337 | 12,461,268 | 13,907,095 | 15,038,519 | 16,289,761 | 18,004,636 |
| Licenses, permits and fees | 1,617,995 | 2,829,227 | 2,303,023 | 2,321,139 | 1,888,823 | 1,120,401 | 1,270,493 | 1,215,677 | 2,294,955 | 2,915,533 |
| Charges for services | 2,182,146 | 2,041,627 | 2,175,305 | 4,169,453 | 1,923,778 | 5,790,716 | 9,234,618 | 10,051,684 | 10,623,970 | 10,580,553 |
| Court fines | 1,764,506 | 1,631,725 | 1,893,830 | 1,900,477 | 1,996,179 | 2,134,324 | 1,886,665 | 1,648,194 | 1,402,725 | 2,160,168 |
| Gifts and contributions | 1,175,712 | 709,608 | 1,860,720 | 2,189,511 | 23,902,163 | 609,522 | 986,125 | 1,443,766 | 1,322,228 | 819,408 |
| Hotel / motel taxes | 346,753 | 411,489 | 673,383 | 719,039 | 597,512 | 805,185 | 1,113,312 | 1,229,996 | 1,350,286 | 1,499,512 |
| Recreation fees | 1,931,423 | 2,140,496 | 2,098,051 | 2,154,236 | 2,309,331 | - | - | - | - | - |
| Intergovernmental | 3,505,192 | 3,361,785 | 2,137,046 | 2,185,252 | 22,358,605 | 5,528,449 | 3,795,087 | 4,637,343 | 5,267,026 | 1,704,404 |
| Investment earnings | 975,461 | 2,113,578 | 2,578,852 | 2,160,011 | 1,318,704 | 985,219 | 547,525 | 440,065 | 144,604 | 344,386 |
| Miscellaneous | 1,376,920 | 936,043 | 1,125,725 | 1,432,285 | 1,123,436 | 5,199,090 | 1,939,352 | 2,241,166 | 2,671,410 | 3,394,197 |
| Total revenues | 53,961,632 | 60,296,293 | 64,720,566 | 72,333,110 | 113,616,979 | 81,281,249 | 82,268,855 | 86,142,081 | 92,394,244 | 94,538,724 |
| EXPENDITURES | | | | | | | | | | |
| General government | 7,752,050 | 8,510,267 | 10,632,412 | 15,701,588 | 13,585,542 | 19,656,265 | 16,502,188 | 17,145,603 | 21,785,677 | 23,544,055 |
| Public safety | 16,874,154 | 18,789,581 | 20,256,547 | 23,269,152 | 24,086,875 | 24,994,107 | 26,089,579 | 27,291,201 | 28,317,603 | 29,214,552 |
| Public works | 2,997,679 | 3,301,756 | 3,071,852 | 3,579,431 | 3,614,305 | 5,186,355 | 3,856,373 | 4,104,118 | 4,055,500 | 4,077,961 |
| Culture and recreation | 10,178,469 | 11,538,120 | 11,629,708 | 13,338,981 | 13,422,415 | 14,581,130 | 21,785,214 | 22,460,071 | 20,864,140 | 21,435,581 |
| Community development | 1,837,979 | 1,923,116 | 2,031,954 | 2,414,866 | 2,663,153 | 2,584,454 | 2,549,235 | 2,406,485 | 2,211,253 | 2,631,289 |
| Capital outlay | 25,231,568 | 9,663,363 | 7,946,011 | 8,122,023 | 48,473,906 | 34,219,102 | 17,398,837 | 7,972,159 | 6,123,786 | 6,573,002 |
| Debt service | | | | | | | | | | |
| Principal retirement | 4,563,251 | 4,725,670 | 6,325,000 | 4,775,000 | 5,200,000 | 5,995,000 | 6,930,000 | 7,634,130 | 7,964,914 | 8,364,986 |
| Interest and fiscal charges | 5,564,814 | 5,272,002 | 3,843,462 | 3,986,567 | 4,309,099 | 4,710,336 | 4,775,982 | 4,562,965 | 3,955,639 | 3,882,394 |
| Total expenditures | 74,999,964 | 63,723,875 | 65,736,946 | 75,187,608 | 115,355,295 | 111,926,749 | 99,887,408 | 93,576,732 | 95,278,512 | 99,723,820 |
| Excess (deficiency) of revenues over (under) expenditures | (21,038,332) | (3,427,582) | (1,016,380) | (2,854,498) | (1,738,316) | (30,645,500) | (17,618,553) | (7,434,651) | (2,884,268) | (5,185,096) |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | |
| Refunding bonds issued | 32,330,000 | - | - | - | - | - | 12,625,000 | 13,940,000 | - | - |
| Premium on bond issuance | - | - | - | 50,904 | 189,872 | 150,733 | 667,702 | 2,296,042 | 350,071 | 432,879 |
| Issuance of debt | 7,067,354 | 1,595,000 | 11,145,000 | 10,185,000 | 15,400,000 | 12,000,000 | 5,000,000 | - | 5,065,000 | 10,595,000 |
| Capital lease obligations | 140,863 | 65,944 | - | 153,455 | 35,069 | - | - | 29,905 | - | - |
| Payment to refunded bond escrow agent | (33,777,702) | - | - | - | - | - | (12,998,419) | (16,050,003) | - | - |
| Transfer from other funds | 4,260,498 | 3,939,755 | 5,077,795 | 5,502,927 | 5,973,735 | 10,136,842 | 6,849,982 | 7,074,436 | 9,598,187 | 9,257,105 |
| Transfer to other funds | (9,443,618) | (2,506,324) | (2,567,872) | (2,906,669) | (5,318,064) | (5,285,873) | (2,336,625) | (3,599,726) | (4,571,226) | (4,484,282) |
| Sale of capital assets | - | 403,313 | 50,284 | 53,434 | 77,571 | 98,192 | 23,259 | 9,622 | 23,288 | 21,258 |
| Total other financing sources (uses) | 577,395 | 3,497,688 | 13,705,207 | 13,039,051 | 16,358,183 | 17,099,894 | 9,830,899 | 3,700,276 | 10,465,320 | 15,821,960 |
| NET CHANGE IN FUND BALANCES | \$ (20,460,937) | \$ 70,106 | \$ 12,688,827 | \$ 10,184,553 | \$ 14,619,867 | \$ (13,545,606) | \$ (7,787,654) | \$ (3,734,375) | \$ 7,581,052 | \$ 10,636,864 |
| Debt service as a percentage of noncapital expenditures | 23.4% | 21.3% | 19.0% | 17.7% | 13.3% | 14.4% | 13.8% | 14.2% | 13.7% | 13.1% |

Source: Comprehensive Annual Financial Report

**ASSESSED VALUE AND ESTIMATED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(Unaudited)**

| Fiscal Year | Estimated Market Value | | Less: Tax-Exempt Property | Total Taxable Assessed Value | Total Direct Tax Rate |
|----------------|------------------------|-------------------|------------------------------|---------------------------------|--------------------------|
| | Real Property | Personal Property | | | |
| 2005 | 5,064,065,680 | 444,153,445 | 723,071,317 | 4,785,147,808 | 0.56000 |
| 2006 | 5,431,725,066 | 487,759,119 | 757,822,868 | 5,161,661,317 | 0.55900 |
| 2007 | 5,977,932,595 | 527,560,589 | 786,249,114 | 5,719,244,070 | 0.55800 |
| 2008 | 6,746,339,301 | 638,399,574 | 931,228,814 | 6,453,510,061 | 0.55700 |
| 2009 | 7,250,071,630 | 612,812,456 | 827,934,570 | 7,034,949,516 | 0.55600 |
| 2010 | 7,546,057,552 | 627,120,557 | 855,810,360 | 7,317,367,749 | 0.55500 |
| 2011 | 7,592,460,367 | 673,537,481 | 876,322,043 | 7,389,675,805 | 0.55400 |
| 2012 | 7,721,491,897 | 496,008,713 | 615,320,140 | 7,602,180,470 | 0.55300 |
| 2013 | 7,810,983,131 | 833,800,673 | 643,485,592 | 8,001,298,212 | 0.55200 |
| 2014 | 8,197,352,931 | 789,414,854 | 613,723,945 | 8,373,043,840 | 0.55000 |

Sources: City of Allen Budget Document
Collin Central Appraisal District

**DIRECT AND OVERLAPPING PROPERTY TAX RATES (PER \$100 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS
(unaudited)**

| Fiscal Year | City Direct Rates | | | Overlapping Rates | | | | | |
|----------------|-------------------------------|---------------------------------------|--------------|--|--|---|---|------------------|--|
| | Operating/ General Rate | General Obligation Debt Service | Total Direct | Allen Independent School District | Plano Independent School District | McKinney Independent School District | Love Joy Independent School District | Collin County | Collin County Community College District |
| 2005 | 0.35824 | 0.20176 | 0.56000 | 1.93335 | 1.73340 | 2.00000 | 1.82340 | 0.25000 | 0.09065 |
| 2006 | 0.37624 | 0.18276 | 0.55900 | 1.91246 | 1.73340 | 2.00000 | 1.82340 | 0.25000 | 0.08942 |
| 2007 | 0.39100 | 0.16700 | 0.55800 | 1.77510 | 1.57840 | 1.84100 | 1.69340 | 0.24500 | 0.08768 |
| 2008 | 0.42662 | 0.13038 | 0.55700 | 1.47030 | 1.26840 | 1.51700 | 1.47630 | 0.24500 | 0.08698 |
| 2009 | 0.42370 | 0.13231 | 0.55600 | 1.47030 | 1.30340 | 1.51700 | 1.51500 | 0.24250 | 0.08649 |
| 2010 | 0.41075 | 0.14425 | 0.55500 | 1.54000 | 1.32840 | 1.54000 | 1.53500 | 0.24250 | 0.08630 |
| 2011 | 0.40908 | 0.14492 | 0.55400 | 1.54000 | 1.35340 | 1.52800 | 1.53500 | 0.24000 | 0.08630 |
| 2012 | 0.40533 | 0.14767 | 0.55300 | 1.67000 | 1.37340 | 1.54000 | 1.53500 | 0.24000 | 0.08630 |
| 2013 | 0.40506 | 0.14694 | 0.55200 | 1.67000 | 1.37340 | 1.54000 | 1.53500 | 0.24000 | 0.08630 |
| 2014 | 0.40912 | 0.14088 | 0.55000 | 1.67000 | 1.45300 | 1.67000 | 1.53500 | 0.23750 | 0.08364 |

Source: Collin Central Appraisal District

CITY OF ALLEN, TEXAS

TABLE 7

**PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

| 2014 | | | 2005 | | |
|---------------------------------|------------------------|--|---------------------------------|------------------------|--|
| Taxpayer | Taxable Assessed Value | Percentage of Total City Taxable Assessed Value ^a | Taxpayer | Taxable Assessed Value | Percentage of Total City Taxable Assessed Value ^b |
| The Village At Allen LP | \$ 142,468,550 | 1.70% | Chelsea Allen Development LP | \$ 53,964,686 | 1.13% |
| AT&T Mobility LLC | 106,167,892 | 1.27% | Wells Operating Partnership LP | 35,591,243 | 0.74% |
| Watters Creek Owner LLC | 102,377,049 | 1.22% | Oncor Electric Delivery Company | 30,746,380 | 0.64% |
| Cisco Systems Inc | 93,846,280 | 1.12% | Sanmina Corp | 29,487,015 | 0.62% |
| AT&T Services Inc | 79,675,121 | 0.95% | Bossy Boots Holdings Ltd | 26,282,174 | 0.55% |
| Chelsea Allen Development LP | 78,000,000 | 0.93% | Benton Pointe Apartments Inc | 26,087,561 | 0.55% |
| BH Benton Pointe Apartments LLC | 37,508,492 | 0.45% | Meridian Settler's Gate LP | 22,737,935 | 0.47% |
| Oncor Electric Delivery Company | 36,578,985 | 0.44% | Lansbrook Apartment LP | 21,612,800 | 0.45% |
| BH Settler's Gate Apartments LP | 34,340,292 | 0.41% | AT&T Wireless Services Inc | 20,543,741 | 0.43% |
| TC Village Inc | 29,661,674 | 0.35% | Southwestern Bell Telephone | 20,455,484 | 0.43% |
| Total | <u>\$ 740,624,335</u> | <u>8.85%</u> | Total | <u>\$ 287,509,019</u> | <u>6.01%</u> |

Source: Collin Central Appraisal District

Notes: ^aTaxpayers are assessed on January 1, 2013 (2013 tax year) for the 2014 fiscal year.

^bTaxpayers are assessed on January 1, 2004 (2004 tax year) for the 2005 fiscal year.

**AD VALOREM TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

| Fiscal Year | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections | |
|-------------|----------------------------------|--|--------------------|---------------------------------|-------------------|--------------------|
| | | Amount | Percentage of levy | | Amount | Percentage of levy |
| 2005 | \$ 26,796,828 | \$ 26,400,252 | 98.52 | \$ 363,812 | \$ 26,764,064 | 99.88 |
| 2006 | 28,853,687 | 28,444,083 | 98.58 | 51,819 | 28,495,902 | 98.76 |
| 2007 | 31,913,382 | 31,515,163 | 98.75 | 9,521 | 31,524,684 | 98.78 |
| 2008 | 35,946,051 | 35,867,502 | 99.78 | 20,337 | 35,887,840 | 99.84 |
| 2009 | 39,052,170 | 38,887,961 | 99.58 | 113,032 | 39,000,993 | 99.87 |
| 2010 | 40,611,391 | 40,162,971 | 98.90 | 50,731 | 40,213,702 | 99.02 |
| 2011 | 40,938,804 | 40,977,108 | 100.09 | (22,886) | 40,954,222 | 100.04 |
| 2012 | 42,040,058 | 41,777,134 | 99.37 | 156,760 | 41,933,894 | 99.75 |
| 2013 | 44,167,166 | 44,005,302 | 99.63 | 224,187 | 44,229,489 | 100.14 |
| 2014 | 46,051,741 | 45,924,321 | 99.72 | - | 45,924,321 | 99.72 |

Source: Collin County Tax Assessor

**RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)**

| Fiscal Year | Governmental Activities | | | Business-Type Activities | | Total Primary Government | Percentage of Personal Income ^a | Per Capita ^a |
|----------------|--------------------------------|-------------------------------|----------------------|-------------------------------------|----------------------|-----------------------------|--|-------------------------|
| | General Obligation Bonds | Certificates of Obligation | Other Obligations | Water and Sewer Revenue Bonds | Other Obligations | | | |
| 2005 | 81,430,670 | 5,500,000 | 2,982,900 | 19,735,000 | 426,168 | 110,074,738 | 4.58% | 1,575 |
| 2006 | 78,300,000 | 5,500,000 | 3,041,263 | 18,190,000 | 284,698 | 105,315,961 | 4.03% | 1,391 |
| 2007 | 83,310,000 | 5,310,000 | 3,362,879 | 16,610,000 | 229,718 | 108,822,597 | 4.07% | 1,381 |
| 2008 | 88,920,000 | 5,110,000 | 3,559,061 | 15,035,000 | 369,511 | 112,993,572 | 4.13% | 1,373 |
| 2009 | 99,325,000 | 4,905,000 | 4,150,264 | 14,100,000 | 412,936 | 122,893,200 | 4.06% | 1,464 |
| 2010 | 105,550,000 | 4,685,000 | 4,550,290 | 12,960,000 | 400,377 | 128,145,667 | 4.37% | 1,502 |
| 2011 | 104,330,000 | 4,455,000 | 4,763,811 | 11,770,000 | 385,973 | 125,704,784 | 4.15% | 1,451 |
| 2012 | 99,365,000 | 1,060,000 | 6,198,962 | 10,535,000 | 388,454 | 117,547,416 | 3.56% | 1,334 |
| 2013 | 96,735,000 | 800,000 | 7,357,837 | 9,370,000 | 966,145 | 115,228,982 | 3.11% | 1,282 |
| 2014 | 99,245,000 | 530,000 | 9,846,996 | 8,015,000 | 1,267,613 | 118,904,609 | 3.36% | 1,304 |

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

^aSee Table 13 for personal income and population data.

**RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)**

| Fiscal Year | General Bonded Debt Outstanding | | | Percentage of Actual Taxable Value of Property ^a | Per Capita ^b |
|----------------|---------------------------------|-------------------------------|-------------|---|----------------------------|
| | General Obligation Bonds | Certificates of Obligation | Total | | |
| 2005 | 81,430,670 | 5,500,000 | 86,930,670 | 1.82% | 1,244 |
| 2006 | 78,300,000 | 5,500,000 | 83,800,000 | 1.62% | 1,107 |
| 2007 | 83,310,000 | 5,310,000 | 88,620,000 | 1.55% | 1,125 |
| 2008 | 88,920,000 | 5,110,000 | 94,030,000 | 1.46% | 1,142 |
| 2009 | 99,325,000 | 4,905,000 | 104,230,000 | 1.48% | 1,242 |
| 2010 | 105,550,000 | 4,685,000 | 110,235,000 | 1.51% | 1,292 |
| 2011 | 104,330,000 | 4,455,000 | 108,785,000 | 1.47% | 1,256 |
| 2012 | 99,365,000 | 1,060,000 | 100,425,000 | 1.32% | 1,140 |
| 2013 | 96,735,000 | 800,000 | 97,535,000 | 1.22% | 1,087 |
| 2014 | 99,245,000 | 530,000 | 99,775,000 | 1.19% | 1,095 |

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

^aSee Table 5 for property value data.

^bSee Table 13 for population data.

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2014
(Unaudited)**

| <u>Governmental Unit</u> | <u>Net Bonded Debt</u> | <u>Percentage of Debt Applicable to Area</u> | <u>Allen Share of Overlapping Debt</u> |
|--|------------------------|--|--|
| Debt repaid with property taxes | | | |
| Allen I.S.D. | \$ 499,128,037 | 91.30% | \$ 455,703,898 |
| Plano I.S.D. | 922,505,466 | 0.90% | 8,302,549 |
| McKinney I.S.D. | 465,965,000 | 0.36% | 1,677,474 |
| Lovejoy I.S.D. | 147,060,471 | 10.70% | 15,735,470 |
| Collin County | 391,410,000 | 10.57% | 41,372,037 |
| Collin College | 34,595,000 | 10.57% | 3,656,692 |
| Subtotal, overlapping debt | | | \$ 526,448,120 |
| City of Allen (direct debt) | 98,885,298 | 100.00% | <u>98,885,298</u> |
| Total direct and overlapping debt | | | <u><u>\$ 625,333,418</u></u> |

Sources: Net bonded debt and Percentage of debt provided by Municipal Advisory of Texas.

**PLEGDED – REVENUE COVERAGE
LAST TEN FISCAL YEARS
(Unaudited)**

| Fiscal Year | Water and Sewer System Revenue Bonds | | | | |
|----------------|--------------------------------------|--|--------------------------|------------------------------------|-------------------|
| | Total Revenues ^a | Less: Operating Expenses ^b | Net Available Revenue | Annual Requirement ^c | Times Coverage |
| 2005 | 20,684,765 | 11,682,618 | 9,002,147 | 2,136,150 | 4.21 |
| 2006 | 25,608,101 | 12,984,790 | 12,623,311 | 2,445,730 | 5.16 |
| 2007 | 22,414,193 | 14,313,605 | 8,100,588 | 2,442,758 | 3.32 |
| 2008 | 27,742,541 | 16,210,992 | 11,531,549 | 2,364,358 | 4.88 |
| 2009 | 25,075,813 | 17,202,595 | 7,873,218 | 1,659,529 | 4.74 |
| 2010 | 28,773,833 | 20,620,871 | 8,152,962 | 1,698,662 | 4.80 |
| 2011 | 32,088,556 | 19,752,880 | 12,335,676 | 1,703,356 | 7.24 |
| 2012 | 30,218,985 | 20,244,240 | 9,974,745 | 1,702,074 | 5.86 |
| 2013 | 32,199,528 | 23,061,918 | 9,137,610 | 1,588,049 | 5.75 |
| 2014 | 30,887,999 | 23,754,848 | 7,133,151 | 1,585,519 | 4.50 |

Notes: ^aIncludes operating and non-operating revenues. In 2000-2008 Development fees were a part of the non-operating revenues (Exhibit 9). As of 2009 Development fees are no longer included as part of the non-operating revenues and therefore are not included in the times coverage calculation.

^bIncludes operating expenses minus depreciation.

^cIncludes Principal and Interest.

**DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)**

| Fiscal Year | Estimated Population ^a | Personal Income | Per Capita Personal Income ^b | School Enrollment ^c | Unemployment Rate ^d |
|-------------|-----------------------------------|-----------------|---|--------------------------------|--------------------------------|
| 2005 | 69,891 | 2,403,341,817 | 34,387 | 15,904 | 4.2% |
| 2006 | 75,699 | 2,615,551,848 | 34,552 | 15,893 | 3.2% |
| 2007 | 78,804 | 2,671,692,012 | 33,903 | 17,049 | 3.7% |
| 2008 | 82,318 | 2,738,884,496 | 33,272 | 17,513 | 4.7% |
| 2009 | 83,929 | 3,025,808,308 | 36,052 | 18,091 | 7.5% |
| 2010 | 85,315 | 2,930,399,620 | 34,348 | 18,715 | 6.7% |
| 2011 | 86,633 | 3,030,508,973 | 34,981 | 19,387 | 7.2% |
| 2012 | 88,103 | 3,298,664,423 | 37,441 | 19,765 | 5.4% |
| 2013 | 89,705 | 3,709,032,635 | 41,347 | 20,295 | 5.2% |
| 2014 | 91,157 | 3,542,543,334 | 38,862 | 20,503 | 4.4% |

Sources: ^aEstimated population provided by the City of Allen.

^bEstimated Per Capita Income provided by DemographicsNow.

^cAllen Independent School District.

^dTexas Workforce Commission.

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

| 2014 | | | 2005 | | |
|------------------------------------|--------------|---|-----------------------------------|--------------|---|
| Employer | Employees | Percentage of Total City Employment | Employer | Employees | Percentage of Total City Employment |
| Allen Independent School District | 2,502 | 7.58% | Allen Independent School District | 1,800 | 11.72% |
| Experian | 955 | 2.89% | Experian | 669 | 4.36% |
| City of Allen | 755 | 2.29% | Sage Telecommunications | 560 | 3.65% |
| Frontier Communications | 693 | 2.10% | City of Allen | 550 | 3.58% |
| Texas Health Presbyterian Hospital | 670 | 2.03% | Sanmina SCI | 506 | 3.30% |
| Jack Henry & Associates | 569 | 1.72% | Presbyterian Hospital | 305 | 1.99% |
| Andrew Distributing | 400 | 1.21% | RCL Enterprises | 254 | 1.65% |
| CVE Technology Group, Inc | 400 | 1.21% | Jack Henry & Associates | 234 | 1.52% |
| PFSweb | 400 | 1.21% | Mykrolis | 217 | 1.41% |
| Finisar Corporation | 175 | 0.53% | State Farm Insurance | 195 | 1.27% |
| Total | <u>7,519</u> | <u>22.79%</u> | | <u>5,290</u> | <u>34.45%</u> |

Source: Top ten employers and employee count provided by Allen Economic Development Corporation.

**FULL – TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)**

| Function/Program | Fiscal Year | | | | | | | | | |
|---------------------------------------|--------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| General Government and Administration | 41.75 | 43.75 | 46.75 | 52.75 | 55.50 | 55.50 | 56.00 | 57.50 | 62.00 | 64.00 |
| Public Safety | 210.00 | 233.00 | 239.00 | 251.00 | 255.00 | 255.00 | 257.50 | 276.50 | 284.50 | 286.00 |
| Public Works | 52.00 | 50.00 | 50.00 | 51.50 | 52.50 | 52.50 | 54.00 | 53.00 | 53.00 | 54.50 |
| Culture and Recreational | 144.96 | 157.64 | 161.04 | 162.14 | 162.92 | 213.87 | 215.36 | 214.86 | 214.50 | 212.27 |
| Water and Sewer | 53.50 | 56.50 | 57.00 | 60.00 | 60.50 | 60.50 | 63.50 | 63.50 | 66.50 | 68.00 |
| Golf Course ^a | 25.00 | 34.00 | 34.00 | 34.00 | 34.08 | 34.08 | 32.49 | 23.63 | 32.54 | 32.54 |
| Community Development | 26.00 | 26.00 | 28.50 | 30.00 | 31.00 | 29.00 | 28.00 | 28.00 | 26.00 | 27.00 |
| Risk Management | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 3.00 | 4.00 |
| Economic Development | 3.00 | 3.00 | 4.00 | 4.00 | 4.00 | 4.25 | 4.25 | 4.25 | 4.25 | 6.25 |
| Total | 558.21 | 605.89 | 622.29 | 647.39 | 657.50 | 706.70 | 713.10 | 723.24 | 746.29 | 754.56 |

Source: City Budget Book

Note: ^aThe City acquired the Golf Course in Fiscal Year 2005.

**OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)**

| Function/Program | Fiscal Year | | | | | | | | | |
|---|-------------|------------|-----------|------------|------------|------------|------------|------------|------------|------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Public Safety | | | | | | | | | | |
| Police | | | | | | | | | | |
| Number of Employees | 123 | 142 | 148 | 154 | 157 | 157 | 160 | 172 | 174 | 175 |
| Number of Violations (Citations) | 16,970 | 20,749 | 18,562 | 21,462 | 18,251 | 17,504 | 17,925 | 13,812 | 13,902 | 19,943 |
| Fire | | | | | | | | | | |
| Number of Employees | 87 | 91 | 91 | 97 | 98 | 98 | 98 | 104 | 110 | 111 |
| Number of Fire/Other runs | 1,618 | 1,844 | 1,298 | 2,144 | 2,045 | 1,362 | 1,468 | 1,325 | 1,377 | 1,541 |
| Number of EMS runs | 1,517 | 1,687 | 2,416 | 2,008 | 2,084 | 2,885 | 3,155 | 3,193 | 3,613 | 3,703 |
| Development Services | | | | | | | | | | |
| Streets paved (miles) | 13 | 21 | 14 | 5 | 2 | 4 | 3 | 4 | 1 | 4 |
| Building Permits Issued ^a | 4,888 | 5,871 | 4,903 | 5,287 | 4,014 | 4,689 | 4,993 | 5,192 | 6,013 | 9,538 |
| Cultural and Recreational | | | | | | | | | | |
| Parks and Recreation | | | | | | | | | | |
| Park maintained & operated per acre | \$ 4,741 | \$ 5,796 | \$ 5,093 | \$ 5,959 | \$ 5,772 | \$ 5,121 | \$ 5,393 | \$ 5,117 | \$ 4,372 | \$ 4,445 |
| Participants in Leisure Service Programs | 307,469 | 308,699 | 351,931 | 385,376 | 501,626 | 581,535 | 624,643 | 683,645 | 666,452 | 646,719 |
| Rounds of Golf ^c | 35,868 | 35,919 | 33,685 | 39,886 | 43,527 | 37,857 | 38,775 | - | 33,615 | 45,546 |
| Library | | | | | | | | | | |
| Volumes in Collection ^b | 119,241 | 128,799 | 138,063 | 135,879 | 131,048 | 127,665 | 122,522 | 124,471 | 124,226 | 128,501 |
| Water and Sewer | | | | | | | | | | |
| Number of Water Consumers | 22,870 | 24,438 | 25,326 | 26,162 | 26,598 | 27,094 | 27,495 | 27,974 | 28,669 | 29,124 |
| Average Daily Water Consumption (gallons) | 11,021,534 | 14,308,342 | 9,377,466 | 13,131,057 | 14,019,701 | 14,542,980 | 17,115,783 | 14,336,000 | 14,479,000 | 11,863,621 |
| Maximum Storage Capacity (million of gallons) | 27.5 | 27.5 | 33.5 | 31.5 | 31.0 | 31.0 | 33.0 | 33.0 | 33.0 | 33.0 |
| Sanitation | | | | | | | | | | |
| Recyclables Collected (tons) | 5,515 | 6,502 | 6,954 | 7,571 | 9,232 | 9,374 | 9,307 | 9,517 | 9,667 | 9,920 |
| Solid Waste Collected (tons) | 56,669 | 47,512 | 49,822 | 52,699 | 52,457 | 53,660 | 56,233 | 53,960 | 53,445 | 55,142 |

Source: City Departments

Notes: N/A - Data not Available.

^aIncludes residential, commercial, and miscellaneous (e.g. pools, fences, and roof repairs) permits.

^bInclude books and media.

^cGolf Course was closed for renovations in FY2012 and reopened in January 2013

**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)**

| Function/Program | Fiscal Year | | | | | | | | | |
|---------------------------|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Public Safety | | | | | | | | | | |
| Police Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Police Patrol Units | 17 | 17 | 18 | 23 | 24 | 23 | 23 | 27 | 27 | 27 |
| Fire Stations | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 5 | 5 | 5 |
| Police Motorcycle Units | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Development Services | | | | | | | | | | |
| Streets-Paved (miles) | 272 | 293 | 307 | 312 | 314 | 318 | 321 | 325 | 326 | 330 |
| Alleys-Paved (miles) | 149 | 158 | 159 | 161 | 161 | 163 | 163 | 163 | 163 | 165 |
| Cultural and Recreational | | | | | | | | | | |
| Parks (acres) | 554 | 573 | 578 | 578 | 578 | 576 | 576 | 597 | 597 | 599 |
| Playgrounds | 22 | 24 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 |
| Swimming Pools (outdoor) | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Recreation Centers | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Senior Center | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Tennis Courts | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Natorium | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Visitor (Youth) Center | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Golf Course | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Event Center | - | - | - | - | - | 1 | 1 | 1 | 1 | 1 |
| Water and Sewer | | | | | | | | | | |
| Water Mains (miles) | 381 | 410 | 427 | 439 | 445 | 452 | 456 | 461 | 467 | 471 |
| Fire Hydrants | 3,444 | 3,748 | 3,894 | 3,941 | 3,954 | 3,981 | 4,022 | 4,144 | 4,210 | 4,329 |
| Sanitary Sewers (miles) | 296 | 316 | 329 | 334 | 336 | 339 | 342 | 346 | 352 | 354 |
| Storm Sewer Lines (miles) | 90 | 97 | 101 | 103 | 104 | 105 | 106 | 107 | 108 | 109 |

Source: City Departments

