



**Comprehensive Annual
Financial Report
For Fiscal Year Ended
September 30, 2015**

Fire Station #2



ALLEN, TEXAS

Finance Copy



CITY OF ALLEN, TEXAS

COMPREHENSIVE ANNUAL
FINANCIAL REPORT



**FISCAL YEAR ENDED
SEPTEMBER 30, 2015**

**AS PREPARED BY THE
FINANCE DEPARTMENT**

**CITY OF ALLEN, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015
 TABLE OF CONTENTS**

	EXHIBIT	Page
I. INTRODUCTORY SECTION		
Letter of Transmittal		i
Certificate of Achievement		v
Organizational Chart		vi
Elected Officials and Administrative Officers		vii
 II. FINANCIAL SECTION		
Independent Auditor's Report		1
 A. MANAGEMENT'S DISCUSSION AND ANALYSIS		4
 B. BASIC FINANCIAL STATEMENTS		
Government-Wide Financial Statements		
Statement of Net Position	1	17
Statement of Activities	2	18
 Fund Financial Statements		
Governmental Funds Financial Statements		
Balance Sheet – Governmental Funds	3	20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	4	22
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	5	23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6	25
 Proprietary Funds Financial Statements		
Statement of Net Position – Proprietary Funds	7	26
Reconciliation of the Fund Level Statement of Net Position of Proprietary Funds to the Government-wide Statement of Net Position	8	27
Statement of Revenues, Expenses and Changes In Net Position – Proprietary Funds	9	28
Reconciliation of the Statement of Revenues, Expenses and Changes in Net Position of Proprietary Funds to the Statement of Activities	10	29
Statement of Cash Flows – Proprietary Funds	11	30
 Component Units Financial Statements		
Statement of Net Position – Component Units	12	31
Statement of Activities – Component Units	13	32

**CITY OF ALLEN, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015
 TABLE OF CONTENTS**

	EXHIBIT	Page
Notes To Financial Statements		
Note 1. Summary of Significant Accounting Policies		33
Note 2. Deposits, Investments and Investment Policies		41
Note 3. Receivables		44
Note 4. Capital Assets		45
Note 5. Long-Term Debt		49
Note 6. Interfund Transfers		57
Note 7. Retirement Plan		58
Note 8. Water and Sewer Contracts		63
Note 9. Deferred Compensation Plan		63
Note 10. Risk Management		63
Note 11. Other Postemployment Benefits (OPEB)		64
Note 12. Commitments and Contingent Liabilities		67
Note 13. Cumulative Change in Accounting Principle		68
 C. REQUIRED SUPPLEMENTARY INFORMATION		
Schedule of OPEB Funding Progress and Contributions	A-1	69
Schedule of Changes in the Net Pension Liability And Related Ratios - TMRS	A-2	70
Schedule of Contributions – TMRS	A-3	71
General Fund Schedule of Revenues, Expenditures And Changes in Fund Balances – Budget and Actual	A-4	72
Notes to Required Supplementary Information		73
 D. COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES		
Major Governmental Funds		
Comparative Balance Sheets - General Fund	B-1	75
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances – General Fund	B-2	76
Comparative Balance Sheets – Debt Service Fund	B-3	77
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances – Debt Service Fund	B-4	78
Budgetary Comparison Schedule – Debt Service Fund	B-5	79
Comparative Balance Sheets – General Capital Projects Fund	B-6	80
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances – General Capital Projects Fund	B-7	81

**CITY OF ALLEN, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015
 TABLE OF CONTENTS**

	EXHIBIT	Page
Comparative Balance Sheets – General Obligation Bond Fund	B-8	82
Comparative Statements of Revenues, Expenditures and Changes in Fund Balance – General Obligation Bond Fund	B-9	83
 Nonmajor Governmental Funds		
Combining Balance Sheet	C-1	85
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	C-2	86
 Major Enterprise Funds		
Comparative Statements of Net Position – Water and Sewer	D-1	88
Comparative Statements of Revenues, Expenses and Changes in Fund Net Position – Water and Sewer	D-2	89
Comparative Statements of Cash Flows – Water and Sewer	D-3	90
 Comparative Statements of Net Position – Solid Waste	 D-4	 91
Comparative Statements of Revenues, Expenses and Changes in Fund Net Position – Solid Waste	D-5	92
Comparative Statements of Cash Flows – Solid Waste	D-6	93
 Comparative Statements of Net Position – Drainage	 D-7	 94
Comparative Statements of Revenues, Expenses and Changes in Fund Net Position – Drainage	D-8	95
Comparative Statements of Cash Flows – Drainage	D-9	96
 Comparative Statements of Net Position – Golf Course	 D-10	 97
Comparative Statements of Revenues, Expenses and Changes in Fund Net Position – Golf Course Fund	D-11	98
Comparative Statements of Cash Flows – Golf Course Fund	D-12	99
 Internal Service Funds		
Combining Statement of Net Position	E-1	101
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	E-2	102
Combining Statement of Cash Flows	E-3	103

**CITY OF ALLEN, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015
 TABLE OF CONTENTS**

	EXHIBIT	Page
Discretely Presented Component Units		
Comparative Balance Sheets-Economic Development Corporation	F-1	105
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	F-2	106
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances	F-3	107
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance	F-4	108
Comparative Balance Sheets-Allen Community Development Corporation	F-5	109
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	F-6	110
Comparative Statements of Revenues Expenditures and Changes in Fund Balances	F-7	111
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance	F-8	112
Capital Assets Used in the Operations of Governmental Funds		
Comparative Schedules by Source	G-1	113
Schedule by Function and Activity	G-2	114
Schedule of Changes by Function and Activity	G-3	116
III. STATISTICAL SECTION		
	TABLE	Page
Net Position by Components	1	118
Changes in Net Position	2	119
Fund Balances, Governmental Funds	3	121
Changes in Fund Balances, Governmental Funds	4	122
Assessed Value and Estimated Actual Value of Taxable Property	5	123
Direct and Overlapping Property Tax Rates	6	124
Principal Property Taxpayers	7	125
Ad Valorem Tax Levies and Collections	8	126
Ratio of Outstanding Debt by Type	9	127
Ratio of General Bonded Debt Outstanding	10	128
Direct and Overlapping Governmental Activities Debt	11	129
Pledged-Revenue Coverage	12	130
Demographic and Economic Statistics	13	131
Principal Employers	14	132
Full-Time Equivalent City Government Employees by Function/Program	15	133
Operating Indicators by Function/Program	16	134
Capital Asset Statistics by Function/Program	17	135



CITY OF ALLEN

PRIDE

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March 22, 2016

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, 2015.

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, 2015 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 3.92 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 93,261 at September 30, 2015 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 744.35 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 2015 was 3.2% and the Collin County unemployment rate was 3.6%, both of which were below the national rate of 5.3%. 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 93,261 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 \$113,476 as reported by the U.S. Census Bureau, American Community Survey. With a median age of 35.5, over 52.5% of adults have a Bachelor's degree or higher and the median earnings for a resident with a bachelor's degree is \$68,511. Allen is a community that offers exceptional housing, award-winning schools, steady job growth, and 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 the second best city for first-time home buyer in WalletHub, July 2015 and was named 21st Safest City in Texas by SafeWise.com, May 2015.

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 FY2015, the City issued \$32,245,000 in General Obligation refunding and improvement 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 FY2015, the General Fund contributed \$2,496,149 for future capital projects, Water and Sewer Fund \$370,000 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 \$900,000 for alley repairs.

Fiscal Year 2015 Highlights

During FY 2015, 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 over five hundred building permits. The City welcomed a variety of new businesses –*Nine Band Brewery, Brass Tap, Bonfish Grill, and Monkey Sports* and facilitated several new residential developments including *Cypress Meadows, Angel Field West, Cottonwood Crossing, Villas at Twin Creeks, Ansley Meadow, and Bella Terra Multi-family*. The City also administered Community Development Block Grant funds which went toward the rehabilitation of fourteen homes within Allen's older neighborhoods.

As one of the safest communities in the state and nation, the City of Allen experienced a fifth consecutive year of crime reduction in 2015. The Allen Police Department continually strives to rapidly address emerging crime issues. Innovative Community Relations programs have also enhanced community engagement.

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 2015 – 2020 Water Conservation and Drought Plan.

For the first time in FY 2015, the Library checked out over 1 million items and reached new highs in visitors and program attendance while providing a welcoming environment to Allen citizens. Library programs encouraged reading among all segments of the community from infants to seniors, including storytime and Summer and Winter Reading Clubs for children, teens, and adults. Literary, cultural, movie, and musical events supported lifelong learning needs and interests supplemented by programs about food, crafts, travel, health, and financial planning. The Library sustained a vibrant collection of popular and relevant books and audiobooks (both print and electronic) and videos. For patrons' convenience, online payment options were added for Library fines and fees.

In 2015, the CDC provided funding for several projects such as the City of Allen Entry Monument, engineering and design of Ford Pool, construction 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, and trail development.

The Allen Economic Development Corporation worked to bring a variety of companies and related development to Allen- *The Convention Center at Watters Creek, an \$85 million convention center with 65,000 s.f. of meeting space and a 300 room four star hotel; Quest Medical, a medical device manufacturer, expanded production with \$2 million investment and 25 new jobs; Intelligent Epitaxy, a silicon wafer manufacturer, is building a 40,000 s.f. manufacturing and office building to relocate and bring 50 jobs and \$13.7 million in investment; Harris Local Government Solutions relocated its offices with 55 employees and kicked off Corporate Center III, a 19,000 s.f. office building with \$3 million investment; Ari-Tex Electric expanded with a new 20,000 SF headquarters and service center with 70 jobs and \$2.5 million investment; Gorilla Technologies relocated from California, bringing 25 jobs; Wholesale food broker Lakeland Marketing relocated its corporate headquarters and brought 25 jobs and \$800,000 in investment to the Allen CBD*. These projects not only increased the city's property tax base, but also positively affected the city's economy by increasing 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, Riverdance 20th Anniversary Tour, Theresa Caputo, The Brian Setzer Orchestra, Counting Crows, Lenny Kravitz, Boston, Doobie Brother, collegiate sports, and trade shows.* 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 Kelly Cup, their third consecutive championship.

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 Lone Star Conference Basketball Championships, and the National Collegiate Wrestling Association Championship resulted in over 7,000 visitors that booked over 3,000 hotel room nights, and generated more than \$3 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, 2014. This was the seventeenth 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,

Eric Cannon, CPA
Chief Financial Officer

Joanne Stoehr
Assistant Chief Financial Officer



Government Finance Officers Association

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Achievement
for Excellence
in Financial
Reporting**

Presented to

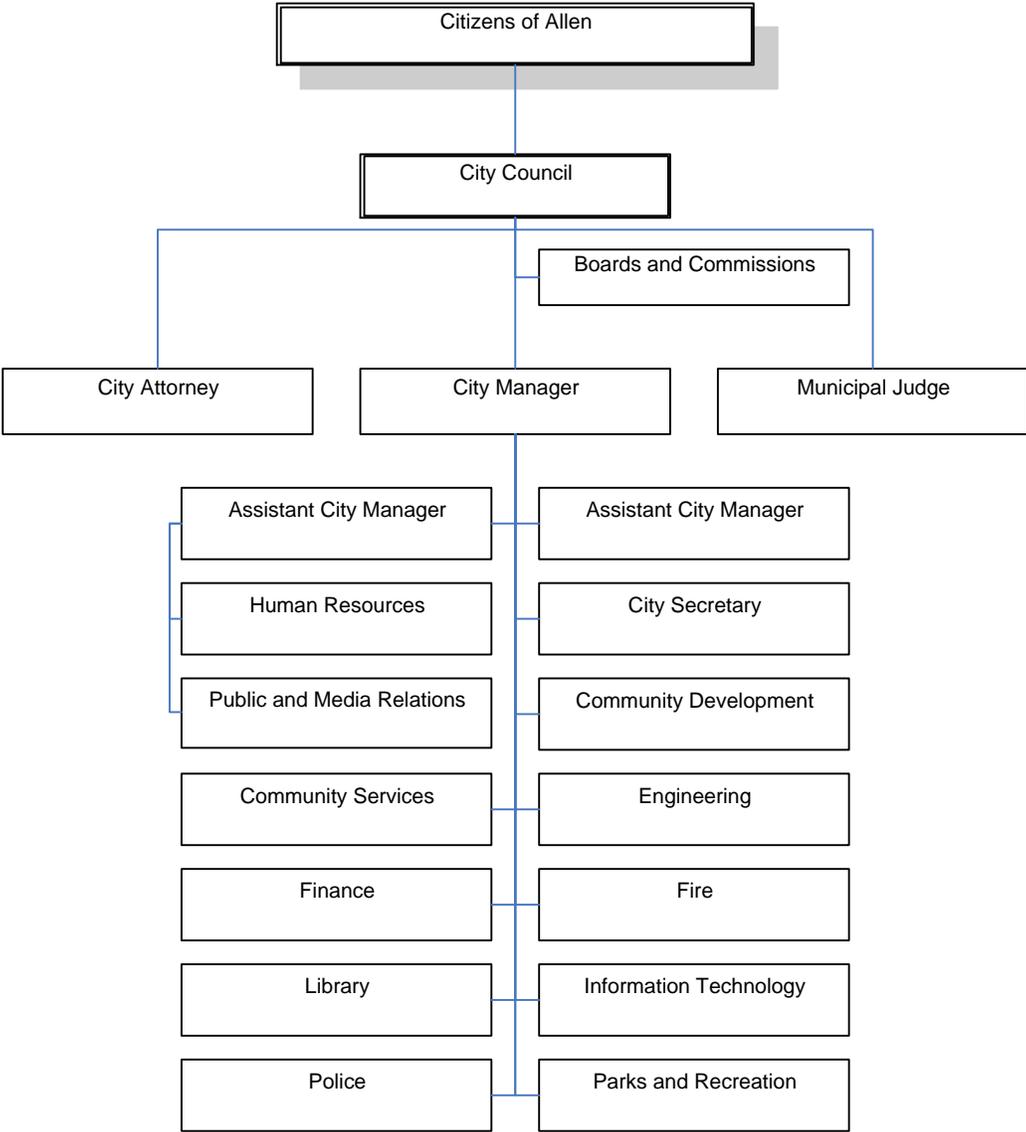
**City of Allen
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

CITY OF ALLEN
ORGANIZATIONAL CHART



CITY OF ALLEN, TEXAS

CITY OFFICIALS



Councilmembers

Mayor
Mayor Pro Tem, Place 5
Place 1 Councilmember
Place 2 Councilmember
Place 3 Councilmember
Place 4 Councilmember
Place 6 Councilmember

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
Eric Cannon
Joanne Stoehr
Dana Thornhill





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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 13 to the financial statements, the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an Amendment of GASB Statement No. 68*, as of September 30, 2015. Our opinion is 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 changes in net pension liability and related ratios, schedule of contributions, schedule of OPEB funding progress and contributions, and budgetary comparison information on pages 4 through 16 and 69 through 73 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 fund statements and schedules, as listed in the table of contents, 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 15, 2016, 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 LLP

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
March 15, 2016



CITY OF ALLEN

PRIDE

PEOPLE FIRST RESPECT INTEGRITY DELIVER EXCEL

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CITY OF ALLEN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(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.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities (net position) at September 30, 2015 by \$592,870,837. Of this amount, \$50,331,748 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$5,268,441. The increase is primarily a result of an increase in revenues from property tax, water sales and sewer charges.
- The City's governmental funds reported combined ending fund balances of \$71,787,052 at September 30, 2015, an increase of \$10,485,499 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 \$2,496,149 to the General Capital Projects Fund for future capital projects, \$85,000 to the Golf Course, and \$895,851 to the Replacement Fund.
- At the end of the fiscal year, the unassigned fund balance for the General Fund was \$18,686,921 or 23% of total General Fund expenditures.
- On a government-wide basis, the City's total liabilities increased by \$21,897,115, primarily as a result of the City implementing GASB Statement No. 68, which requires reporting the net pension liability in the financial statements.

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, 2015
(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
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(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, and 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 68 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, pension schedules for TMRS, and a funding schedule for OPEB found on pages 69 through 73 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 113 through 116.

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 \$592,870,837 as of September 30, 2015. By far the largest portion of the City's net position (\$510,718,642 or 86%) 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 reports the 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**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current and other assets	\$ 96,605,789	\$ 84,082,988	\$ 42,271,268	\$ 38,489,842	\$ 138,877,057	\$ 122,572,830
Capital assets	491,546,112	502,347,524	109,672,288	109,697,936	601,218,400	612,045,460
Total Assets	<u>588,151,901</u>	<u>586,430,512</u>	<u>151,943,556</u>	<u>148,187,778</u>	<u>740,095,457</u>	<u>734,618,290</u>
Deferred inflows of resources	7,364,533	1,700,087	921,086	321,461	8,285,619	2,021,548
Long-term liabilities	127,706,373	109,621,996	10,291,229	9,282,613	137,997,602	118,904,609
Other liabilities	9,752,936	8,914,756	6,267,830	4,301,888	16,020,766	13,216,644
Total Liabilities	<u>137,459,309</u>	<u>118,536,752</u>	<u>16,559,059</u>	<u>13,584,501</u>	<u>154,018,368</u>	<u>132,121,253</u>
Deferred outflows of resources	1,327,042	-	164,829	-	1,491,871	-
Net Position:						
Net investment in capital assets	408,378,054	415,790,437	102,340,588	100,991,443	510,718,642	516,781,880
Restricted	31,476,026	26,066,205	344,421	26,859	31,820,447	26,093,064
Unrestricted	16,876,003	27,737,205	33,455,745	33,906,436	50,331,748	61,643,641
Total Net Position	<u>\$ 456,730,083</u>	<u>\$ 469,593,847</u>	<u>\$ 136,140,754</u>	<u>\$ 134,924,738</u>	<u>\$ 592,870,837</u>	<u>\$ 604,518,585</u>

**CITY OF ALLEN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(UNAUDITED)**

An additional portion of the City's net position, \$31,820,447, represents resources that are subject to external restrictions on how they may be used; the remaining balance of \$50,331,748 may be used to meet the government's ongoing obligations to citizens and creditors.

Analysis of the City's Operations - As of September 30, 2015, City had an overall increase in net position of \$5,268,441 for the government as a whole which represents an increase of \$2,157,490 for governmental activities and an increase of \$3,110,951 for business-type activities. The increase in governmental activities is primarily a result of an increase in revenue related to charges for services, operating grants and contributions, capital grants and contributions, property taxes, franchise taxes, interest earnings, miscellaneous revenue and budgeted transfers. The increase in business-type activities is primarily a result of an increase in water sales due more moderate water restrictions which allowed residents to water more frequently and an increase in sewer charges. A summary of the City's operations for the year ended September 30, 2015 is provided in Table 2.

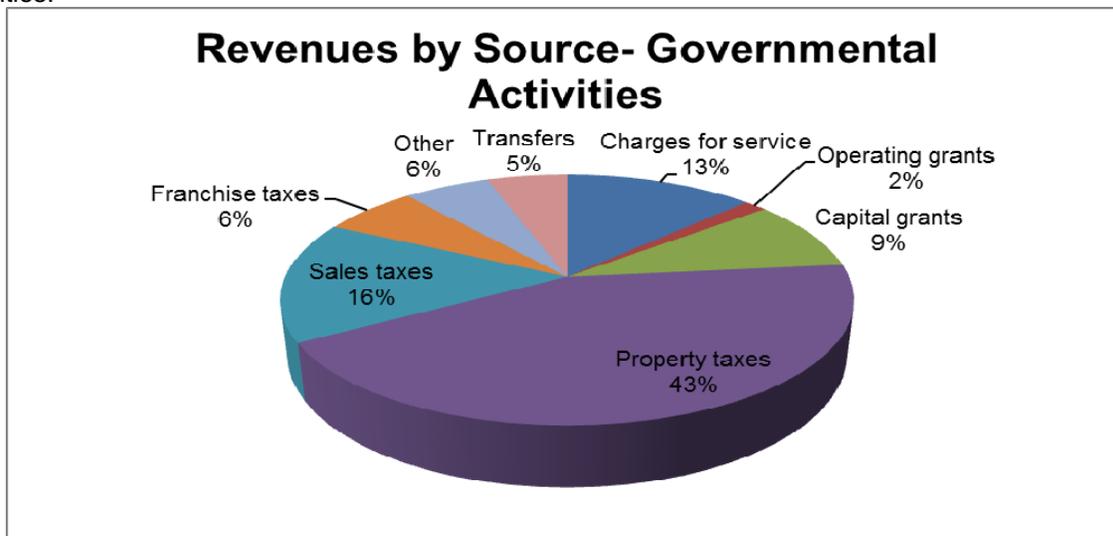
**Table 2
Changes in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program Revenues:						
Charges for services	\$ 14,785,198	\$ 14,075,714	\$ 44,436,528	\$ 39,181,237	\$ 59,221,726	\$ 53,256,951
Operating grants and contributions	1,749,567	1,121,356	1,000,000	1,000,000	2,749,567	2,121,356
Capital grants and contributions	10,552,610	9,571,206	4,416,642	3,685,960	14,969,252	13,257,166
General Revenues:						
Property taxes	50,143,986	46,232,565	-	-	50,143,986	46,232,565
Sales tax	18,141,683	18,004,636	-	-	18,141,683	18,004,636
Franchise taxes	7,412,447	6,973,705	-	-	7,412,447	6,973,705
Hotel motel taxes	1,544,160	1,499,512	-	-	1,544,160	1,499,512
Other taxes	1,851,397	2,151,232	-	-	1,851,397	2,151,232
Interest earnings	689,736	416,828	194,051	134,988	883,787	551,816
Miscellaneous	2,650,103	2,445,491	1,003,939	850,157	3,654,042	3,295,648
Total Revenues	109,520,887	102,492,245	51,051,160	44,852,342	160,572,047	147,344,587
Expenses:						
General government	24,464,246	24,940,939	-	-	24,464,246	24,940,939
Public safety	31,607,444	30,408,487	-	-	31,607,444	30,408,487
Public works	18,349,569	18,252,130	-	-	18,349,569	18,252,130
Culture and recreation	32,407,934	30,987,689	-	-	32,407,934	30,987,689
Community development	2,861,704	2,689,517	-	-	2,861,704	2,689,517
Interest on long-term debt	3,921,989	3,955,305	-	-	3,921,989	3,955,305
Water and sewer	-	-	32,304,628	30,081,379	32,304,628	30,081,379
Solid waste services	-	-	5,560,294	5,383,215	5,560,294	5,383,215
Drainage	-	-	914,322	951,973	914,322	951,973
Golf course	-	-	2,911,476	2,839,098	2,911,476	2,839,098
Total Expenses	113,612,886	111,234,067	41,690,720	39,255,665	155,303,606	150,489,732
Change in net position before transfers	(4,091,999)	(8,741,822)	9,360,440	5,596,677	5,268,441	(3,145,145)
Transfers	6,249,489	5,627,137	(6,249,489)	(5,627,137)	-	-
Change in net position	2,157,490	(3,114,685)	3,110,951	(30,460)	5,268,441	(3,145,145)
Net position, beginning of year, as restated	454,572,593	472,708,532	133,029,803	134,955,198	587,602,396	607,663,730
Net position, end of year	\$ 456,730,083	\$ 469,593,847	\$ 136,140,754	\$ 134,924,738	\$ 592,870,837	\$ 604,518,585

**CITY OF ALLEN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(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 increased by \$7,028,642. Major components of revenue increases and decreases are explained as follows:

- Property taxes increased by \$2,474,203 or 8.5% due to an increase of 9.43% from prior year's valuation. This increase is due to real property reappraisals and new property additions.
- Franchise taxes increased by 6.3% as a result of an increase in public education government access fees, cable franchise fees, access line fees, and solid waste franchise fees increasing. Operating grants and contributions increased by 56% due to an increase in grant revenue and park dedication fees.
- Capital grants and contributions increased by 10.3% due to an increase in developer contributions for right of way and an increase in intergovernmental revenue for street and parks projects.
- Charges for services increased by 5% due to the an increase in ticket and alcohol sales at the Allen Event Center, an increase in revenue generated from the Allen Community Ice Rink, an increase in facility rentals, an increase in street inspection fee revenue, and an increase in revenues generated from the Senior Center hosting trips and other activities.
- Fine Revenue (Other Taxes) decreased by 14% as a result of ticket violation revenue decreasing. Interest earnings increased by \$272,908, an increase of 65%, as a result of interest rates continuing to increase and additional interest earnings from the City issuing \$32,245,000 in general obligation refunding and improvement bonds of which \$7,865,000 was a new issue.

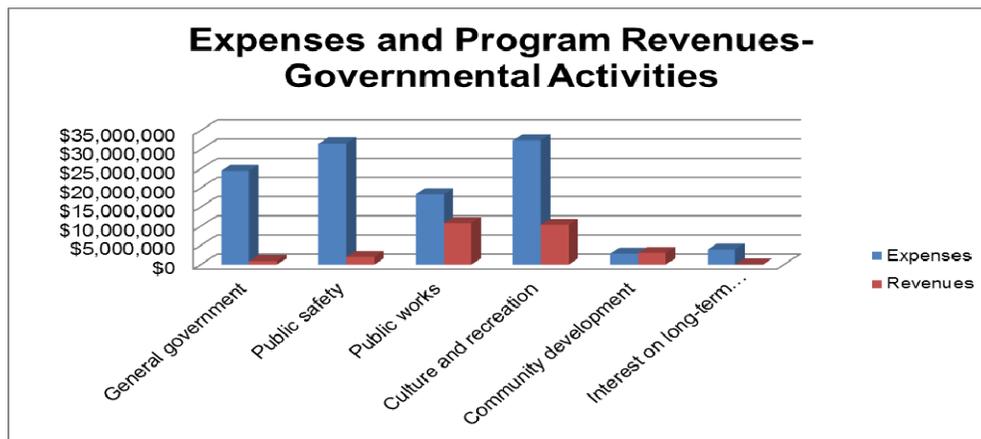
Expenses for governmental activities increased by \$2,378,819 or 2%. Components of increases and decreases are explained as follows:

- Expenses include employee annual merit increases, adding 16.77 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, and an increase of 4.5% for health and dental costs.
- Expenses for Public Safety increased by 4% due to the City incorporating a new methodology for the public safety pay plan in an attempt to maintain competitiveness, adding three School Resource Officers to accommodate a request made by the school district, three new Police/Fire EMS dispatchers to enhance staffing levels in the communications unit, one new Animal Control Officer to enhance coverage and a Support Services Technician in the Fire Department to assist with the maintenance of fire facilities and equipment.

**CITY OF ALLEN, TEXAS
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015
 (UNAUDITED)**

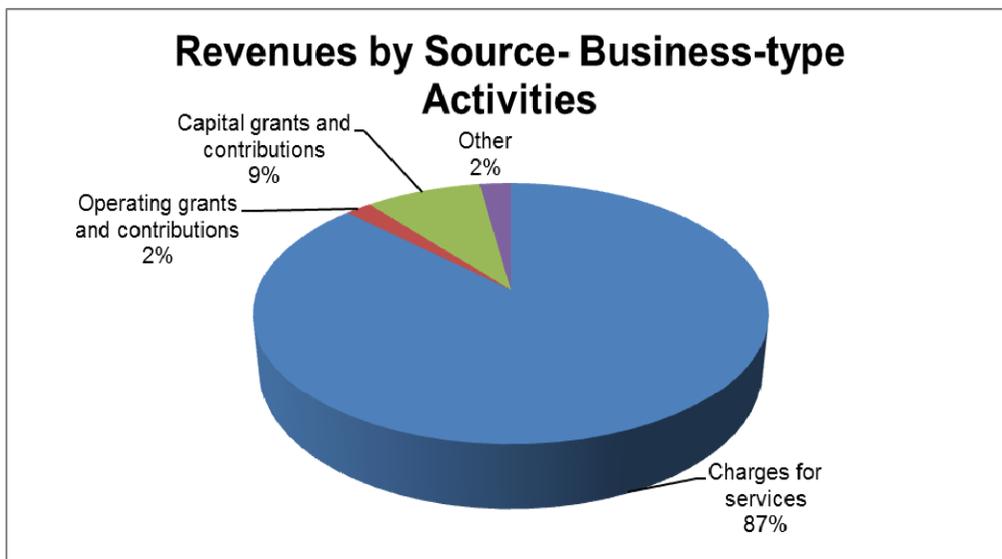
- Expenses for Culture and Recreation increased by 4.6% due to merit increases, increasing the Parks and Recreation FTE by 3.24 to conform to the Patient Protection and Affordable Care Act (PPACA) and to accommodate increasing demand at the Allen Community Ice Rink, an increased in economic grants reimbursed in relation to additional facility fee revenues generated through ticket sales, and an increase in professional services at the Allen Event Center due to an increase in number of events held.
- Expenses for General Government decreased by 2% due to prudent, conservative management by city staff.

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:

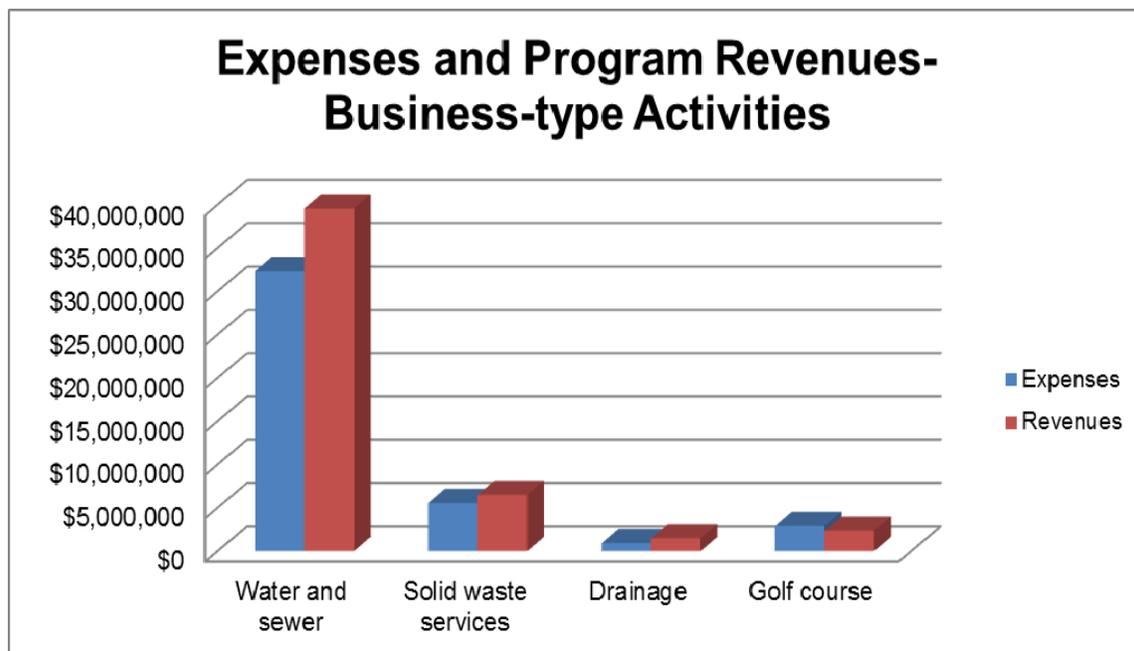


**CITY OF ALLEN, TEXAS
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015
 (UNAUDITED)**

Business-type activities revenues increased \$6,198,818 or 14%. Major components of the decreases/increases are as follows:

- Capital contributions for water and sewer lines and impact fees increased by \$730,682 or 19.8% due to an increase in developer contributions for water mains and sewer lines.
- Interest earnings increased by \$59,063 or 44% as a result of rates for investments continuing to increase during fiscal year 2015.
- Charges for services for business-type activities increased by \$5,255,291, or 13% due to water sales increasing by 28% as a result of more moderate water restrictions which resulted in citizens watering more frequently, an increase of 6.6% in sewer charges, and an increase of 6.2% in drainage revenues.

Expenses for business-type activities increased by \$2,435,055, or 6%. The increase was due to an increase of 8.6 % in expenses in the Water and Sewer Fund, an increase of 3.3% in expense in the Solid Waste Fund and an increase of 2.5% in expenses in the Golf Course Fund. The increase in the Water and Sewer Fund and the Solid Waste 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 primarily a result of an increase in liquor state tax expense paid to the State. 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, 2015
(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 \$71,787,052, an increase of \$10,485,499 in comparison with the prior fiscal year. Approximately 26%, or \$18,686,921, 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 (\$1,486), restricted funds are for debt service (\$1,293,259), capital projects (\$42,653,993), tourism (\$3,646,160), asset forfeiture (\$64,483), state and federal grants (\$430,537), park acquisition and development (\$1,509,934), tax increment financing agreements (\$1,800,064), court technology (\$11,861), PEG fees (\$674,527), photo red light enforcement (\$34,790), cemetery trust (\$58,007), and assigned funds include facility maintenance (\$914,805) and encumbrances (\$6,225).

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 \$18,686,921. Current operating expenditures had savings of \$3,543,819, allowing \$2,496,149 to be transferred to the capital projects fund for self-financing of capital projects, \$85k to the Golf Course Fund, and \$895,851 to the Replacement Fund. The total fund balance increased from \$19,152,440 to \$20,388,622. This increase is due to prudent, conservative management by City staff.

The Debt Service Fund fund balance of \$1,293,259, all of which is restricted for the payment of debt, increased from the prior year by \$403,557. This increase was due to property taxes coming in over the budgeted amount and transfers in. The fund balance meets the FY2015 5-10% of annual debt service requirement of \$648,381 to \$1,296,761.

The General Capital Projects Fund provides information on cash financed capital projects and had an ending fund balance of \$22,383,302, an increase of \$4,010,334. Revenues and transfers from other funds totaled \$8,455,710, which included \$600,000 received from the developer for the Montgomery Boulevard extension, \$314,178 received from the developer for widening of Bray Central, \$2,200,000 from Collin County for Ridgeview Drive, \$364,700 in special assessment revenue, \$312,752 in miscellaneous revenue for street improvements, and \$3,646,149 from other funds to cash finance capital projects. Total expenditures of \$4,445,376 consisted of \$1.1m for Montgomery Boulevard extension, \$729,442 for Ridgeview Drive, \$656,065 for Bray Central widening, and \$523,075 for citywide street and alley repair.

The General Obligation Bond Fund had an ending fund balance of \$20,270,691, an increase of \$3,902,293 from the prior year. Expenditures totaled \$3,821,751 which primarily included \$2.1m for Ridgeview Drive, \$646,157 for citywide street and alley repair, and \$536,665 for Fire Station #2 reconstruction.

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, \$28,614,184, Solid Waste, \$3,084,938, Drainage, \$633,185, and Golf Course, (\$156,648). The total change in net position for the funds was an increase of \$3,385,263, a decrease of \$383,100 a decrease of \$48,049, and an increase of \$15,352, respectively after restating the prior year, see Note 13.

**CITY OF ALLEN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(UNAUDITED)**

The Water and Sewer Fund had an increase in net position as a result of an increase of 17% in operating revenues. The Solid Waste Fund had a decrease in net position due to an increase in contractual services and an increase in transfers out to other funds. The Drainage Fund had a decrease in net position due to the increase in transfers out to other funds. The Golf Course Fund had an increase in net position due to a transfer in from the General Fund.

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 FY2014-15, the City Council amended the budget for the General Fund one time.

Adjustments made during the FY2014-15 decreased the original revenue budget by \$354,059 and decreased the expenditure budget by \$556,461. Due to the actual expenditures being \$3,543,819 less than the revised budget, the City was able to transfer \$2,496,149 to the General Capital Projects Fund to cash finance future capital projects, \$85k to the Golf Course Fund, and \$895,851 to the Replacement Fund. The General Fund's operational expenditure reserve increased to 87.75 days from the amended budget of 81.50 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, 2015, amounts to \$601,218,400 (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>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 131,973,606	\$130,614,642	\$4,072,882	\$4,072,882	\$136,046,488	\$134,687,524
Buildings	102,299,610	105,633,070	-	-	102,299,610	105,633,070
Towers, tanks and pump stations	-	-	101,053,489	98,650,225	101,053,489	98,650,225
Other Improvements	234,039,688	247,355,482	342,832	355,096	234,382,520	247,710,578
Furniture and fixtures	644,676	593,747	-	-	644,676	593,747
Vehicles	4,613,647	4,781,800	77,681	122,800	4,691,328	4,904,600
Machinery and equipment	3,566,010	3,676,557	1,943,015	1,911,045	5,509,025	5,587,602
Construction in progress	14,408,875	9,692,227	2,182,389	4,585,888	16,591,264	14,278,115
Total	\$491,546,112	\$502,347,525	\$109,672,288	\$109,697,936	\$601,218,400	\$612,045,461

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

Developer contributed right of way	\$ 5,438,894
Cottonwood Creek Trail	927,357
Administration software	810,437
Fire Station #2 reconstruction	599,387
Street construction:	
Ridgeview Drive-Alma to Stacy	2,878,706
FY14 Street & Alley Repair	1,169,232
Montgomery Boulevard extension	1,068,212

**CITY OF ALLEN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(UNAUDITED)**

Business-type capital improvement projects and developer contributions during the current fiscal year include the following:

Developer contributed water mains and sewer lines	\$ 3,136,580
Fountain Park Phase 1 & 2 water & sanitary sewer	1,194,755
Cottonwood Creek 21" sewer line	485,079
Ridgeview Drive waterline -Alma Drive to Stacy Road	99,593

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

DEBT ADMINISTRATION

As shown in Table 4, the City's total outstanding debt at September 30, 2015 was \$190,291,256 of which \$127,706,373 was governmental, \$10,291,229 was business-type activities and \$52,293,654 was component units'. Total gross bonded debt was \$155,375,000 which includes \$95,690,000 of General Obligation (G.O.) bonds backed by the full faith and credit of the government, \$490,000 of Certificates of Obligation backed by taxes and revenue generated from the golf course, \$6,735,000 secured solely by water and sewer revenue, and the component unit's total of \$48,060,000 secured by future sales tax revenue and a \$4,400,000 note payable. Other long-term debt relates to compensating absences, net pension liability, capital leases, deferred charges on refundings, and issuance premiums and discounts.

In fiscal year 2015, the City issued \$32,245,000 of G.O. Refunding and Improvement Bonds.

The revenue bond debt for both component units relates to debt issued in order to support public infrastructure improvements and construction of the Allen Event Center. The notes payable debt is due to an loan agreement Allen Economic Development Corporation entered into in relation to the purchase of 31 acres of land. Total debt for the component units decreased by 4.8%. Total debt for the Allen Economic Development Corporation increased by 20% and the Allen Community Development Corporation debt decreased by 3.5%.

**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>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Gross Bonded Debt								
General Obligation Bonds	\$ 95,690,000	\$ 99,245,000	\$ -	\$ -	\$ -	\$ -	\$ 95,690,000	\$ 99,245,000
Certificate of Obligation Bonds	490,000	530,000	-	-	-	-	490,000	530,000
Revenue Bonds Payable	-	-	6,735,000	8,015,000	-	-	6,735,000	8,015,000
Sales Tax Revenue Bonds Note Payable	-	-	-	-	48,060,000	50,065,000	48,060,000	50,065,000
Total Gross Bonded Debt	96,180,000	99,775,000	6,735,000	8,015,000	52,460,000	50,065,000	155,375,000	157,855,000
Other Long-Term Debt								
Compensated Absences	5,527,172	4,996,425	631,820	576,119	-	-	6,158,992	5,572,544
Net Pension Liability	18,740,452	234,922	2,327,709	-	-	-	21,068,161	234,922
Capital leases	-	7,537	370,811	435,583	-	-	370,811	443,120
Issuance, Premiums & Discounts	7,258,749	4,608,112	225,889	255,910	(166,346)	(167,420)	7,318,292	4,696,602
Total Other Long Term Debt	31,526,373	9,846,996	3,556,229	1,267,612	(166,346)	(167,420)	34,916,256	10,947,188
Total	\$ 127,706,373	\$ 109,621,996	\$ 10,291,229	\$ 9,282,612	\$ 52,293,654	\$ 49,897,580	\$ 190,291,256	\$ 168,802,188

**CITY OF ALLEN, TEXAS
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(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
	<hr/>	<hr/>
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 economy continues to be moderately strong for the City of Allen and the North Central Texas area. 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 2015-2016 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 2015-2016, reappraisal values for existing real (residential and commercial) properties increased 7.84% compared to FY2015, while valuations for existing business personal property increased 0.62%. Additional tax abatements on commercial property had a small impact of reducing the taxable property valuation by 0.03%. New construction of residential and commercial property resulted in an increase in valuation of 2.61%. The overall increase in valuation from all categories was 11.10%; however, the property tax revenue increase was budgeted at 9.04% as a result of lowering the tax rate by one cent. Overall sales tax is expected to increase by about 1.94%. 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 450 single family permits in FY2016. The population of approximately 91,429 as of September 30, 2015 is expected to reach approximately 115,000 at build out in the next eleven 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 \$157.34 million in FY2011, to \$199.38 million for FY2016 for all funds combined. The certified assessed property value for 2015-2016 equates to an overall increase of approximately \$1.017 billion (11.10%) from the preceding year. The FY2016 tax rate was set at \$0.530 per \$100 valuation. Of the total tax rate, \$0.406273 is dedicated to operations and maintenance in the General Fund, and \$0.123727 is dedicated to general obligation debt service.

**CITY OF ALLEN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(UNAUDITED)**

Ad valorem taxes are the General Fund's largest revenue source and will contribute \$41.239 million or 46.09% of the fund's budgeted revenues in FY2016. 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 at a moderate rate of 3.29% over the revised FY2015.

The General Fund ended 2014-2015 with an approximate increase of \$1,447,148 as compared to the revised budgeted fund balance. This brings the ending fund balance to an equivalent 87.75 days of operating expenditures, which exceeds the amended estimate of 81.5 days, and is within the range of the City's financial policy of 60 to 90 days. The 2015-2016 General Fund expenditure budget reflects a 2.96% increase from the revised 2014-2015 budget. This is primarily due to adding over 18.6 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.

The City chose to not increase the water and sewer rates as proposed in the rates study, which was updated in 2012, because the fund balance is projected to end at the upper range of the policy without an increase to rates. The budget includes an increase in rates to the city from NTMWD. Also included in the FY2016 budget is \$1.995 million to cash finance water and sewer capital projects related to water lines, sewer lines, sewer lift station maintenance, and pump station maintenance. The Water and Sewer Fund is expected to finish the fiscal year 2016 with approximately \$11.829 million in working capital reserves resulting in 117.75 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 2016. 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 continuing decline in fuel costs, the VFAF will probably not be charged. The Solid Waste fund balance at the end of FY2016 is expected to be \$2.62 million which is approximately 134 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 in its third full year of operation of a 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. 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.. This last year of operations saw a decrease in revenue attributed to an exorbitant number of bad weather days. The budget anticipates an average number of bad weather days. Budgeted support from the General Fund was provided to the Golf Course, but was primarily necessary to cover depreciation and lease expenses.

**CITY OF ALLEN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(UNAUDITED)**

For 2015-2016, the Risk Management Fund reflects no changes in health care costs, due largely to restructuring the plans to shift health care liability to the employees and increased scrutiny in prescription claims. For FY2015, the City will incur a 1% increase in costs from the revised FY2015 budget. For the FY2016 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. The FY2016 budget was decreased in both revenues and expenses by \$1.5 million due to United Healthcare administering the city's claims, as well as, the city's reinsurance or stop loss. Prior to FY2016 the city would pay claims over the stop loss amounts and then get reimbursed. United Healthcare is able to manage the stop loss once claims have reached the stop loss threshold. 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 2016 are expected to remain relatively flat as compared to fiscal year 2015 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 2015-2016 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



CITY OF ALLEN

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**CITY OF ALLEN, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015**

EXHIBIT 1

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
ASSETS				
Cash and cash equivalents	\$ 37,732,610	\$ 13,144,674	\$ 50,877,284	\$ 10,770,348
Investments	53,523,772	17,875,118	71,398,890	16,286,217
Receivables (net of allowance for uncollectibles)	6,158,362	8,550,115	14,708,477	3,119,757
Internal balances	(1,280,086)	1,280,086	-	-
Prepaid items and other assets	471,131	5,050	476,181	6,298
Inventories	-	30,612	30,612	-
Restricted cash and cash equivalents	-	1,385,613	1,385,613	-
Capital assets:				
Non-depreciable	146,382,481	6,255,271	152,637,752	8,993,086
Depreciable (net of depreciation)	345,163,631	103,417,017	448,580,648	642,116
TOTAL ASSETS	588,151,901	151,943,556	740,095,457	39,817,822
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	2,119,428	269,604	2,389,032	-
Deferred outflows of resources - pension	5,245,105	651,482	5,896,587	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	7,364,533	921,086	8,285,619	-
LIABILITIES				
Accounts payable	5,859,785	4,235,489	10,095,274	630,063
Accrued liabilities	3,147,544	205,536	3,353,080	17,335
Accrued interest payable	457,214	66,192	523,406	204,590
Customer deposits	-	1,686,018	1,686,018	-
Unearned revenue	179,306	-	179,306	-
Retainage payable	109,087	74,595	183,682	28,701
Non-current liabilities:				
Due within one year	12,190,075	1,692,967	13,883,042	2,681,852
Due in more than one year	115,516,298	8,598,262	124,114,560	49,611,802
TOTAL LIABILITIES	137,459,309	16,559,059	154,018,368	53,174,343
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources - pension	1,327,042	164,829	1,491,871	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,327,042	164,829	1,491,871	-
NET POSITION				
Net investment in capital assets	408,378,054	102,340,588	510,718,642	9,635,202
Restricted for:				
Debt service	862,361	344,421	1,206,782	1,649,234
Capital projects	22,383,302	-	22,383,302	-
Tourism	3,646,160	-	3,646,160	-
Park acquisition and development	1,509,934	-	1,509,934	-
State and federal grants	430,537	-	430,537	-
Tax Increment Financing	1,800,064	-	1,800,064	-
Other purposes	843,668	-	843,668	-
Unrestricted	16,876,003	33,455,745	50,331,748	(24,640,957)
TOTAL NET POSITION	\$ 456,730,083	\$ 136,140,754	\$ 592,870,837	\$ (13,356,521)

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, 2015**

Functions/Program Activities	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental Activities:				
General government	\$ 24,464,246	\$ 705,064	\$ 215,000	\$ -
Public safety	31,607,444	1,647,407	323,003	-
Public works	18,349,569	233,808	22,360	10,552,610
Culture and recreation	32,407,934	9,177,211	1,176,521	-
Community development	2,861,704	3,021,708	12,683	-
Interest on long-term debt	3,921,989	-	-	-
Total governmental activities	113,612,886	14,785,198	1,749,567	10,552,610
Business-type Activities:				
Water and sewer	32,304,628	34,135,714	1,000,000	4,416,642
Solid waste	5,560,294	6,474,386	-	-
Drainage	914,322	1,465,044	-	-
Golf course	2,911,476	2,361,384	-	-
Total business-type activities	41,690,720	44,436,528	1,000,000	4,416,642
TOTAL PRIMARY GOVERNMENT	\$ 155,303,606	\$ 59,221,726	\$ 2,749,567	\$ 14,969,252
COMPONENT UNITS:				
Allen Economic Development Corporation	\$ 4,107,557	\$ -	\$ -	\$ -
Allen Community Development Corporation	5,335,116	-	-	-
TOTAL COMPONENT UNITS	\$ 9,442,673	\$ -	\$ -	\$ -

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

NET POSITION, end of year

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			COMPONENT UNITS
Governmental Activities	Business - Type Activities	TOTAL	
\$ (23,544,182)	\$ -	\$ (23,544,182)	\$ -
(29,637,034)	-	(29,637,034)	-
(7,540,791)	-	(7,540,791)	-
(22,054,202)	-	(22,054,202)	-
172,687	-	172,687	-
(3,921,989)	-	(3,921,989)	-
<u>(86,525,511)</u>	<u>-</u>	<u>(86,525,511)</u>	<u>-</u>
-	7,247,728	7,247,728	-
-	914,092	914,092	-
-	550,722	550,722	-
-	(550,092)	(550,092)	-
<u>-</u>	<u>8,162,450</u>	<u>8,162,450</u>	<u>-</u>
<u>\$ (86,525,511)</u>	<u>\$ 8,162,450</u>	<u>\$ (78,363,061)</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (4,107,557)
-	-	-	(5,335,116)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,442,673)</u>
\$ 50,143,986	\$ -	\$ 50,143,986	\$ -
18,141,683	-	18,141,683	17,787,338
7,412,447	-	7,412,447	-
1,544,160	-	1,544,160	-
1,851,397	-	1,851,397	-
689,736	194,051	883,787	168,631
2,650,103	1,003,939	3,654,042	70,454
6,249,489	(6,249,489)	-	-
<u>88,683,001</u>	<u>(5,051,499)</u>	<u>83,631,502</u>	<u>18,026,423</u>
2,157,490	3,110,951	5,268,441	8,583,750
<u>454,572,593</u>	<u>133,029,803</u>	<u>587,602,396</u>	<u>(21,940,271)</u>
<u>\$ 456,730,083</u>	<u>\$ 136,140,754</u>	<u>\$ 592,870,837</u>	<u>\$ (13,356,521)</u>

**CITY OF ALLEN, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015**

	GENERAL	DEBT SERVICE	GENERAL CAPITAL PROJECTS
ASSETS			
Cash and cash equivalents	\$ 7,478,648	\$ 1,270,446	\$ 10,664,833
Investments	13,151,416	667	13,214,488
Receivables, net of allowances for uncollectibles:			
Ad valorem taxes	72,979	26,316	-
Sales taxes	3,063,112	-	-
Accounts receivable	-	-	-
Accrued interest	75,870	22,146	50,356
Other	2,288,090	-	-
Special assessments	-	-	4,401
Prepaid items	1,486	-	-
TOTAL ASSETS	\$ 26,131,601	\$ 1,319,575	\$ 23,934,078
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 3,948,273	\$ -	\$ 1,085,231
Accrued liabilities	1,719,327	-	385,809
Unearned revenue	2,400	-	-
Retainage payable	-	-	79,736
TOTAL LIABILITIES	5,670,000	-	1,550,776
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	72,979	26,316	-
TOTAL DEFERRED INFLOWS OF RESOURCES	72,979	26,316	-
FUND BALANCES			
Nonspendable			
Prepaid items	1,486	-	-
Restricted			
Debt service	-	1,293,259	-
Capital projects	-	-	22,383,302
Tourism	-	-	-
Asset forfeiture	-	-	-
State and federal grants	-	-	-
Park acquisition and development	-	-	-
Tax increment financing agreement	-	-	-
Court technology	11,861	-	-
PEG fees	674,527	-	-
Photo red light enforcement	34,790	-	-
Cemetery trust	58,007	-	-
Assigned			
Facilities maintenance	914,805	-	-
Other	6,225	-	-
Unassigned	18,686,921	-	-
TOTAL FUND BALANCES	20,388,622	1,293,259	22,383,302
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 26,131,601	\$ 1,319,575	\$ 23,934,078

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

<u>GENERAL OBLIGATION BOND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
\$ 7,809,447	\$ 3,023,230	\$ 30,246,604
12,926,357	4,390,730	43,683,658
-	-	99,295
-	-	3,063,112
-	460,436	460,436
40,603	15,430	204,405
-	-	2,288,090
-	-	4,401
-	-	1,486
<u>\$ 20,776,407</u>	<u>\$ 7,889,826</u>	<u>\$ 80,051,487</u>
\$ 476,365	\$ 202,768	\$ 5,712,637
-	58,974	2,164,110
-	176,906	179,306
29,351	-	109,087
<u>505,716</u>	<u>438,648</u>	<u>8,165,140</u>
-	-	99,295
-	-	99,295
-	-	1,486
-	-	1,293,259
20,270,691	-	42,653,993
-	3,646,160	3,646,160
-	64,483	64,483
-	430,537	430,537
-	1,509,934	1,509,934
-	1,800,064	1,800,064
-	-	11,861
-	-	674,527
-	-	34,790
-	-	58,007
-	-	914,805
-	-	6,225
-	-	18,686,921
<u>20,270,691</u>	<u>7,451,178</u>	<u>71,787,052</u>
<u>\$ 20,776,407</u>	<u>\$ 7,889,826</u>	<u>\$ 80,051,487</u>

**CITY OF ALLEN, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2015**

EXHIBIT 4

Total fund balances - governmental funds	\$ 71,787,052
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.	491,546,112
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.	356,773
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.	(457,214)
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 (\$1,280,086) and to capital assets (\$7,252,548).	15,066,947
Revenues earned but not available within sixty days of the year end are not recognized as revenue on the fund financial statements.	99,295
Deferred outflows of resources and deferred inflows of resources related to the implementation of GASB No. 68 are not reported in the fund financials.	3,918,063
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>(125,586,945)</u>
Net position of governmental activities	<u><u>\$ 456,730,083</u></u>



CITY OF ALLEN

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**CITY OF ALLEN, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	GENERAL	DEBT SERVICE	GENERAL CAPITAL PROJECTS
REVENUES			
Ad valorem taxes, penalties and interest	\$ 36,623,546	\$ 13,010,674	\$ -
Franchise taxes	7,412,447	-	-
Municipal sales tax	17,704,665	-	-
Licenses, permits and fees	2,993,829	-	-
Charges for services	11,454,620	-	279,724
Fines	1,805,230	-	-
Gifts and contributions	797,103	-	-
Hotel / motel fees	-	-	-
Intergovernmental	11,826	-	2,621,300
Investment earnings	204,791	39,926	154,011
Miscellaneous	1,517,173	-	1,754,526
Total revenues	80,525,230	13,050,600	4,809,561
EXPENDITURES			
Current			
General government	22,982,774	-	96,651
Public safety	30,454,701	-	-
Public works	3,428,366	-	753,863
Culture and recreation	21,134,475	-	62,565
Community development	2,199,241	-	-
Capital outlay	-	-	3,532,297
Debt service:			
Principal retirement	7,537	9,315,000	-
Interest and fiscal charges	23	4,247,446	-
Total expenditures	80,207,117	13,562,446	4,445,376
Excess (deficiency) of revenues over (under) expenditures	318,113	(511,846)	364,185
OTHER FINANCING SOURCES (USES)			
Refunding bonds issued	-	24,815,000	-
Premium on bonds issued	-	3,239,156	-
Payment to refunded bond escrow agent	-	(27,782,010)	-
Transfers in	5,353,099	643,257	3,646,149
Transfers out	(4,452,116)	-	-
Proceeds from sale of capital assets	17,086	-	-
Total other financing sources (uses)	918,069	915,403	3,646,149
NET CHANGE IN FUND BALANCES	1,236,182	403,557	4,010,334
FUND BALANCES, BEGINNING OF YEAR	19,152,440	889,702	18,372,968
FUND BALANCES, END OF YEAR	\$ 20,388,622	\$ 1,293,259	\$ 22,383,302

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

GENERAL OBLIGATION BOND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ -	\$ 543,620	\$ 50,177,840
-	-	7,412,447
-	437,018	18,141,683
-	140,722	3,134,551
-	-	11,734,344
-	-	1,805,230
-	215,000	1,012,103
-	1,544,160	1,544,160
-	937,611	3,570,737
131,722	46,564	577,014
-	148,742	3,420,441
<u>131,722</u>	<u>4,013,437</u>	<u>102,530,550</u>
110,417	806,756	23,996,598
3,194	273,415	30,731,310
684,209	22,360	4,888,798
783	1,342,693	22,540,516
-	681,639	2,880,880
3,023,148	-	6,555,445
-	-	9,322,537
-	-	4,247,469
<u>3,821,751</u>	<u>3,126,863</u>	<u>105,163,553</u>
<u>(3,690,029)</u>	<u>886,574</u>	<u>(2,633,003)</u>
7,430,000	-	32,245,000
532,977	-	3,772,133
-	-	(27,782,010)
-	69,060	9,711,565
(370,655)	(25,000)	(4,847,771)
-	2,499	19,585
<u>7,592,322</u>	<u>46,559</u>	<u>13,118,502</u>
3,902,293	933,133	10,485,499
<u>16,368,398</u>	<u>6,518,045</u>	<u>61,301,553</u>
<u>\$ 20,270,691</u>	<u>\$ 7,451,178</u>	<u>\$ 71,787,052</u>

**CITY OF ALLEN, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2015**

EXHIBIT 6

Net change in fund balances - total governmental funds	\$ 10,485,499
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.	7,238,171
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.	6,854,236
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.	(25,431,134)
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.	(2,435)
The proceeds from issuance of long-term debt provides current financial resources to governmental funds, while the payment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, 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.	
Refunding bonds issued	(32,245,000)
Premium on bonds issued	(3,772,133)
Payment to refunding bond escrow agent	28,097,931
Bond and capital lease principal retirement	9,322,537
Amortization of bond premiums	1,121,496
Amortization of deferred charges on refundings	(1,153,591)
	1,371,240
Current year changes in long-term liabilities for compensated absences, pension, and the current year changes in the opeb asset do not require the use of current financial resources and, therefore, are not reported in governmental funds.	144,530
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.	41,630
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.	1,489,607
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.	(33,854)
Change in net position of governmental activities	\$ 2,157,490

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

**CITY OF ALLEN, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2015**

EXHIBIT 7

	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	\$ 10,735,986	\$ 1,458,701	\$ 401,131	\$ 548,856	\$ 13,144,674	\$ 7,486,006
Investments	15,754,880	1,723,829	396,409	-	17,875,118	9,840,114
Receivables, net of allowance for uncollectibles:						
Accounts	7,989,908	300,038	68,036	-	8,357,982	-
Accrued interest	55,751	7,116	1,504	-	64,371	38,623
Other	-	127,762	-	-	127,762	-
Inventories	30,612	-	-	-	30,612	-
Prepaid items	-	-	-	5,050	5,050	112,872
Restricted cash and cash equivalents	1,385,613	-	-	-	1,385,613	-
Total current assets	35,952,750	3,617,446	867,080	553,906	40,991,182	17,477,615
NONCURRENT ASSETS						
CAPITAL ASSETS						
Land	4,072,882	-	-	-	4,072,882	-
Construction in progress	2,182,389	-	-	-	2,182,389	706,187
Other improvements	-	-	496,132	-	496,132	-
Towers, tanks, and pump stations	179,959,147	-	-	-	179,959,147	-
Vehicles	867,955	12,923	31,379	-	912,257	11,693,051
Machinery and equipment	5,232,338	12,595	445,389	1,023,275	6,713,597	4,335,153
Total capital assets	192,314,711	25,518	972,900	1,023,275	194,336,404	16,734,391
Less: accumulated depreciation	(83,425,929)	(19,898)	(592,568)	(625,721)	(84,664,116)	(9,481,843)
Capital assets, net of accumulated depreciation	108,888,782	5,620	380,332	397,554	109,672,288	7,252,548
Total noncurrent assets	108,888,782	5,620	380,332	397,554	109,672,288	7,252,548
TOTAL ASSETS	144,841,532	3,623,066	1,247,412	951,460	150,663,470	24,730,163
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charges on refunding	269,604	-	-	-	269,604	-
Deferred outflows of resources - pension	435,094	48,667	45,199	122,522	651,482	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	704,698	48,667	45,199	122,522	921,086	-
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION						
CURRENT LIABILITIES						
Accounts payable	3,720,078	299,336	47,570	168,505	4,235,489	147,148
Accrued liabilities	127,425	26,950	12,401	38,760	205,536	-
Retainage payable	74,595	-	-	-	74,595	-
Accrued compensated absences - current	377,765	65,025	43,008	100,698	586,496	-
Incurred but not reported claims	-	-	-	-	-	983,434
Payable from restricted assets:						
Revenue bonds payable - current	975,000	-	-	-	975,000	-
Capital leases payable - current	-	-	-	131,471	131,471	-
Accrued interest payable	66,192	-	-	-	66,192	-
Customer deposits payable	1,654,863	-	-	31,155	1,686,018	-
Total current liabilities	6,995,918	391,311	102,979	470,589	7,960,797	1,130,582
NONCURRENT LIABILITIES						
Revenue bonds payable	5,985,889	-	-	-	5,985,889	-
Capital leases payable	-	-	-	239,340	239,340	-
Net pension liability	1,554,566	173,884	161,495	437,764	2,327,709	-
Accrued compensated absences	13,278	3,667	3,184	25,195	45,324	-
Total noncurrent liabilities	7,553,733	177,551	164,679	702,299	8,598,262	-
TOTAL LIABILITIES	14,549,651	568,862	267,658	1,172,888	16,559,059	1,130,582
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows of resources - pension	110,081	12,313	11,436	30,999	164,829	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	110,081	12,313	11,436	30,999	164,829	-
NET POSITION						
Net investment in capital assets	101,927,893	5,620	380,332	26,743	102,340,588	7,252,548
Restricted for revenue bond principal and interest	344,421	-	-	-	344,421	-
Unrestricted	28,614,184	3,084,938	633,185	(156,648)	32,175,659	16,347,033
TOTAL NET POSITION	\$ 130,886,498	\$ 3,090,558	\$ 1,013,517	\$ (129,905)	\$ 134,860,668	\$ 23,599,581

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

**CITY OF ALLEN, TEXAS
 RECONCILIATION OF THE STATEMENT OF NET POSITION
 OF PROPRIETARY FUNDS TO THE
 GOVERNMENT – WIDE STATEMENT OF NET POSITION
 AS OF SEPTEMBER 30, 2015**

EXHIBIT 8

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

Total net position per statement of net position	\$ 134,860,668
<p>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.</p> <p>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.</p>	
	<u>1,280,086</u>
Total net position of business-type activities	<u><u>\$ 136,140,754</u></u>

**CITY OF ALLEN, TEXAS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

EXHIBIT 9

	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	\$ 19,771,508	\$ -	\$ -	\$ -	\$ 19,771,508	\$ -
Sewer charges	13,591,909	-	-	-	13,591,909	-
Connection fees	180,976	-	-	-	180,976	-
Garbage collections	-	6,474,386	-	-	6,474,386	-
Service charges	591,321	-	114,360	2,361,384	3,067,065	12,309,305
Drainage fees	-	-	1,350,684	-	1,350,684	-
Gifts and contributions	1,000,000	-	-	-	1,000,000	-
Miscellaneous	971,556	18,824	2,759	10,800	1,003,939	465,323
Total operating revenues	36,107,270	6,493,210	1,467,803	2,372,184	46,440,467	12,774,628
OPERATING EXPENSES						
Personnel services	4,463,491	470,480	487,577	1,302,873	6,724,421	469,854
Contractual services	21,092,300	4,976,900	73,974	1,027,384	27,170,558	10,709,925
Maintenance	460,577	4,842	290,705	54,576	810,700	-
Supplies	188,537	39,532	34,780	334,717	597,566	-
Depreciation	5,802,108	625	22,739	123,851	5,949,323	1,526,633
Other	192,865	67,915	4,547	68,075	333,402	-
Total operating expenses	32,199,878	5,560,294	914,322	2,911,476	41,585,970	12,706,412
OPERATING INCOME (LOSS)	3,907,392	932,916	553,481	(539,292)	4,854,497	68,216
NON-OPERATING REVENUES (EXPENSES)						
Investment earnings	167,793	21,510	4,748	-	194,051	112,722
Interest expense	(246,235)	-	-	-	(246,235)	-
Gain on disposal of capital assets	-	-	-	-	-	64,459
Total non-operating revenues (expenses)	(78,442)	21,510	4,748	-	(52,184)	177,181
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	3,828,950	954,426	558,229	(539,292)	4,802,313	245,397
CAPITAL CONTRIBUTIONS AND TRANSFERS						
Development fees	1,280,062	-	-	-	1,280,062	-
Capital contributions	3,136,580	-	-	-	3,136,580	-
Transfers from other funds	38,249	-	-	554,644	592,893	1,385,695
Transfers to other funds	(4,898,578)	(1,337,526)	(606,278)	-	(6,842,382)	-
Total capital contributions and transfers	(443,687)	(1,337,526)	(606,278)	554,644	(1,832,847)	1,385,695
CHANGE IN NET POSITION	3,385,263	(383,100)	(48,049)	15,352	2,969,466	1,631,092
NET POSITION, BEGINNING OF YEAR, AS RESTATED	127,501,235	3,473,658	1,061,566	(145,257)	131,891,202	21,968,489
NET POSITION, END OF YEAR	\$ 130,886,498	\$ 3,090,558	\$ 1,013,517	\$ (129,905)	\$ 134,860,668	\$ 23,599,581

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

**CITY OF ALLEN, TEXAS
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, 2015**

EXHIBIT 10

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

Net change in fund net position- total proprietary funds \$ 2,969,466

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.

141,485

Change in net position of business-type activities

\$ 3,110,951

**CITY OF ALLEN, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

EXHIBIT 11

	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	\$ 33,084,680	\$ 6,776,089	\$ 1,464,881	\$ 2,372,184	\$ 43,697,834	\$ -
Cash received from transactions with other funds	-	-	-	-	-	12,989,564
Cash paid to employees for services	(4,480,386)	(466,465)	(486,928)	(1,288,821)	(6,722,600)	(469,854)
Cash paid for goods and services	(20,214,554)	(4,822,842)	(388,307)	(1,480,872)	(26,906,575)	(7,179,551)
Cash paid for claims	-	-	-	-	-	(3,776,668)
Net cash provided by (used in) operating activities	8,389,740	1,486,782	589,646	(397,509)	10,068,659	1,563,491
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES						
Transfers in from other funds	38,249	-	-	554,644	592,893	1,385,695
Transfers out to other funds	(4,898,578)	(1,337,526)	(606,278)	-	(6,842,382)	-
Net cash provided by (used in) non-capital financing activities	(4,860,329)	(1,337,526)	(606,278)	554,644	(6,249,489)	1,385,695
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Principal paid on revenue bond maturities	(1,280,000)	-	-	-	(1,280,000)	-
Interest and fees paid on long-term debt	(257,996)	-	-	-	(257,996)	-
Acquisition and construction of capital assets	(2,674,019)	(6,245)	(24,943)	(28,800)	(2,734,007)	(2,066,384)
Disposition of capital assets	3,938	-	-	-	3,938	-
Capital lease payment	-	-	-	(121,794)	(121,794)	-
Payment to refunded bond escrow agent	-	-	-	-	-	64,459
Contributions from developers	1,280,062	-	-	-	1,280,062	-
Net cash used in capital and related financial activities	(2,928,015)	(6,245)	(24,943)	(150,594)	(3,109,797)	(2,001,925)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investment securities	(1,411,855)	(62,019)	-	-	(1,473,874)	(728,541)
Proceeds from sale and maturities of investment securities	-	-	61,114	-	61,114	-
Interest on investments	107,175	21,510	4,819	-	133,504	112,267
Net cash provided by (used in) investing activities	(1,304,680)	(40,509)	65,933	-	(1,279,256)	(616,274)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(703,284)	102,502	24,358	6,541	(569,883)	330,987
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	12,824,883	1,356,199	376,773	542,315	15,100,170	7,155,019
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 12,121,599	\$ 1,458,701	\$ 401,131	\$ 548,856	\$ 14,530,287	\$ 7,486,006
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES						
Net operating income (loss)	\$ 3,907,392	\$ 932,916	\$ 553,481	\$ (539,292)	\$ 4,854,497	\$ 68,216
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization expense	5,823,940	625	22,739	123,851	5,971,155	1,526,634
Change in assets and liabilities:						
Accounts receivable	(3,022,590)	283,694	(2,922)	-	(2,741,818)	-
Other receivables	-	(815)	-	-	(815)	-
Prepays	-	-	-	-	-	153,758
Inventories	6,116	-	-	-	6,116	-
Deferred outflows - pension	(435,094)	(48,667)	(45,199)	(122,522)	(651,482)	-
Accounts payable	1,736,925	265,573	14,985	(6,142)	2,011,341	(185,117)
Retainage payable	(98,378)	-	-	-	(98,378)	-
Accrued liabilities	12,850	774	714	6,847	21,185	-
Net pension liability	289,029	32,329	11,436	81,390	414,184	-
Compensated absences	19,089	8,040	4,386	24,185	55,700	-
Deposits	40,380	-	-	3,175	43,555	-
Deferred inflows - pension	110,081	12,313	30,026	30,999	183,419	-
Total adjustments	4,482,348	553,866	36,165	141,783	5,214,162	1,495,275
Net cash provided by (used in) operating activities	\$ 8,389,740	\$ 1,486,782	\$ 589,646	\$ (397,509)	\$ 10,068,659	\$ 1,563,491
NON-CASH INVESTING ACTIVITIES:						
Change in the fair value of investments	\$ 64,400	\$ -	\$ -	\$ -	\$ 64,400	\$ -
NON-CASH FINANCING ACTIVITIES:						
Contributions of capital assets from developers	\$ 3,136,580	\$ -	\$ -	\$ -	\$ 3,136,580	\$ -
Reconciliation of total cash to the statement of net position						
Cash and cash equivalents - current	\$ 10,735,986	\$ 1,458,701	\$ 401,131	\$ 548,856	\$ 13,144,674	\$ 7,486,006
Restricted cash and cash equivalents	1,385,613	-	-	-	1,385,613	-
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 12,121,599	\$ 1,458,701	\$ 401,131	\$ 548,856	\$ 14,530,287	\$ 7,486,006

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

**CITY OF ALLEN, TEXAS
STATEMENT OF NET POSITION
COMPONENT UNITS
SEPTEMBER 30, 2015**

EXHIBIT 12

	ALLEN ECONOMIC DEVELOPMENT CORPORATION	ALLEN COMMUNITY DEVELOPMENT CORPORATION	TOTALS
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 5,976,111	\$ 4,794,237	\$ 10,770,348
Investments	10,025,083	6,261,134	16,286,217
Sales tax receivable	1,531,556	1,531,556	3,063,112
Accrued interest receivable	35,676	20,969	56,645
Prepaid items	6,298	-	6,298
Total current assets	17,574,724	12,607,896	30,182,620
NONCURRENT ASSETS			
CAPITAL ASSETS			
Land	8,993,086	-	8,993,086
Furniture and fixtures	66,075	-	66,075
Improvements other than buildings	3,128,689	-	3,128,689
Total capital assets	12,187,850	-	12,187,850
Less: accumulated depreciation	(2,552,648)	-	(2,552,648)
Capital assets, net of accumulated depreciation	9,635,202	-	9,635,202
Total noncurrent assets	9,635,202	-	9,635,202
TOTAL ASSETS	27,209,926	12,607,896	39,817,822
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Accounts payable	66,741	563,322	630,063
Retainage payable	-	28,701	28,701
Accrued interest payable	57,885	146,705	204,590
Accrued and other liabilities	17,335	-	17,335
Revenue bonds payable - current	1,491,852	1,190,000	2,681,852
Total current liabilities	1,633,813	1,928,728	3,562,541
NONCURRENT LIABILITIES			
Revenue bonds payable (net of unamortized discounts)	19,465,373	30,146,429	49,611,802
Total noncurrent liabilities	19,465,373	30,146,429	49,611,802
TOTAL LIABILITIES	21,099,186	32,075,157	53,174,343
NET POSITION			
Investment in capital assets	9,635,202	-	9,635,202
Restricted for debt service	694,431	954,803	1,649,234
Unrestricted	(4,218,893)	(20,422,064)	(24,640,957)
TOTAL NET POSITION	\$ 6,110,740	\$ (19,467,261)	\$ (13,356,521)

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

**CITY OF ALLEN, TEXAS
STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

EXHIBIT 13

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	\$ 4,107,557	\$ -	\$ -	\$ (4,107,557)	\$ -	\$ (4,107,557)
Allen Community Development Corporation	<u>5,335,116</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,335,116)</u>	<u>(5,335,116)</u>
TOTAL COMPONENT UNITS	<u>\$ 9,442,673</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,107,557)</u>	<u>\$ (5,335,116)</u>	<u>\$ (9,442,673)</u>
General revenues:						
Sales taxes				\$ 8,893,669	\$ 8,893,669	\$ 17,787,338
Interest on investments				104,265	64,366	168,631
Miscellaneous				<u>70,454</u>	<u>-</u>	<u>70,454</u>
Total general revenues				<u>9,068,388</u>	<u>8,958,035</u>	<u>18,026,423</u>
CHANGE IN NET POSITION				4,960,831	3,622,919	8,583,750
NET POSITION, beginning of year				<u>1,149,909</u>	<u>(23,090,180)</u>	<u>(21,940,271)</u>
NET POSITION, end of year				<u>\$ 6,110,740</u>	<u>\$ (19,467,261)</u>	<u>\$ (13,356,521)</u>

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



CITY OF ALLEN

PRIDE

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NOTES TO FINANCIAL STATEMENTS



CITY OF ALLEN

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**CITY OF ALLEN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

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

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.

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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Presentation – Continued

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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

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 2014 levy was based is \$9,034,079,516. 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, 2015 was \$0.540 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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, 2015, ACDC contributed \$395,307 and AEDC contributed \$98,643 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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Capital Assets – Continued

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.

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.

Pensions

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

The City has the following items that qualify for reporting in this category:

- Deferred charges on refundings – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Deferred Outflows/Inflows of Resources – Continued

- Pension contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five year period.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only two types of item that qualifies for reporting in this category. In the statement of net position, the City reports the difference in expected and actual pension experience. This is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date. In the balance sheet for the governmental funds, the City reports unavailable revenue for property taxes not received within 60 days of year end.

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.

**CITY OF ALLEN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Balance – Continued

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.

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, 2015, with collateral required by state statutes. At year-end, the carrying amount of the City's deposits was \$13,178,934 and the bank balance was \$13,446,463. 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, 2015 was \$46,978.

The carrying amount of deposits for ACDC and AEDC, discretely presented component units, were \$490,135 and \$95,827, respectively, with no corresponding bank balances as they are pooled with the City's deposits. AEDC's petty cash balance at September 30, 2015 was \$100.

**CITY OF ALLEN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 2. DEPOSITS, INVESTMENTS AND INVESTMENT POLICIES – CONTINUED

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 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, 2015**

NOTE 2. DEPOSITS, INVESTMENTS AND INVESTMENT POLICIES – CONTINUED

Disclosures Relating To Interest Rate Risk – Continued

As of September 30, 2015, the City had the following investments:

Investment Type	Fair Value				Weighted Avg. Maturity (Years)
	Primary Government	AEDC	ACDC	Total	
FFCB	\$ 10,308,049	\$ 2,891,614	\$ 1,805,948	\$ 15,005,611	2.83
FHLB	7,911,996	2,219,473	1,386,165	11,517,634	3.22
FHLMC	8,605,463	2,414,005	1,507,659	12,527,127	3.00
FNMA	8,252,883	2,315,099	1,445,888	12,013,870	2.81
Municipal Bond	659,105	184,892	115,474	959,471	0.84
Certificates of Deposit	35,661,394	-	-	35,661,394	1.71
Texpool	39,051,310	5,880,184	4,304,102	49,235,596	0.11
Total	<u>\$ 110,450,200</u>	<u>\$ 15,905,267</u>	<u>\$ 10,565,236</u>	<u>\$ 136,920,703</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, 2015.

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, 2015, 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	\$ 12,013,870	8.77%
FFCB	Federal agency securities	15,005,611	10.96%
FHLB	Federal agency securities	11,517,634	8.41%
FHLMC	Federal agency securities	12,527,127	9.15%

**CITY OF ALLEN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

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, 2015, the City's deposits with financial institutions above the federal depository limits were fully collateralized.

NOTE 3. RECEIVABLES

Receivables at September 30, 2015 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	\$ 246,245	\$3,063,112	\$ -	\$ 75,870	\$ -	\$2,288,090	\$ 5,673,317
Debt Service	111,574	-	-	22,146	-	-	133,720
General Capital Projects	-	-	-	50,356	4,401	-	54,757
G.O. Bond Fund	-	-	-	40,603	-	-	40,603
Nonmajor Governmental Funds	-	-	460,436	15,430	-	-	475,866
Water and Sewer	-	-	8,004,489	55,751	-	-	8,060,240
Solid Waste	-	-	300,038	7,116	-	127,762	434,916
Drainage	-	-	68,036	1,504	-	-	69,540
Internal Service Funds	-	-	-	38,623	-	-	38,623
Gross Receivables	357,819	3,063,112	8,832,999	307,399	4,401	2,415,852	14,981,582
Less: Allowance for Uncollectibles	(258,524)	-	(14,581)	-	-	-	(273,105)
Total Net Receivables, Primary Government	<u>\$ 99,295</u>	<u>\$3,063,112</u>	<u>\$ 8,818,418</u>	<u>\$ 307,399</u>	<u>\$ 4,401</u>	<u>\$2,415,852</u>	<u>\$14,708,477</u>
Component Units	<u>\$ -</u>	<u>\$3,063,112</u>	<u>\$ -</u>	<u>\$ 56,645</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,119,757</u>

The Water and Sewer Fund accounts receivable include unbilled charges for services rendered through September 30, 2015.

**CITY OF ALLEN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2015 was as follows:

Governmental Activities

	Balance September 30, 2014	Additions	Dispositions	Adjustments/ Transfers	Balance September 30, 2015
Governmental Funds:-					
General capital assets not being depreciated:					
Land and land improvements	\$ 130,614,642	\$ 1,358,964	\$ -	\$ -	\$ 131,973,606
Construction in progress	9,400,323	7,901,930	-	(3,599,565)	13,702,688
Total capital assets not being depreciated	140,014,965	9,260,894	-	(3,599,565)	145,676,294
General capital assets being depreciated:					
Buildings	131,330,347	-	-	-	131,330,347
Improvements other than buildings	477,197,874	4,079,929	-	3,599,565	484,877,368
Furniture and fixtures	7,973,242	-	-	-	7,973,242
Vehicles	2,445,836	48,377	(17,135)	-	2,477,078
Library books	1,599,188	263,597	-	-	1,862,785
Machinery and equipment	11,044,865	439,610	(62,800)	-	11,421,675
Total capital assets being depreciated	631,591,352	4,831,513	(79,935)	3,599,565	639,942,495
Less accumulated depreciation for:					
Buildings	(25,697,277)	(3,333,460)	-	-	(29,030,737)
Improvements other than buildings	(230,379,245)	(20,458,435)	-	-	(250,837,680)
Furniture and fixtures	(7,379,495)	(539,998)	-	-	(7,919,493)
Vehicles	(2,105,452)	(79,645)	17,135	-	(2,167,962)
Library books	(1,062,336)	(209,522)	-	-	(1,271,858)
Machinery and equipment	(9,347,786)	(810,074)	60,365	-	(10,097,495)
Total accumulated depreciation	(275,971,591)	(25,431,134)	77,500	-	(301,325,225)
Total general capital assets being depreciated, net	355,619,761	(20,599,621)	(2,435)	3,599,565	338,617,270
General capital assets, net	\$ 495,634,726	\$ (11,338,727)	\$ (2,435)	\$ -	\$ 484,293,564

**CITY OF ALLEN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 4. CAPITAL ASSETS – CONTINUED

	Balance September 30, 2014	Additions	Dispositions	Adjustments/ Transfers	Balance September 30, 2015
Internal Service Funds:					
Internal service funds assets not being depreciated:					
Construction in progress	\$ 291,903	\$ 414,284	\$ -	\$ -	\$ 706,187
Total capital assets not being depreciated	<u>291,903</u>	<u>414,284</u>	<u>-</u>	<u>-</u>	<u>706,187</u>
Internal service assets being depreciated:					
Vehicles	10,811,534	1,026,607	(145,090)	-	11,693,051
Machinery and equipment	3,730,730	625,492	(21,069)	-	4,335,153
Total internal service assets being depreciated	<u>14,542,264</u>	<u>1,652,099</u>	<u>(166,159)</u>	<u>-</u>	<u>16,028,204</u>
Less accumulated depreciation for:					
Vehicles	(6,370,118)	(1,163,492)	145,090	-	(7,388,520)
Machinery and equipment	(1,751,251)	(363,141)	21,069	-	(2,093,323)
Total accumulated depreciation	<u>(8,121,369)</u>	<u>(1,526,633)</u>	<u>166,159</u>	<u>-</u>	<u>(9,481,843)</u>
Total Internal service funds capital assets being depreciated, net	<u>6,420,895</u>	<u>125,466</u>	<u>-</u>	<u>-</u>	<u>6,546,361</u>
Total Internal service funds capital assets, net	<u>6,712,798</u>	<u>539,750</u>	<u>-</u>	<u>-</u>	<u>7,252,548</u>
Governmental activities capital assets, net	<u>\$ 502,347,524</u>	<u>\$ (10,798,977)</u>	<u>\$ (2,435)</u>	<u>\$ -</u>	<u>\$ 491,546,112</u>

Business-Type Activities

Water and Sewer Activities:

Capital assets not being depreciated:

Land	\$ 4,072,882	\$ -	\$ -	\$ -	\$ 4,072,882
Construction in progress	4,585,888	2,195,059	-	(4,598,558)	2,182,389
Total capital assets not being depreciated	<u>8,658,770</u>	<u>2,195,059</u>	<u>-</u>	<u>(4,598,558)</u>	<u>6,255,271</u>

Capital Assets Being depreciated:

Towers, tanks, & pumps stations	172,224,009	3,136,580	-	4,598,558	179,959,147
Machinery and equipment	4,844,845	458,689	(71,196)	-	5,232,338
Vehicles	864,128	20,271	(16,444)	-	867,955
Total capital assets being depreciated	<u>177,932,982</u>	<u>3,615,540</u>	<u>(87,640)</u>	<u>4,598,558</u>	<u>186,059,440</u>

Less accumulated depreciation for:

Towers, tanks, & pumps stations	(73,573,785)	(5,331,873)	-	-	(78,905,658)
Machinery and equipment	(3,392,415)	(407,973)	70,391	-	(3,729,997)
Vehicles	(741,327)	(62,262)	13,315	-	(790,274)
Total accumulated depreciation	<u>(77,707,527)</u>	<u>(5,802,108)</u>	<u>83,706</u>	<u>-</u>	<u>(83,425,929)</u>

Total capital assets being depreciated, net	<u>100,225,455</u>	<u>(2,186,568)</u>	<u>(3,934)</u>	<u>4,598,558</u>	<u>102,633,511</u>
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Water and sewer activities
capital assets, net

	<u>\$ 108,884,225</u>	<u>\$ 8,491</u>	<u>\$ (3,934)</u>	<u>\$ -</u>	<u>\$ 108,888,782</u>
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**CITY OF ALLEN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 4. CAPITAL ASSETS – CONTINUED

	Balance September 30, 2014	Additions	Dispositions	Balance September 30, 2015
Solid Waste Activities:				
Capital assets being depreciated:				
Machinery and equipment	\$ 8,392	\$ 6,245	\$ (2,042)	\$ 12,595
Vehicles	12,923	-	-	12,923
Total capital assets being depreciated	<u>21,315</u>	<u>6,245</u>	<u>(2,042)</u>	<u>25,518</u>
Less accumulated depreciation for:				
Machinery and equipment	(8,392)	(625)	2,042	(6,975)
Vehicles	(12,923)	-	-	(12,923)
Total accumulated depreciation	<u>(21,315)</u>	<u>(625)</u>	<u>2,042</u>	<u>(19,898)</u>
Solid waste activities capital assets, net	<u>\$ -</u>	<u>\$ 5,620</u>	<u>\$ -</u>	<u>\$ 5,620</u>
Drainage Activities:				
Capital assets being depreciated:				
Other improvements	\$ 496,132	\$ -	\$ -	\$ 496,132
Vehicles	31,379	-	-	31,379
Machinery and equipment	430,346	24,943	(9,900)	445,389
Total capital assets being depreciated	<u>957,857</u>	<u>24,943</u>	<u>(9,900)</u>	<u>972,900</u>
Less accumulated depreciation for:				
Other improvements	(141,036)	(12,264)	-	(153,300)
Vehicles	(31,379)	-	-	(31,379)
Machinery and equipment	(407,314)	(10,475)	9,900	(407,889)
Total accumulated depreciation	<u>(579,729)</u>	<u>(22,739)</u>	<u>9,900</u>	<u>(592,568)</u>
Drainage activities capital assets, net	<u>\$ 378,128</u>	<u>\$ 2,204</u>	<u>\$ -</u>	<u>\$ 380,332</u>
Golf Course Activities:				
Capital assets being depreciated:				
Machinery and equipment	\$ 937,453	\$ 85,822	\$ -	\$ 1,023,275
Total capital assets being depreciated	<u>937,453</u>	<u>85,822</u>	<u>-</u>	<u>1,023,275</u>
Less accumulated depreciation for:				
Machinery and equipment	(501,870)	(123,851)	-	(625,721)
Total accumulated depreciation	<u>(501,870)</u>	<u>(123,851)</u>	<u>-</u>	<u>(625,721)</u>
Golf course activities capital assets, net	<u>435,583</u>	<u>(38,029)</u>	<u>-</u>	<u>397,554</u>
Business-type activities capital assets, net	<u>\$109,697,936</u>	<u>\$ (21,714)</u>	<u>\$ (3,934)</u>	<u>\$ 109,672,288</u>

**CITY OF ALLEN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 4. CAPITAL ASSETS – CONTINUED

	Balance September 30, 2014	Additions	Dispositions	Balance September 30, 2015
Component Units:				
Capital assets not being depreciated:				
Land	\$ 3,973,042	\$ 6,013,633	\$ (993,589)	\$ 8,993,086
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	(2,333,240)	(153,333)	-	(2,486,573)
Furniture and fixtures	(66,075)	-	-	(66,075)
Total accumulated depreciation	<u>(2,399,315)</u>	<u>(153,333)</u>	<u>-</u>	<u>(2,552,648)</u>
Total capital assets being depreciated, net	<u>795,449</u>	<u>(153,333)</u>	<u>-</u>	<u>642,116</u>
Component units capital assets, net	<u>\$ 4,768,491</u>	<u>\$ 5,860,300</u>	<u>\$ (993,589)</u>	<u>\$ 9,635,202</u>

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

Governmental activities:	
General government	\$ 821,852
Public safety	873,479
Public works	14,051,181
Culture and recreation	9,655,921
Community development	<u>28,701</u>
Total depreciation expense - General capital assets	25,431,134
Internal Service Funds	<u>1,526,633</u>
Total depreciation expense - Governmental activities	<u>\$ 26,957,767</u>

**CITY OF ALLEN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 4. CAPITAL ASSETS – CONTINUED

Water and sewer	\$ 5,802,108
Solid waste	625
Drainage utility	22,739
Golf course	<u>123,851</u>
Total depreciation expense - Business-type activities	<u>5,949,323</u>
Component units:	
Allen Economic Development Corporation	<u>\$ 153,333</u>

Outstanding commitments at September 30, 2015, under authorized construction contracts were \$4,686,175. 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, 2015, bonds payable consisted of the following individual issues:

General Obligation Bonds:

\$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%.	\$ 1,035,000
\$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%.	1,030,000
\$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%.	970,000

CITY OF ALLEN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015

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%.	\$ 11,720,000
\$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%.	9,570,000
\$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%.	6,195,000
\$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%.	5,895,000
\$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%.	12,315,000
\$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%.	4,655,000
\$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%.	10,220,000
\$32,245,000 Series 2015 Refunding and Improvement Bonds due in annual installments of \$160,000 to \$3,605,000 through August 15, 2034; interest at 2.0% to 5.0%.	32,085,000
	<u>\$ 95,690,000</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%.	\$ 490,000
	<u>\$ 490,000</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%.	\$ 210,000
\$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%.	2,395,000
\$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%.	3,115,000
\$1,280,000 Series 2014 Refunding Bonds due installments \$105,000 to \$265,000 through June 1, 2024; interest at 2.1%.	1,015,000
	<u>\$ 6,735,000</u>

**CITY OF ALLEN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

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%.	\$ 11,690,000
\$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%.	3,300,000

AEDC Promissory Note:

\$4,400,000 Promissory Note due in annual installments of \$679,853 through June 11, 2022; interest at 2.00%.	<u>4,400,000</u>
	<u>\$ 20,995,000</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%.	\$ 2,295,000
\$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>29,170,000</u>
	<u>\$ 31,465,000</u>

The following is a summary of long-term debt transactions, including current portion, of the City for the year ended September 30, 2015:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due Within One Year
Governmental Activities					
General Obligation Bonds	\$ 99,245,000	\$ 32,245,000	\$ (35,800,000)	\$ 95,690,000	\$ 9,095,000
Certificates of Obligation	530,000	-	(40,000)	490,000	40,000
Capital lease payable	7,537	-	(7,537)	-	-
Premiums/discounts	4,608,112	3,772,133	(1,121,496)	7,258,749	-
Compensated absences	4,996,425	3,388,039	(2,857,292)	5,527,172	3,055,075
Municipal pension obligation	234,922	-	(234,922)	-	-
Net pension liability	<u>-</u>	<u>18,740,452</u>	<u>-</u>	<u>18,740,452</u>	<u>-</u>
Governmental activity long-term debt	<u>\$ 109,621,996</u>	<u>\$ 58,145,624</u>	<u>\$ (40,061,247)</u>	<u>\$ 127,706,373</u>	<u>\$ 12,190,075</u>

**CITY OF ALLEN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 5. LONG-TERM DEBT – CONTINUED

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	\$ 8,015,000	\$ -	\$ (1,280,000)	\$ 6,735,000	\$ 975,000
Capital lease payable	435,582	57,023	(121,794)	370,811	131,471
Premiums/discounts	255,911	-	(30,022)	225,889	-
Net pension liability	-	2,327,709	-	2,327,709	-
Compensated absences	576,120	395,572	(339,872)	631,820	586,496
Business-type activity long-term debt	<u>\$ 9,282,613</u>	<u>\$ 2,780,304</u>	<u>\$ (1,771,688)</u>	<u>\$ 10,291,229</u>	<u>\$ 1,692,967</u>
Component Unit					
Allen Community Development Corporation					
Sales Tax Revenue Bonds	\$ 32,600,000	\$ -	\$ (1,135,000)	\$ 31,465,000	\$ 1,190,000
Premiums/discounts	(126,580)	-	(1,991)	(128,571)	-
ACDC long-term debt	<u>\$ 32,473,420</u>	<u>\$ -</u>	<u>\$ (1,136,991)</u>	<u>\$ 31,336,429</u>	<u>\$ 1,190,000</u>
Allen Economic Development Corporation					
Sales Tax Revenue Bonds	\$ 17,465,000	\$ -	\$ (870,000)	\$ 16,595,000	\$ 900,000
Note payable	-	4,400,000	-	4,400,000	591,852
Premiums/discounts	(40,840)	-	3,065	(37,775)	-
AEDC long-term debt	<u>\$ 17,424,160</u>	<u>\$ 4,400,000</u>	<u>\$ (866,935)</u>	<u>\$ 20,957,225</u>	<u>\$ 1,491,852</u>
Component unit long-term debt	<u>\$ 49,897,580</u>	<u>\$ 4,400,000</u>	<u>\$ (2,003,926)</u>	<u>\$ 52,293,654</u>	<u>\$ 2,681,852</u>

Advance Refunding

In 2015, the City issued \$32,245,000 of general obligation refunding and improvement bonds to provide resources to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$26,525,000 of general obligation bonds in addition to providing \$7,865,000 for projects. As a result, the refunded bonds are considered defeased and the liability has been removed from the governmental activities column of the statement of net position. This amount is being amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. The advance refunding was undertaken to reduce total debt service payments over the next 13 years by \$\$2,390,620 and resulted in an economic gain of \$2,042,089.

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, 2015, are on the following pages.

**CITY OF ALLEN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 5. LONG-TERM DEBT – CONTINUED

Annual Requirements to Retire Debt Obligations – Continued

General Obligation Bonds

Annual debt service requirements to maturity for general obligation bonds, including interest, are as follows:

Governmental Activities			
Fiscal Year Ending	Principal	Interest	Total
September 30			
2016	\$ 9,095,000	\$ 3,640,225	\$ 12,735,225
2017	8,715,000	3,405,170	12,120,170
2018	9,015,000	3,117,196	12,132,196
2019	8,570,000	2,743,714	11,313,714
2020	7,810,000	2,393,933	10,203,933
2021 - 2025	29,860,000	7,841,820	37,701,820
2026 - 2030	17,820,000	2,594,591	20,414,591
2031 - 2034	4,805,000	373,019	5,178,019
Total	<u>\$ 95,690,000</u>	<u>\$ 26,109,668</u>	<u>\$ 121,799,668</u>

Certificates of Obligation

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

Governmental Activities			
Fiscal Year Ending	Principal	Interest	Total
September 30			
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	55,000	16,820	71,820
2021 - 2025	255,000	35,845	290,845
Total	<u>\$ 490,000</u>	<u>\$ 144,325</u>	<u>\$ 634,325</u>

Water and Sewer Revenue Bonds

Revenue bond debt service requirements to maturity, including interest, are as follows:

Business-type Activities			
Fiscal Year Ending	Principal	Interest	Total
September 30			
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	455,000	74,177	529,177
2021 - 2025	2,195,000	175,366	2,370,366
Total	<u>\$ 6,735,000</u>	<u>\$ 867,301</u>	<u>\$ 7,602,301</u>

**CITY OF ALLEN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 5. LONG-TERM DEBT – CONTINUED

Annual Requirements to Retire Debt Obligations – Continued

AEDC Sales Tax and Revenue Bonds

Sales Tax Revenue bond debt service requirements to maturity, including interest, are as follows:

AEDC			
Fiscal Year Ending September 30	Principal	Interest	Total
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	1,050,000	549,466	1,599,466
2021 - 2025	5,945,000	2,041,462	7,986,462
2026 - 2030	3,950,000	954,529	4,904,529
2031 - 2032	1,840,000	125,100	1,965,100
Total	<u>\$ 16,595,000</u>	<u>\$ 6,245,095</u>	<u>\$ 22,840,095</u>

AEDC Note Payable

The note payable debt service requirements to maturity, including interest, are as follows:

AEDC			
Fiscal Year Ending September 30	Principal	Interest	Total
2016	\$ 591,852	\$ 88,000	\$ 679,852
2017	603,690	76,163	679,853
2018	615,763	64,089	679,852
2019	628,080	51,774	679,854
2020	640,640	39,212	679,852
2021 - 2025	1,319,975	39,730	1,359,705
Total	<u>\$ 4,400,000</u>	<u>\$ 358,968</u>	<u>\$ 4,758,968</u>

ACDC Sales Tax and Revenue Bonds

Sales Tax Revenue bond debt service requirements to maturity, including interest, are as follows:

ACDC			
Fiscal Year Ending September 30	Principal	Interest	Total
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	1,435,000	1,514,420	2,949,420
2021 - 2025	8,420,000	6,337,558	14,757,558
2026 - 2030	11,090,000	3,673,258	14,763,258
2031 - 2032	5,410,000	491,700	5,901,700
Total	<u>\$ 31,465,000</u>	<u>\$ 18,712,775</u>	<u>\$ 50,177,775</u>

**CITY OF ALLEN, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED SEPTEMBER 30, 2015**

NOTE 5. LONG-TERM DEBT – CONTINUED

Annual Requirements to Retire Debt Obligations – Continued

A schedule of authorized but unissued direct General Obligation Bonds as of September 30, 2015, is as follows:

Purpose	Date of Authorization	Original Amount Authorized	Issued in Prior Fiscal Years	Issued in 2015	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	1,450,000	250,000	-
Streets	5/12/2007	27,200,000	25,250,000	1,950,000	-
Parks	5/12/2007	17,250,000	13,800,000	3,450,000	-
Public Art Projects	5/12/2007	1,390,000	1,155,000	235,000	-
Public Safety	5/12/2007	15,855,000	13,875,000	1,980,000	-
		<u>\$ 97,395,000</u>	<u>\$ 70,845,000</u>	<u>\$ 7,865,000</u>	<u>\$ 18,685,000</u>

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 \$344,421 at September 30, 2015 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, 2015 of \$1,385,613 are adequate to meet the reserve requirements.

**CITY OF ALLEN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 5. LONG-TERM DEBT – CONTINUED

Annual Requirements to Retire Debt Obligations – Continued

Water and Sewer Revenue Bonds – Continued

At September 30, 2015, restricted assets, which include Water and Sewer Revenue Bond Debt Service and Reserve Funds, were as follows:

Revenue bond debt service	\$ 880,633
Revenue bond reserve fund	504,980
	<u>\$ 1,385,613</u>

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

Restricted assets, revenue bond debt	
Service and reserve funds	\$ 1,385,613
Accrued interest, payable from restricted assets	(66,192)
Current maturities of revenue bonds, payable from restricted assets	<u>(975,000)</u>
Reserved for revenue bond principal and interest	<u>\$ 344,421</u>

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, 2015 was 6.52 times.

Capital Leases

The City acquired office equipment under various leases accounted for as capital leases. As of September 30, 2015, the capitalized costs of the Governmental leased property and Business-type leased property under capital leases were \$851,183 and \$1,023,275, 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, 2015 are as follows:

Fiscal Year Ending September 30,	Business-type Activities		
	Principal	Interest	Total
2016	\$ 131,471	\$ 11,664	\$ 143,135
2017	132,013	6,673	138,686
2018	89,018	1,928	90,946
2019	12,011	470	12,481
2020	6,298	75	6,373
Total	<u>\$ 370,811</u>	<u>\$ 20,810</u>	<u>\$ 391,621</u>

**CITY OF ALLEN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 5. LONG-TERM DEBT – CONTINUED

Annual Requirements to Retire Debt Obligations – Continued

Operating Leases

The City leases machinery and equipment under non-cancelable operating leases. Total costs for such leases were \$366,769 for the fiscal year ended September 30, 2015. Future minimum lease payments, by year and in the aggregate, under the non-cancelable lease commitments are as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Amount</u>
2016	\$ 275,046
2017	86,030
2018	65,280
2019	16,510
Total	<u>\$ 442,866</u>

NOTE 6. INTERFUND TRANSFERS

All interfund transfers between the various funds are approved supplements to the operations of those funds. Individual fund operating transfers for fiscal year 2015 were as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Funds:		
General Fund	\$ 5,353,099	\$ 4,452,116
General Capital Projects	3,646,149	-
General Obligation Bonds	-	370,655
Debt Service Fund	643,257	-
Total Major Governmental Funds	<u>9,642,505</u>	<u>4,822,771</u>
Nonmajor Governmental Funds:		
Grants and Special Revenue	69,060	-
Hotel Occupancy Tax	-	25,000
Total Nonmajor Governmental Funds	<u>69,060</u>	<u>25,000</u>
Major Enterprise Funds		
Water and Sewer Fund	38,249	4,898,578
Solid Waste Fund	-	1,337,526
Drainage Utility Fund	-	606,278
Golf Course Fund	554,644	-
Total Major Enterprise Funds	<u>592,893</u>	<u>6,842,382</u>
Internal Service Funds:		
Replacement Fund	895,851	-
Risk Management Fund	489,844	-
Total Internal Service Funds	<u>1,385,695</u>	<u>-</u>
Total Transfers	<u>\$ 11,690,153</u>	<u>\$ 11,690,153</u>

**CITY OF ALLEN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 6. INTERFUND TRANSFERS – CONTINUED

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 \$9,711,565 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 \$4,847,771 include cash financing of capital projects, support of programs recorded in non-major governmental funds and internal service funds.
- Proprietary funds: Total enterprise funds transfers in of \$592,893 mainly represent amounts transferred into the Golf Course to support operations. The total transfer out of \$6,842,382 represents 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 \$1,385,695 represents the amounts needed for Fire department SCBA, and administrative support for the Risk Management Fund.

NOTE 7. RETIREMENT PLAN

Plan Description

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

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

Benefits Provided

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

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

At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are 200% of the employee's accumulated contributions.

**CITY OF ALLEN, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED SEPTEMBER 30, 2015**

NOTE 7. RETIREMENT PLAN – CONTINUED

Beginning in 1993, the City granted an annually repeating (automatic) basis a monetary credit referred to as an updated service credit (USC) which is a theoretical amount which takes into account salary increases or plan improvements. If at any time during their career an employee earns a USC, this amount remains in their account earning interest at 5% until retirement. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer match plus employer-financed monetary credits, such as USC, with interest were used to purchase an annuity. Additionally, initiated in 1993, the City provided on an annually repeating (automatic) basis cost of living adjustments (COLA) for retirees equal to a percentage of the change in the consumer price index (CPI).

A summary of plan provisions for the City are as follows:

Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	20 years at any age, 5 years at age 60 and above
Updated Service Credit	75% Repeating
Annuity Increase to retirees	50% of CPI Repeating

Employees covered by benefit terms –

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

Inactive employees or beneficiaries currently receiving benefits	149
Inactive employees entitled to, but not yet receiving benefits	311
Active employees	689
Total	<u>1149</u>

Contributions

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

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. For fiscal year 2015, the City made contributions of 13.95%, which provided for an additional voluntary contribution of .65 percentage points over the required contribution of 13.30% for the months in 2014 and 1.50 percentage points over the actuarially required contribution of 12.45% for the months in 2015.

Net Pension Liability

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

**CITY OF ALLEN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 7. RETIREMENT PLAN – CONTINUED

Actuarial assumptions –

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

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

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

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
Total	100.0%	

**CITY OF ALLEN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 7. RETIREMENT PLAN – CONTINUED

Discount Rate –

The discount rate used to measure the Total Pension Liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee contributions will remain at the current 7% and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2013	\$ 137,679,525	\$ 116,193,427	\$ 21,486,098
Changes for the year:			
Service cost	6,407,942	-	6,407,942
Interest	9,749,386	-	9,749,386
Change of benefit terms	-	-	-
Difference between expected and actual experience	(1,791,341)	-	(1,791,341)
Contributions - employer	-	5,455,902	(5,455,902)
Contributions - employee	-	2,754,779	(2,754,779)
Net investment income	-	6,648,346	(6,648,346)
Benefit payments, including refunds of employee contributions	(3,213,118)	(3,213,118)	-
Administrative expense	-	(69,397)	69,397
Other changes	-	(5,706)	5,706
Net changes	<u>11,152,869</u>	<u>11,570,806</u>	<u>(417,937)</u>
Balance at 12/31/2014	<u>\$ 148,832,394</u>	<u>\$ 127,764,233</u>	<u>\$ 21,068,161</u>

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

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

	1% Decrease in Discount Rate (6.0%)	Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
City's net pension liability	\$ 46,628,160	\$ 21,068,161	\$ 506,112

Pension Plan Fiduciary Net Position –

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

**CITY OF ALLEN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 7. RETIREMENT PLAN – CONTINUED

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

For the year ended September 30, 2015, the City recognized pension expense of \$5,341,681.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (1,491,871)
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	1,188,155	-
Contributions subsequent to the measurement date	4,708,432	-
Total	<u>\$ 5,896,587</u>	<u>\$ (1,491,871)</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$4,708,432 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2015 (i.e. recognized in the city's financial statements September 30, 2016). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Measurement year ended December 31:</u>	
2015	\$ (2,431)
2016	(2,431)
2017	(2,431)
2018	(2,432)
2019	<u>(293,991)</u>
Total	<u>\$ (303,716)</u>

**CITY OF ALLEN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

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, 2015, the cost of water purchased under this contract was \$12,383,088.

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 2015, the cost for transportation, treatment and disposal of sewage and other wastes was \$6,849,761.

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, 2015, 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, 2015**

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, 2015 was \$983,434. 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
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
2015	935,264	7,393,719	7,345,549	983,434

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 2015, the City contributed \$290,059 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 2015, the City contributed \$590,845 for property and general liability.

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.

**CITY OF ALLEN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS (OPEB) – CONTINUED

Program Description – Continued

Current OPEB benefits are made on a pay-as-you-go basis from the Risk Management Fund. In 2014, retirees paid \$181,216 in the form of premiums and incurred \$313,559 in expenses. In 2015, retirees paid \$128,370 in the form of premiums and incurred \$287,229 in expenses.

Funding Policy

In October 2014, an actuarial study update was completed. This study estimated the actuarial accrued liability increased slightly from \$2,790,177 to \$970,603; therefore, the annual required contribution (ARC) decreased from \$217,491 to (\$25,684). 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 \$4,923,896 available in the Risk Management Fund exceeds the \$970,603 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.

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)	\$ (25,684)
Interest on net OPEB obligation	(5,764)
Adjustment to the ARC	7,499
Annual OPEB cost	<u>(23,949)</u>
Contributions made	<u>(217,540)</u>
Increase in OPEB obligation (asset)	(241,489)
Net OPEB obligation (asset), beginning of the year	<u>(115,284)</u>
Net OPEB obligation (asset), end of the year	<u><u>\$ (356,773)</u></u>

**CITY OF ALLEN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS (OPEB) – CONTINUED

Annual OPEB costs and NET OPEB Obligation – Continued

Three-Year Trend Information:

Fiscal Year	Annual OPEB Cost	Actual Contribution Made	Percentage of OPEB Contributed	Net OPEB Asset
2013	\$ 217,592	\$ 325,000	149%	\$ (114,161)
2014	\$ 218,877	\$ 220,000	101%	\$ (115,284)
2015	\$ (23,949)	\$ 217,540	908%	\$ (356,773)

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	5.8% Medical inflation and 5.52% dental inflation

Schedule of Funding Information

Actuarial valuation date	10/1/14
Actuarial value of assets	\$1,365,426
Actuarial Accrued Liability (AAL)	\$970,603
Funded Ratio	140.7
Unfunded Actuarial Accrued Liability (UAAL)	(\$394,823)
Annual covered payroll	\$40,214,969
UAAL as % of covered payroll	(.010%)

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.

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS (OPEB) – CONTINUED

Annual OPEB costs and NET OPEB Obligation – Continued

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 2015, 2014, and 2013 were \$56,423, \$50,597, and \$49,157, respectively, which equals the required contributions (ARC) each year.

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.

CITY OF ALLEN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015

NOTE 13. CUMULATIVE CHANGE IN ACCOUNTING PRINCIPLE

The City implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27" and Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68". These statements change the focus of pension accounting for employers from whether they are responsibly funding their plan over time to a point-in-time liability that is reflected in the employer's financial statements for any actuarially unfunded portion of pension benefits earned to date.

The implementation of Statement Nos. 68 and 71 resulted restatement of beginning net position for the elimination of the previously reported net pension obligation, the recording of the beginning net pension liability and the beginning deferred outflow for contributions made after the measurement date. Applying this change results in the adjustment below:

	<u>Government-wide Statements</u>		<u>Fund Statements</u>			
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Water and Sewer</u>	<u>Solid Waste</u>	<u>Drainage</u>	<u>Golf</u>
Net position at September 30, 2014, as previously reported	\$469,593,847	\$134,924,738	\$128,766,772	\$ 3,615,213	\$1,193,035	\$ 211,117
Elimination of net pension obligation, as of September 30, 2014	234,922	-				
Recording of net pension liability, as of September 30, 2014	(19,112,211)	(2,373,885)	(1,585,404)	(177,333)	(164,698)	(446,448)
Deferral for pension contributions, made after the measurement date	<u>3,856,035</u>	<u>478,950</u>	<u>319,867</u>	<u>35,778</u>	<u>33,229</u>	<u>90,074</u>
Net position, beginning of year, as restated	<u>\$454,572,593</u>	<u>\$133,029,803</u>	<u>\$127,501,235</u>	<u>\$ 3,473,658</u>	<u>\$1,061,566</u>	<u>\$(145,257)</u>

**REQUIRED SUPPLEMENTARY
INFORMATION**



**CITY OF ALLEN, TEXAS
 SCHEDULE OF OPEB FUNDING PROGRESS AND CONTRIBUTIONS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015**

EXHIBIT A-1

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
10/1/2012	2013	678,092	2,790,177	2,112,085	24.3%	34,304,723	6.2%
10/1/2013	2014	1,065,372	2,790,177	1,724,805	38.2%	35,875,962	4.8%
10/1/2014	2015	1,365,426	970,603	(394,823)	140.7%	40,214,969	-1.0%

*Actuarial Accrued Liability

**Unfunded Actuarial Accrued Liability

**CITY OF ALLEN, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FOR THE MEASUREMENT YEAR ENDED DECEMBER 31, 2014**

EXHIBIT A-2

	<u>2014*</u>
Total pension liability	
Service cost	\$ 6,407,942
Interest (on the total pension liability)	9,749,386
Changes in benefit terms	-
Diferrence in expected and actual experience	(1,791,341)
Change in assumptions	-
Benefit payments, including refunds of employee contributions	<u>(3,213,118)</u>
Net change in total pension liability	11,152,869
Total pension liability, beginning of year	137,679,525
Total pension liability, ending of year	<u><u>\$ 148,832,394</u></u>
Plan fiduciary net position	
Contributions -employer	\$ 5,455,902
Contributions -employee	2,754,779
Net investment income	6,648,346
Benefit payments, including refunds of employee contributions	(3,213,118)
Administrative expense	(69,397)
Other	<u>(5,706)</u>
Net change in plan fiduciary net position	11,570,806
Plan fiduciary net position - beginning	116,193,427
Plan fiduciary net position - ending	<u><u>\$ 127,764,233</u></u>
Net pension liability - ending	\$ 21,068,161
Plan fiduciary net postion as a % of total pension liability	83.51%
Covered employee payroll	\$ 39,335,988
Net pension liability as a % of covered employee payroll	53.56%

* The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**CITY OF ALLEN, TEXAS
SCHEDULE OF CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

EXHIBIT A-3

	2015*
Actuarially determined contributions	\$ 5,785,220
Actual contributions	(5,797,651)
Contributions deficiency (excess)	\$ (12,431)
City covered employee payroll	\$ 39,335,988
Ratio of actual contributions to covered payroll amount	14.74%

* The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to Schedule

Valuation Date Actuarial determined contribution rates are calculated as of December 31st each year and become effective in January, 12 months and a day later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	19 years
Asset Valuation Method	10 year smoothed market; 15% soft corridor
Inflation	3.0%
Salary Increases	3.5% to 12.0% including inflation
Investment Rate of Return	7.0%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005 - 2009.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

**CITY OF ALLEN, TEXAS
GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

EXHIBIT A-4

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
REVENUES				
Ad valorem taxes, penalties and interest	\$ 36,362,212	\$ 36,395,038	\$ 36,623,546	\$ 228,508
Municipal sales tax	17,702,308	17,952,931	17,704,665	(248,266)
Franchise taxes	7,057,329	7,230,686	7,412,447	181,761
Licenses, permits and fees	1,862,700	2,283,700	2,993,829	710,129
Charge for services	12,632,749	11,609,463	11,454,620	(154,843)
Fines	1,987,912	1,654,295	1,805,230	150,935
Gifts and contributions	590,950	612,315	797,103	184,788
Investment earnings	139,900	162,000	204,791	42,791
Miscellaneous	1,317,894	1,399,467	1,528,999	129,532
Total revenues	<u>79,653,954</u>	<u>79,299,895</u>	<u>80,525,230</u>	<u>1,225,335</u>
EXPENDITURES				
Current:				
General government	25,295,377	24,775,304	22,990,334	1,784,970
Public safety	30,494,441	30,754,623	30,454,701	299,922
Public works	3,461,346	3,999,212	3,428,366	570,846
Culture and recreation	22,756,453	21,940,468	21,134,475	805,993
Community development	2,299,780	2,281,329	2,199,241	82,088
Total expenditures	<u>84,307,397</u>	<u>83,750,936</u>	<u>80,207,117</u>	<u>3,543,819</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,653,443)</u>	<u>(4,451,041)</u>	<u>318,113</u>	<u>4,769,154</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	5,353,099	5,353,099	5,353,099	-
Transfers out	(767,990)	(1,052,116)	(4,452,116)	(3,400,000)
Sale of capital assets	8,000	11,500	17,086	5,586
Total other financing sources (uses)	<u>4,593,109</u>	<u>4,312,483</u>	<u>918,069</u>	<u>(3,394,414)</u>
NET CHANGE IN FUND BALANCE	<u>(60,334)</u>	<u>(138,558)</u>	<u>1,236,182</u>	<u>1,374,740</u>
FUND BALANCES, BEGINNING OF YEAR	<u>19,152,440</u>	<u>19,152,440</u>	<u>19,152,440</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 19,092,106</u>	<u>\$ 19,013,882</u>	<u>\$ 20,388,622</u>	<u>\$ 1,374,740</u>

**CITY OF ALLEN, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2015**

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.



CITY OF ALLEN

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**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**



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.

**CITY OF ALLEN, TEXAS
COMPARATIVE BALANCE SHEETS
GENERAL FUND
SEPTEMBER 30, 2015 AND 2014**

EXHIBIT B-1

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 7,478,648	\$ 7,237,090
Investments	13,151,416	11,495,067
Receivables:		
Ad valorem taxes (net of allowances for uncollectibles of \$173,266 in 2015 and \$268,708 in 2014)	72,979	101,053
Sales taxes	3,063,112	2,872,313
Other, net	2,288,090	2,021,206
Accrued interest	75,870	72,267
Prepaid items	1,486	4,767
TOTAL ASSETS	<u>\$ 26,131,601</u>	<u>\$ 23,803,763</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ 3,948,273	\$ 3,017,140
Accrued liabilities	1,719,327	1,532,630
Unearned revenue	2,400	500
TOTAL LIABILITIES	<u>5,670,000</u>	<u>4,550,270</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue- property taxes	72,979	101,053
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>72,979</u>	<u>101,053</u>
FUND BALANCES		
Nonspendable		
Prepaid items	1,486	4,767
Restricted		
Court technology	11,861	25,614
Juvenile case manager	-	-
PEG fees	674,527	632,143
Photo red light enforcement	34,790	38,340
Child safety fees	-	-
Cemetery trust	58,007	56,141
Assigned		
Facilities maintenance	914,805	600,000
Other	6,225	148,200
Unassigned	18,686,921	17,647,235
TOTAL FUND BALANCES	<u>20,388,622</u>	<u>19,152,440</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 26,131,601</u>	<u>\$ 23,803,763</u>

**CITY OF ALLEN, TEXAS
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GENERAL FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

EXHIBIT B-2

	<u>2015</u>	<u>2014</u>
REVENUES		
Ad valorem taxes, penalties and interest	\$ 36,623,546	\$ 33,936,634
Franchise taxes	7,412,447	6,973,705
Municipal sales tax	17,704,665	17,592,860
Licenses, permits and fees	2,993,829	2,863,226
Charges for services	11,454,620	10,300,677
Fines	1,805,230	2,160,168
Gifts and contributions	797,103	815,408
Intergovernmental	11,826	11,826
Investment earnings	204,791	154,788
Miscellaneous	1,517,173	2,023,573
Total revenues	<u>80,525,230</u>	<u>76,832,865</u>
EXPENDITURES		
Current:		
General government	22,982,774	20,469,625
Public safety	30,454,701	29,025,421
Public works	3,428,366	3,489,328
Culture and recreation	21,134,475	20,326,175
Community development	2,199,241	2,031,281
Debt service:		
Principal retirement	7,537	9,986
Interest and fiscal charges	23	94
Total expenditures	<u>80,207,117</u>	<u>75,351,910</u>
Excess of revenues over expenditures	<u>318,113</u>	<u>1,480,955</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	5,353,099	5,314,988
Transfers out	(4,452,116)	(4,191,984)
Sale of capital assets	17,086	15,829
Total other financing sources (uses)	<u>918,069</u>	<u>1,138,833</u>
NET CHANGE IN FUND BALANCES	1,236,182	2,619,788
FUND BALANCE, BEGINNING OF YEAR	<u>19,152,440</u>	<u>16,532,652</u>
FUND BALANCE, END OF YEAR	<u>\$ 20,388,622</u>	<u>\$ 19,152,440</u>

**CITY OF ALLEN, TEXAS
 COMPARATIVE BALANCE SHEETS
 DEBT SERVICE FUND
 SEPTEMBER 30, 2015 AND 2014**

EXHIBIT B-3

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 1,270,446	\$ 668,533
Investments	667	200,427
Receivables:		
Ad valorem taxes (net of allowances for uncollectibles of \$85,258 in 2015 and \$121,529 in 2014)	26,316	32,096
Accrued interest receivable	<u>22,146</u>	<u>20,742</u>
Total assets	<u>\$ 1,319,575</u>	<u>\$ 921,798</u>
DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	<u>26,316</u>	<u>\$ 32,096</u>
Total deferred inflows of resources	<u>26,316</u>	<u>32,096</u>
FUND BALANCE		
Restricted for debt service	<u>1,293,259</u>	<u>889,702</u>
TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 1,319,575</u>	<u>\$ 921,798</u>

**CITY OF ALLEN, TEXAS
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 DEBT SERVICE FUND
 FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

EXHIBIT B-4

	<u>2015</u>	<u>2014</u>
REVENUES		
Ad valorem taxes	\$ 13,010,674	\$ 11,678,213
Investment earnings	39,926	46,941
Total revenues	<u>13,050,600</u>	<u>11,725,154</u>
EXPENDITURES		
Principal retirement	9,315,000	8,355,000
Interest and fiscal charges	4,247,446	3,882,300
Total expenditures	<u>13,562,446</u>	<u>12,237,300</u>
Deficiency of revenues under expenditures	<u>(511,846)</u>	<u>(512,146)</u>
OTHER FINANCING SOURCES (USES)		
Issuance of refunding bonds	24,815,000	-
Premium on issuance of bonds	3,239,156	-
Payment to refund bond escrow agent	(27,782,010)	-
Transfers in	643,257	500,000
Total other financing sources (uses)	<u>915,403</u>	<u>500,000</u>
NET CHANGE IN FUND BALANCES	403,557	(12,146)
FUND BALANCES, BEGINNING OF YEAR	<u>889,702</u>	<u>901,848</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,293,259</u>	<u>\$ 889,702</u>

**CITY OF ALLEN, TEXAS
 BUDGETARY COMPARISON SCHEDULE
 DEBT SERVICE FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2015**

EXHIBIT B-5

	BUDGETED AMOUNTS			VARIANCE
	ORIGINAL	FINAL	ACTUAL	WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Ad valorem taxes	\$ 12,977,448	\$ 12,977,448	\$ 13,010,674	\$ 33,226
Investment earnings	43,700	36,500	39,926	3,426
Total revenues	13,021,148	13,013,948	13,050,600	36,652
EXPENDITURES				
Principal retirement	8,355,000	9,315,000	9,315,000	-
Interest and fiscal charges	3,935,300	3,652,618	4,247,446	(594,828)
Total expenditures	12,290,300	12,967,618	13,562,446	(594,828)
OTHER FINANCING SOURCES				
Issuance of refunding bonds	-	-	24,815,000	24,815,000
Premium on issuance of bonds	-	-	3,239,156	3,239,156
Payment to refund bond escrow agent	-	-	(27,782,010)	(27,782,010)
Transfers in	500,000	643,257	643,257	-
Total other financing sources	500,000	643,257	915,403	272,146
NET CHANGE IN FUND BALANCES	1,230,848	689,587	403,557	(286,030)
FUND BALANCE, BEGINNING OF YEAR	889,702	889,702	889,702	-
FUND BALANCE, END OF YEAR	\$ 2,120,550	\$ 1,579,289	\$ 1,293,259	\$ (286,030)

**CITY OF ALLEN, TEXAS
 COMPARATIVE BALANCE SHEETS
 GENERAL CAPITAL PROJECTS FUND
 SEPTEMBER 30, 2015 AND 2014**

EXHIBIT B-6

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 10,664,833	\$ 7,973,437
Investments	13,214,488	12,207,442
Accrued interest receivable	50,356	45,684
Special assessments receivable	4,401	187,557
	<u>4,401</u>	<u>187,557</u>
Total assets	<u>\$ 23,934,078</u>	<u>\$ 20,414,120</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 1,085,231	\$ 1,234,030
Retainage payable	79,736	235,885
Accrued liabilities	385,809	571,237
	<u>385,809</u>	<u>571,237</u>
Total liabilities	<u>1,550,776</u>	<u>2,041,152</u>
FUND BALANCES		
Restricted for capital projects	<u>22,383,302</u>	<u>18,372,968</u>
Total fund balances	<u>22,383,302</u>	<u>18,372,968</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 23,934,078</u>	<u>\$ 20,414,120</u>

**CITY OF ALLEN, TEXAS
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 GENERAL CAPITAL PROJECTS FUND
 FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

EXHIBIT B-7

	<u>2015</u>	<u>2014</u>
REVENUES		
Charges for services	\$ 279,724	\$ 279,876
Intergovernmental	2,621,300	1,048,596
Investment earnings	154,011	82,725
Gifts and contributions	-	4,000
Miscellaneous	1,754,526	1,354,431
Total revenues	<u>4,809,561</u>	<u>2,769,628</u>
EXPENDITURES		
General government	96,651	2,100,516
Culture and recreation	62,565	-
Public works	753,863	-
Capital outlay	3,532,297	4,788,883
Total expenditures	<u>4,445,376</u>	<u>6,889,399</u>
Excess (deficiency) of revenues over (under) expenditures	<u>364,185</u>	<u>(4,119,771)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	<u>3,646,149</u>	<u>3,402,959</u>
NET CHANGE IN FUND BALANCES	4,010,334	(716,812)
FUND BALANCES, BEGINNING OF YEAR	<u>18,372,968</u>	<u>19,089,780</u>
FUND BALANCES, END OF YEAR	<u>\$ 22,383,302</u>	<u>\$ 18,372,968</u>

**CITY OF ALLEN, TEXAS
 COMPARATIVE BALANCE SHEETS
 GENERAL OBLIGATION BOND FUND
 SEPTEMBER 30, 2015 AND 2014**

EXHIBIT B-8

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 7,809,447	\$ 6,917,487
Investments	12,926,357	9,564,392
Accrued interest receivable	<u>40,603</u>	<u>26,485</u>
Total assets	<u><u>\$ 20,776,407</u></u>	<u><u>\$ 16,508,364</u></u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 476,365	\$ 73,246
Retainage payable	<u>29,351</u>	<u>66,720</u>
Total liabilities	<u>505,716</u>	<u>139,966</u>
FUND BALANCES		
Restricted for capital projects	<u>20,270,691</u>	<u>16,368,398</u>
Total fund balances	<u>20,270,691</u>	<u>16,368,398</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 20,776,407</u></u>	<u><u>\$ 16,508,364</u></u>

**CITY OF ALLEN, TEXAS
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 GENERAL OBLIGATION BOND FUND
 FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

EXHIBIT B-9

	<u>2015</u>	<u>2014</u>
REVENUES		
Investment earnings	\$ 131,722	\$ 33,020
Miscellaneous	-	651
Total revenues	<u>131,722</u>	<u>33,671</u>
EXPENDITURES		
General government	110,417	168,626
Culture and recreation	783	13,667
Public safety	3,194	-
Public works	684,209	588,633
Capital outlay	<u>3,023,148</u>	<u>1,489,798</u>
Total expenditures	<u>3,821,751</u>	<u>2,260,724</u>
Deficiency of revenues under expenditures	<u>(3,690,029)</u>	<u>(2,227,053)</u>
OTHER FINANCING SOURCES (USES)		
Transfers out	(370,655)	(198,441)
Premium on debt issuance	532,977	432,879
Issuance of debt	<u>7,430,000</u>	<u>10,595,000</u>
Total other financing sources (uses)	<u>7,592,322</u>	<u>10,829,438</u>
NET CHANGE IN FUND BALANCES	3,902,293	8,602,385
FUND BALANCES, BEGINNING OF YEAR	<u>16,368,398</u>	<u>7,766,013</u>
FUND BALANCES, END OF YEAR	<u>\$ 20,270,691</u>	<u>\$ 16,368,398</u>

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.

**CITY OF ALLEN, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2015**

EXHIBIT C-1

	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	\$ 1,290,342	\$ 174,442	\$ 164,330	\$ 647,791	\$ 746,325	\$ 3,023,230
Investments	2,271,348	62,142	195,579	858,807	1,002,854	4,390,730
Accounts receivable	137,216	-	276,272	-	46,948	460,436
Accrued interest	7,471	241	445	3,336	3,937	15,430
TOTAL ASSETS	\$ 3,706,377	\$ 236,825	\$ 636,626	\$ 1,509,934	\$ 1,800,064	\$ 7,889,826
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 54,763	\$ 8,275	\$ 139,730	\$ -	\$ -	\$ 202,768
Accrued liabilities	5,454	48,286	5,234	-	-	58,974
Unearned revenue	-	115,781	61,125	-	-	176,906
TOTAL LIABILITIES	60,217	172,342	206,089	-	-	438,648
FUND BALANCES						
Restricted						
Tourism	3,646,160	-	-	-	-	3,646,160
Asset forfeiture	-	64,483	-	-	-	64,483
State and federal grants	-	-	430,537	-	-	430,537
Park acquisition and development	-	-	-	1,509,934	-	1,509,934
Tax increment financing agreement	-	-	-	-	1,800,064	1,800,064
TOTAL FUND BALANCES	3,646,160	64,483	430,537	1,509,934	1,800,064	7,451,178
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,706,377	\$ 236,825	\$ 636,626	\$ 1,509,934	\$ 1,800,064	\$ 7,889,826

**CITY OF ALLEN
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015**

EXHIBIT C-2

	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	\$ -	\$ -	\$ -	\$ -	\$ 543,620	\$ 543,620
Municipal sales tax	-	-	-	-	437,018	437,018
Licenses, permits, and fees	-	-	-	140,722	-	140,722
Hotel / motel taxes	1,544,160	-	-	-	-	1,544,160
Gifts and contributions	-	-	215,000	-	-	215,000
Intergovernmental	-	-	811,735	-	125,876	937,611
Investment earnings	23,311	770	1,333	9,281	11,869	46,564
Miscellaneous	-	131,924	16,818	-	-	148,742
Total revenues	1,567,471	132,694	1,044,886	150,003	1,118,383	4,013,437
EXPENDITURES						
General government	-	-	-	-	806,756	806,756
Public safety	-	112,425	160,990	-	-	273,415
Public works	-	-	22,360	-	-	22,360
Culture and recreation	1,123,781	-	218,912	-	-	1,342,693
Community development	-	-	681,639	-	-	681,639
Total expenditures	1,123,781	112,425	1,083,901	-	806,756	3,126,863
Excess (deficiency) of revenues over (under) expenditures	443,690	20,269	(39,015)	150,003	311,627	886,574
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	69,060	-	-	69,060
Transfers out	(25,000)	-	-	-	-	(25,000)
Sale of capital assets	-	2,499	-	-	-	2,499
Total other financing sources (uses)	(25,000)	2,499	69,060	-	-	46,559
NET CHANGE IN FUND BALANCES	418,690	22,768	30,045	150,003	311,627	933,133
FUND BALANCES, BEGINNING OF YEAR	3,227,470	41,715	400,492	1,359,931	1,488,437	6,518,045
FUND BALANCES, END OF YEAR	\$ 3,646,160	\$ 64,483	\$ 430,537	\$ 1,509,934	\$ 1,800,064	\$ 7,451,178



CITY OF ALLEN

PRIDE

PEOPLE FIRST RESPECT INTEGRITY DELIVER EXCEL

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.

**CITY OF ALLEN, TEXAS
COMPARATIVE STATEMENTS OF NET POSITION
WATER AND SEWER ENTERPRISE FUND
SEPTEMBER 30, 2015 AND 2014**

EXHIBIT D-1

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 10,735,986	\$ 11,440,071
Investments	15,754,880	14,278,625
Receivables, net of allowance for uncollectibles:		
Accounts	7,989,908	4,967,318
Accrued interest	55,751	59,533
Inventories	30,612	36,728
Restricted cash and cash equivalents	<u>1,385,613</u>	<u>1,384,812</u>
Total current assets	<u>35,952,750</u>	<u>32,167,087</u>
NONCURRENT ASSETS		
CAPITAL ASSETS		
Land	4,072,882	4,072,882
Towers, tanks, and pump stations	179,959,147	172,224,009
Vehicles	867,955	864,128
Machinery and equipment	5,232,338	4,844,845
Construction in progress	<u>2,182,389</u>	<u>4,585,888</u>
Total capital assets	192,314,711	186,591,752
Less: accumulated depreciation	<u>(83,425,929)</u>	<u>(77,707,527)</u>
Capital assets, net of accumulated depreciation	<u>108,888,782</u>	<u>108,884,225</u>
Total noncurrent assets	<u>108,888,782</u>	<u>108,884,225</u>
TOTAL ASSETS	<u>144,841,532</u>	<u>141,051,312</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding	269,604	321,461
Deferred outflows of resources - pension	<u>435,094</u>	<u>-</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>704,698</u>	<u>321,461</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	3,720,078	1,983,153
Accrued liabilities	127,425	114,575
Retainage payable	74,595	172,973
Payable from restricted assets:		
Revenue bonds payable - current	975,000	1,280,000
Accrued interest payable	66,192	77,953
Accrued compensated absences - current	377,765	359,324
Customer deposits payable	<u>1,654,863</u>	<u>1,614,483</u>
Total current liabilities	<u>6,995,918</u>	<u>5,602,461</u>
NONCURRENT LIABILITIES		
Revenue bonds payable	5,985,889	6,990,910
Net pension liability	1,554,566	-
Accrued compensated absences	<u>13,278</u>	<u>12,630</u>
Total noncurrent liabilities	<u>7,553,733</u>	<u>7,003,540</u>
TOTAL LIABILITIES	<u>14,549,651</u>	<u>12,606,001</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources - pension	<u>110,081</u>	<u>-</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>110,081</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	101,927,893	100,613,315
Restricted		
Restricted for revenue bond principal and interest	344,421	26,859
Unrestricted	<u>28,614,184</u>	<u>28,126,598</u>
TOTAL NET POSITION	<u>\$ 130,886,498</u>	<u>\$ 128,766,772</u>

**CITY OF ALLEN, TEXAS
 COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET POSITION
 WATER AND SEWER ENTERPRISE FUND
 FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

EXHIBIT D-2

	<u>2015</u>	<u>2014</u>
OPERATING REVENUES		
Water sales	\$ 19,771,508	\$ 15,475,216
Sewer charges	13,591,909	12,749,253
Connection fees	180,976	178,003
Service charges	591,321	552,810
Intergovernmental	-	11,800
Gifts and contributions	1,000,000	1,000,000
Miscellaneous	971,556	800,515
Total operating revenues	<u>36,107,270</u>	<u>30,767,597</u>
OPERATING EXPENSES		
Personnel services	4,463,491	4,383,437
Contractual and other services	21,092,300	18,611,905
Maintenance	460,577	351,292
Supplies	188,537	242,449
Depreciation	5,802,108	5,869,169
Other	192,865	165,765
Total operating expenses	<u>32,199,878</u>	<u>29,624,017</u>
OPERATING INCOME	<u>3,907,392</u>	<u>1,143,580</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest income	167,793	120,402
Interest expense	(246,235)	(442,441)
Total non-operating expenses	<u>(78,442)</u>	<u>(322,039)</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>3,828,950</u>	<u>821,541</u>
CAPITAL CONTRIBUTIONS AND TRANSFERS		
Development fees	1,280,062	1,271,549
Capital contributions	3,136,580	2,402,611
Transfers in	38,249	33,375
Transfers out	(4,898,578)	(4,678,035)
Total capital contributions and transfers	<u>(443,687)</u>	<u>(970,500)</u>
CHANGE IN NET POSITION	3,385,263	(148,959)
NET POSITION, BEGINNING OF YEAR, AS RESTATED	<u>127,501,235</u>	<u>128,915,731</u>
NET POSITION, END OF YEAR	<u>\$ 130,886,498</u>	<u>\$ 128,766,772</u>

**CITY OF ALLEN, TEXAS
COMPARATIVE STATEMENTS OF CASH FLOWS
WATER AND SEWER ENTERPRISE FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

EXHIBIT D-3

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 33,084,680	\$ 31,392,906
Cash paid to employees for services	(4,480,386)	(4,335,248)
Cash paid for goods and services	(20,214,554)	(18,431,520)
Net cash provided by operating activities	<u>8,389,740</u>	<u>8,626,138</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers in	38,249	33,375
Transfers out	(4,898,578)	(4,678,035)
Net cash used in non-capital financing activities	<u>(4,860,329)</u>	<u>(4,644,660)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal paid on revenue bond maturities	(1,280,000)	(1,205,000)
Proceeds from debt issuance	-	4,650,000
Payment to refunded bond escrow agent	-	(4,800,000)
Interest and fees paid on long-term debt	(257,996)	(491,328)
Acquisition and construction of capital assets	(2,674,019)	(3,915,426)
Contributions from developers	1,280,062	1,271,549
Disposition of capital assets	3,938	-
Net cash used in capital and related financing activities	<u>(2,928,015)</u>	<u>(4,490,205)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	(1,411,855)	(346,490)
Proceeds from the sale and maturities of investment securities	-	-
Interest on investments	107,175	192,964
Net cash used in investing activities	<u>(1,304,680)</u>	<u>(153,526)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>(703,284)</u>	<u>(662,253)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>12,824,883</u>	<u>13,487,136</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 12,121,599</u>	<u>\$ 12,824,883</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net operating income	\$ 3,907,392	\$ 1,143,580
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation and amortization expense	5,823,940	5,910,821
Change in assets and liabilities:		
Accounts receivable	(3,022,590)	625,309
Inventories	6,116	10,583
Deferred outflows - pension	(435,094)	-
Accounts payable	1,736,925	708,373
Accrued liabilities	12,850	11,261
Retainage payable	(98,378)	126,720
Compensated absences	19,089	48,189
Net pension liability	289,029	-
Utility deposits	40,380	41,302
Deferred inflows - pensions	110,081	-
Total adjustments	<u>4,482,348</u>	<u>7,482,558</u>
Net cash provided by operating activities	<u>\$ 8,389,740</u>	<u>\$ 8,626,138</u>
NON-CASH INVESTING ACTIVITIES		
Change in the fair value of investments	<u>\$ 64,400</u>	<u>\$ (57,850)</u>
NON-CASH FINANCING ACTIVITIES		
Contributions of capital assets from developers	<u>\$ 3,136,580</u>	<u>\$ 2,402,611</u>
RECONCILIATION OF CASH		
Cash and cash equivalents - current	\$ 10,735,986	\$ 11,440,071
Restricted cash and cash equivalents	1,385,613	1,384,812
	<u>\$ 12,121,599</u>	<u>\$ 12,824,883</u>

**CITY OF ALLEN, TEXAS
COMPARATIVE STATEMENTS OF NET POSITION
SOLID WASTE ENTERPRISE FUND
SEPTEMBER 30, 2015 AND 2014**

EXHIBIT D-4

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,458,701	\$ 1,356,199
Investments	1,723,829	1,661,810
Receivables, net of allowance for uncollectibles:		
Accounts	300,038	284,409
Other	127,762	427,085
Accrued interest	7,116	6,301
Total current assets	<u>3,617,446</u>	<u>3,735,804</u>
NONCURRENT ASSETS		
CAPITAL ASSETS		
Vehicles	12,923	12,923
Machinery and equipment	12,595	8,392
Total capital assets	<u>25,518</u>	<u>21,315</u>
Less: accumulated depreciation	<u>(19,898)</u>	<u>(21,315)</u>
Capital assets, net of accumulated depreciation	<u>5,620</u>	<u>-</u>
Total noncurrent assets	<u>5,620</u>	<u>-</u>
TOTAL ASSETS	<u>3,623,066</u>	<u>3,735,804</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources - pension	48,667	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>48,667</u>	<u>-</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	299,336	33,763
Accrued compensated absences-current	65,025	57,414
Accrued liabilities	26,950	26,176
Total current liabilities	<u>391,311</u>	<u>117,353</u>
NONCURRENT LIABILITIES		
Net pension liability	173,884	-
Accrued compensated absences	3,667	3,238
Total noncurrent liabilities	<u>177,551</u>	<u>3,238</u>
TOTAL LIABILITIES	<u>568,862</u>	<u>120,591</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources - pension	12,313	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>12,313</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	5,620	-
Unrestricted	3,084,938	3,615,213
TOTAL NET POSITION	<u>\$ 3,090,558</u>	<u>\$ 3,615,213</u>

**CITY OF ALLEN, TEXAS
 COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET POSITION
 SOLID WASTE ENTERPRISE FUND
 FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

EXHIBIT D-5

	<u>2015</u>	<u>2014</u>
OPERATING REVENUES		
Garbage collections	\$ 6,474,386	\$ 6,309,729
Other	18,824	42,380
Total operating revenues	<u>6,493,210</u>	<u>6,352,109</u>
OPERATING EXPENSES		
Personnel services	470,480	480,593
Contractual and other services	4,976,900	4,792,608
Maintenance	4,842	1,903
Supplies	39,532	15,542
Depreciation	625	270
Other	67,915	92,299
Total operating expenses	<u>5,560,294</u>	<u>5,383,215</u>
OPERATING INCOME	<u>932,916</u>	<u>968,894</u>
NON-OPERATING REVENUES		
Interest income	21,510	11,842
INCOME BEFORE TRANSFERS	<u>954,426</u>	<u>980,736</u>
TRANSFERS		
Transfers out	<u>(1,337,526)</u>	<u>(709,363)</u>
CHANGE IN NET POSITION	(383,100)	271,373
NET POSITION, BEGINNING OF YEAR, AS RESTATED	<u>3,473,658</u>	<u>3,343,840</u>
NET POSITION, END OF YEAR	<u>\$ 3,090,558</u>	<u>\$ 3,615,213</u>

**CITY OF ALLEN, TEXAS
COMPARATIVE STATEMENTS OF CASH FLOWS
SOLID WASTE ENTERPRISE FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

EXHIBIT D-6

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 6,776,089	\$ 6,212,427
Cash paid to employees for services	(466,465)	(475,571)
Cash paid for goods and services	<u>(4,822,842)</u>	<u>(4,900,136)</u>
Net cash provided by operating activities	<u>1,486,782</u>	<u>836,720</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers out	<u>(1,337,526)</u>	<u>(709,363)</u>
Net cash used in non-capital financing activities	<u>(1,337,526)</u>	<u>(709,363)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(6,245)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	(62,019)	(200,775)
Interest on investments	<u>21,510</u>	<u>11,842</u>
Net cash used in investing activities	<u>(40,509)</u>	<u>(188,933)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	102,502	(61,576)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,356,199</u>	<u>1,417,775</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,458,701</u>	<u>\$ 1,356,199</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES		
Net operating income	\$ 932,916	\$ 968,894
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation	625	270
Change in assets and liabilities:		
Accounts receivable	283,694	(141,135)
Other receivables	(815)	1,453
Deferred outflows - pension	(48,667)	-
Accounts payable	265,573	2,033
Accrued liabilities	774	183
Net pension liability	32,329	-
Accrued compensated absences	8,040	5,022
Deferred inflows - pension	<u>12,313</u>	<u>-</u>
Total adjustments	<u>553,866</u>	<u>(132,174)</u>
Net cash provided by operating activities	<u>\$ 1,486,782</u>	<u>\$ 836,720</u>

**CITY OF ALLEN, TEXAS
COMPARATIVE STATEMENTS OF NET POSITION
DRAINAGE ENTERPRISE FUND
SEPTEMBER 30, 2015 AND 2014**

EXHIBIT D-7

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 401,131	\$ 376,773
Investments	396,409	457,523
Receivables:		
Accounts	68,036	65,114
Accrued interest	1,504	1,575
Total current assets	<u>867,080</u>	<u>900,985</u>
NONCURRENT ASSETS		
CAPITAL ASSETS		
Other improvements	496,132	496,132
Vehicles	31,379	31,378
Machinery and equipment	445,389	430,347
Total capital assets	<u>972,900</u>	<u>957,857</u>
Less: accumulated depreciation	<u>(592,568)</u>	<u>(579,729)</u>
Capital assets, net of accumulated depreciation	<u>380,332</u>	<u>378,128</u>
Total noncurrent assets	<u>380,332</u>	<u>378,128</u>
TOTAL ASSETS	<u>1,247,412</u>	<u>1,279,113</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources - pension	45,199	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>45,199</u>	<u>-</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	47,570	32,585
Accrued compensated absences	43,008	38,924
Accrued liabilities	12,401	11,687
Total current liabilities	<u>102,979</u>	<u>83,196</u>
NONCURRENT LIABILITIES		
Net pension liability	161,495	-
Accrued compensated absences	3,184	2,882
Total noncurrent liabilities	<u>164,679</u>	<u>2,882</u>
TOTAL LIABILITIES	<u>267,658</u>	<u>86,078</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources - pension	11,436	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>11,436</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	380,332	378,128
Unrestricted	633,185	814,907
TOTAL NET POSITION	<u>\$ 1,013,517</u>	<u>\$ 1,193,035</u>

**CITY OF ALLEN, TEXAS
 COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET POSITION
 DRAINAGE ENTERPRISE FUND
 FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

EXHIBIT D-8

	<u>2015</u>	<u>2014</u>
OPERATING REVENUES		
Drainage fees	\$ 1,350,684	\$ 1,325,448
Service charges	114,360	53,214
Other	2,759	2,868
Total operating revenues	<u>1,467,803</u>	<u>1,381,530</u>
OPERATING EXPENSES		
Personnel services	487,577	481,402
Contractual and other services	73,974	172,355
Maintenance	290,705	219,477
Supplies	34,780	51,042
Depreciation	22,739	24,165
Other	4,547	3,532
Total operating expenses	<u>914,322</u>	<u>951,973</u>
OPERATING INCOME	<u>553,481</u>	<u>429,557</u>
NON-OPERATING REVENUES		
Interest income (loss)	4,748	2,744
INCOME BEFORE TRANSFERS	<u>558,229</u>	<u>432,301</u>
TRANSFERS		
Transfers out	(606,278)	(481,701)
Total transfers	<u>(606,278)</u>	<u>(481,701)</u>
CHANGE IN NET POSITION	(48,049)	(49,400)
NET POSITION, BEGINNING OF YEAR, AS RESTATED	<u>1,061,566</u>	<u>1,242,435</u>
NET POSITION, END OF YEAR	<u>\$ 1,013,517</u>	<u>\$ 1,193,035</u>

**CITY OF ALLEN, TEXAS
COMPARATIVE STATEMENTS OF CASH FLOWS
DRAINAGE ENTERPRISE FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

EXHIBIT D-9

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 1,464,881	\$ 1,387,138
Cash paid to employees for services	(486,928)	(476,073)
Cash paid for goods and services	(388,307)	(450,646)
Net cash provided by operating activities	<u>589,646</u>	<u>460,419</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers out	(606,278)	(481,701)
Net cash used in non-capital financing activities	<u>(606,278)</u>	<u>(481,701)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	(24,943)	(16,564)
Net cash used in capital and related financing activities	<u>(24,943)</u>	<u>(16,564)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	61,114	-
Purchase of investment securities	-	(50,402)
Interest on investments	4,819	3,330
Net cash provided by (used in) investing activities	<u>65,933</u>	<u>(47,072)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	24,358	(84,918)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>376,773</u>	<u>461,691</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 401,131</u>	<u>\$ 376,773</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net operating income	\$ 553,481	\$ 429,557
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation	22,739	24,165
Change in assets and liabilities:		
Accounts receivable	(2,922)	5,608
Deferred outflows - pension	(45,199)	-
Accounts payable	14,985	(7,223)
Accrued liabilities	714	2,983
Net pension liability	11,436	-
Compensated absences	4,386	5,329
Deferred inflows - pension	30,026	-
Total adjustments	<u>36,165</u>	<u>30,862</u>
Net cash provided by operating activities	<u>\$ 589,646</u>	<u>\$ 460,419</u>

**CITY OF ALLEN, TEXAS
COMPARATIVE STATEMENTS OF NET POSITION
GOLF COURSE ENTERPRISE FUND
SEPTEMBER 30, 2015 AND 2014**

EXHIBIT D-10

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 548,856	\$ 542,315
Prepaid items	5,050	5,050
Total current assets	<u>553,906</u>	<u>547,365</u>
NONCURRENT ASSETS		
CAPITAL ASSETS		
Machinery and equipment	1,023,275	937,453
Less: accumulated depreciation	<u>(625,721)</u>	<u>(501,870)</u>
Capital assets, net of accumulated depreciation	<u>397,554</u>	<u>435,583</u>
Total noncurrent assets	<u>397,554</u>	<u>435,583</u>
TOTAL ASSETS	<u>951,460</u>	<u>982,948</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources - pension	122,522	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>122,522</u>	<u>-</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	168,505	174,647
Accrued liabilities	38,760	31,913
Accrued compensated absences	100,698	81,353
Capital leases payable - current	131,471	116,578
Customer deposits payable	31,155	27,980
Total current liabilities	<u>470,589</u>	<u>432,471</u>
NONCURRENT LIABILITIES		
Capital leases payable	239,340	319,005
Net pension liability	437,764	-
Accrued compensated absences	25,195	20,355
Total noncurrent liabilities	<u>702,299</u>	<u>339,360</u>
TOTAL LIABILITIES	<u>1,172,888</u>	<u>771,831</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources - pension	30,999	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>30,999</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	26,743	-
Unrestricted	<u>(156,648)</u>	<u>211,117</u>
TOTAL NET POSITION	<u>\$ (129,905)</u>	<u>\$ 211,117</u>

**CITY OF ALLEN, TEXAS
 COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET POSITION
 GOLF COURSE ENTERPRISE FUND
 FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

EXHIBIT D-11

	<u>2015</u>	<u>2014</u>
OPERATING REVENUES		
Service charges	\$ 2,361,384	\$ 2,537,564
Miscellaneous	10,800	4,394
Total operating revenues	<u>2,372,184</u>	<u>2,541,958</u>
OPERATING EXPENSES		
Personnel services	1,302,873	1,302,901
Contractual and other services	1,027,384	1,035,399
Maintenance	54,576	52,719
Supplies	334,717	263,148
Depreciation	123,851	113,587
Other	68,075	71,344
Total operating expenses	<u>2,911,476</u>	<u>2,839,098</u>
OPERATING LOSS	<u>(539,292)</u>	<u>(297,140)</u>
TRANSFERS		
Transfers in	554,644	208,587
Total transfers	<u>554,644</u>	<u>208,587</u>
CHANGE IN NET POSITION	15,352	(88,553)
NET POSITION, BEGINNING OF YEAR, AS RESTATED	<u>(145,257)</u>	<u>299,670</u>
NET POSITION, END OF YEAR	<u>\$ (129,905)</u>	<u>\$ 211,117</u>

**CITY OF ALLEN, TEXAS
COMPARATIVE STATEMENTS OF CASH FLOWS
GOLF COURSE ENTERPRISE FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

EXHIBIT D-12

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 2,372,184	\$ 2,544,780
Cash paid to employees for services	(1,288,821)	(1,295,405)
Cash paid for goods and services	(1,480,872)	(1,393,667)
Net cash used in operating activities	<u>(397,509)</u>	<u>(144,292)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers in	554,644	208,587
Net cash provided by non-capital financing activities	<u>554,644</u>	<u>208,587</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital lease payment	(121,794)	(113,587)
Net cash used in capital and related financing activities	<u>(150,594)</u>	<u>(113,587)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,541	(49,292)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	542,315	591,607
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 548,856</u>	<u>\$ 542,315</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Net operating loss	\$ (539,292)	\$ (297,140)
Adjustments to reconcile net operating loss to net cash used in operating activities:		
Depreciation	123,851	113,587
Change in assets and liabilities:		
Accounts receivable	-	2,822
Prepaid items	-	6,000
Deferred outflows - pension	(122,522)	-
Accounts payable	(6,142)	25,283
Accrued liabilities	6,847	(7,190)
Customer deposits	3,175	4,850
Net pension liability	81,390	-
Compensated absences	24,185	7,496
Deferred inflows - pension	30,999	-
Total adjustments	<u>141,783</u>	<u>152,848</u>
Net cash used in operating activities	<u>\$ (397,509)</u>	<u>\$ (144,292)</u>



CITY OF ALLEN

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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.

**CITY OF ALLEN, TEXAS
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2015
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2014)**

EXHIBIT E-1

	REPLACEMENT FUND	RISK MANAGEMENT FUND	TOTALS	
			2015	2014
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 5,091,987	\$ 2,394,019	\$ 7,486,006	\$ 7,155,019
Investments	6,425,149	3,414,965	9,840,114	9,111,573
Accrued interest receivable	25,561	13,062	38,623	38,168
Prepaid items	-	112,872	112,872	266,630
Total current assets	11,542,697	5,934,918	17,477,615	16,571,390
CAPITAL ASSETS				
Machinery and equipment	4,335,153	-	4,335,153	3,730,730
Vehicles	11,693,051	-	11,693,051	10,811,534
Construction in progress	706,187	-	706,187	291,903
Accumulated depreciation	(9,481,843)	-	(9,481,843)	(8,121,369)
Capital assets, net of accumulated depreciation	7,252,548	-	7,252,548	6,712,798
TOTAL ASSETS	18,795,245	5,934,918	24,730,163	23,284,188
LIABILITIES AND NET POSITION				
LIABILITIES				
Accounts payable	119,560	27,588	147,148	372,763
Accrued liabilities	-	-	-	7,672
Incurred but not reported claims	-	983,434	983,434	935,264
TOTAL LIABILITIES	119,560	1,011,022	1,130,582	1,315,699
NET POSITION				
Net investment in capital assets	7,252,548	-	7,252,548	6,712,798
Unrestricted	11,423,137	4,923,896	16,347,033	15,255,691
TOTAL NET POSITION	\$ 18,675,685	\$ 4,923,896	\$ 23,599,581	\$ 21,968,489

**CITY OF ALLEN, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2014)**

EXHIBIT E-2

	REPLACEMENT FUND	RISK MANAGEMENT FUND	TOTALS	
			2015	2014
OPERATING REVENUES				
Charges for services	\$ 1,999,620	\$ 10,309,685	\$ 12,309,305	\$ 11,265,035
Other income	2,088	463,235	465,323	641,471
Total operating revenues	2,001,708	10,772,920	12,774,628	11,906,506
OPERATING EXPENSES				
Personal services	-	469,854	469,854	480,241
Contractual services	467,669	10,242,256	10,709,925	10,092,293
Depreciation	1,526,633	-	1,526,633	1,501,430
Total operating expenses	1,994,302	10,712,110	12,706,412	12,073,964
OPERATING INCOME (LOSS)	7,406	60,810	68,216	(167,458)
NON-OPERATING REVENUES				
Investment earnings	75,139	37,583	112,722	72,442
Gain on disposal of capital assets	64,459	-	64,459	87,327
Total non-operating revenues	139,598	37,583	177,181	159,769
INCOME BEFORE TRANSFERS	147,004	98,393	245,397	(7,689)
TRANSFERS				
Transfers in	895,851	489,844	1,385,695	854,314
Total transfers	895,851	489,844	1,385,695	854,314
CHANGE IN NET POSITION	1,042,855	588,237	1,631,092	846,625
NET POSITION, BEGINNING OF YEAR	17,632,830	4,335,659	21,968,489	21,121,864
NET POSITION, END OF YEAR	\$ 18,675,685	\$ 4,923,896	\$ 23,599,581	\$ 21,968,489

**CITY OF ALLEN, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2014)**

EXHIBIT E-3

	REPLACEMENT FUND	RISK MANAGEMENT FUND	TOTALS	
			2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from transactions with other funds	\$ 2,062,886	\$ 10,926,678	\$ 12,989,564	\$ 11,748,771
Cash paid to employees for services	-	(469,854)	(469,854)	(480,241)
Cash paid for goods and services	(467,668)	(6,711,883)	(7,179,551)	(6,487,236)
Cash paid for claims	-	(3,776,668)	(3,776,668)	(3,301,372)
Net cash provided by operating activities	1,595,218	(31,727)	1,563,491	1,479,922
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers in	895,851	489,844	1,385,695	854,314
Net cash provided by non-capital financing activities	895,851	489,844	1,385,695	854,314
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(2,066,384)	-	(2,066,384)	(1,135,769)
Proceeds from sale of capital assets	64,459	-	64,459	87,327
Net cash used in capital and related financing activities	(2,001,925)	-	(2,001,925)	(1,048,442)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment securities	(321,600)	(406,941)	(728,541)	(903,380)
Proceeds from sale and maturities of investment securities	-	-	-	-
Interest on investments	75,603	36,664	112,267	77,835
Net cash provided by (used in) investing activities	(245,997)	(370,277)	(616,274)	(825,545)
NET INCREASE IN CASH AND CASH EQUIVALENTS	243,147	87,840	330,987	460,249
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,848,840	2,306,179	7,155,019	6,694,770
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 5,091,987	\$ 2,394,019	\$ 7,486,006	\$ 7,155,019
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Net operating income (loss)	\$ 7,406	\$ 60,810	\$ 68,216	\$ (167,458)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	1,526,634	-	1,526,634	1,501,430
Change in assets and liabilities:				
Prepays	-	153,758	153,758	(93,550)
Accounts payable	61,178	(246,295)	(185,117)	239,500
Total adjustments	1,587,812	(92,537)	1,495,275	1,647,380
Net cash provided by operating activities	\$ 1,595,218	\$ (31,727)	\$ 1,563,491	\$ 1,479,922

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.

**CITY OF ALLEN, TEXAS
 COMPARATIVE BALANCE SHEETS
 ALLEN ECONOMIC DEVELOPMENT CORPORATION
 SEPTEMBER 30, 2015 AND 2014**

EXHIBIT F-1

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 5,976,111	\$ 5,581,166
Investments	10,025,083	6,891,910
Sales tax receivable	1,531,556	1,436,156
Accounts receivable	-	2,534
Accrued interest receivable	35,676	26,813
Prepaid items	<u>6,298</u>	<u>6,298</u>
TOTAL ASSETS	<u>\$ 17,574,724</u>	<u>\$ 13,944,877</u>
LIABILITIES AND FUND BALANCES		
CURRENT LIABILITIES		
Accounts payable	\$ 66,741	\$ 65,095
Accrued and other liabilities	<u>17,335</u>	<u>13,878</u>
TOTAL LIABILITIES	<u>84,076</u>	<u>78,973</u>
FUND BALANCES		
Nonspendable	6,298	6,298
Restricted		
Debt service	752,316	751,646
Unassigned	<u>16,732,034</u>	<u>13,107,960</u>
TOTAL FUND BALANCES	<u>17,490,648</u>	<u>13,865,904</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 17,574,724</u>	<u>\$ 13,944,877</u>

**CITY OF ALLEN, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
ALLEN ECONOMIC DEVELOPMENT CORPORATION
SEPTEMBER 30, 2015**

EXHIBIT F-2

Total governmental fund balance	\$ 17,490,648
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.	(57,885)
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.	(20,957,225)
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>9,635,202</u>
Net position of governmental activities	<u>\$ 6,110,740</u>

**CITY OF ALLEN, TEXAS
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 ALLEN ECONOMIC DEVELOPMENT CORPORATION
 FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

EXHIBIT F-3

	<u>2015</u>	<u>2014</u>
REVENUES		
Sales and other taxes	\$ 8,893,669	\$ 8,832,627
Investment earnings	107,330	47,044
Miscellaneous	3,250	31,184
Total revenues	<u>9,004,249</u>	<u>8,910,855</u>
EXPENDITURES		
Current:		
Economic development	3,232,759	4,047,711
Capital projects:		
Economic development	6,013,633	30,000
Debt service:		
Principal retirement	870,000	845,000
Interest and fiscal charges	723,905	750,440
Total expenditures	<u>10,840,297</u>	<u>5,673,151</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,836,048)</u>	<u>3,237,704</u>
OTHER FINANCING SOURCES		
Issuance of debt	4,400,000	-
Proceeds from sale of capital assets	1,060,792	743,750
Total other financing sources	5,460,792	743,750
NET CHANGE IN FUND BALANCE	3,624,744	3,981,454
FUND BALANCES, BEGINNING OF YEAR	<u>13,865,904</u>	<u>9,884,450</u>
FUND BALANCES, END OF YEAR	<u>\$ 17,490,648</u>	<u>\$ 13,865,904</u>

**CITY OF ALLEN, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ALLEN ECONOMIC DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

EXHIBIT F-4

Net change in fund balances - total governmental funds	\$ 3,624,744
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 proceeds from issuance of long-term debt (e.g. bonds and capital lease obligations) provides current financial resources to governmental funds (\$4,400,000). However, this doesn't have any effect on net assets.	(4,400,000)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds (\$870,000).	870,000
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.	2,440
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.	(993,588)
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>6,013,633</u>
Change in net position of governmental activities	<u>\$ 4,960,831</u>

**CITY OF ALLEN, TEXAS
 COMPARATIVE BALANCE SHEETS
 ALLEN COMMUNITY DEVELOPMENT CORPORATION
 SEPTEMBER 30, 2015 AND 2014**

EXHIBIT F-5

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 4,794,237	\$ 3,983,275
Investments	6,261,134	4,220,285
Sales tax receivable	1,531,556	1,436,156
Accounts receivable	-	2,534
Accrued interest receivable	20,969	15,917
	<u>20,969</u>	<u>15,917</u>
TOTAL ASSETS	<u>\$ 12,607,896</u>	<u>\$ 9,658,167</u>
LIABILITIES AND FUND BALANCES		
CURRENT LIABILITIES		
Accounts payable	\$ 563,322	\$ 104,703
Retainage payable	28,701	27,795
	<u>28,701</u>	<u>27,795</u>
TOTAL LIABILITIES	<u>592,023</u>	<u>132,498</u>
FUND BALANCES		
Restricted		
Debt service	1,101,508	1,100,500
Assigned for capital projects	7,819,170	4,245,452
Unassigned	3,095,195	4,179,717
	<u>3,095,195</u>	<u>4,179,717</u>
TOTAL FUND BALANCES	<u>12,015,873</u>	<u>9,525,669</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 12,607,896</u>	<u>\$ 9,658,167</u>

**CITY OF ALLEN, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
ALLEN COMMUNITY DEVELOPMENT CORPORATION
SEPTEMBER 30, 2015**

EXHIBIT F-6

Total governmental fund balance	\$ 12,015,873
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.	(146,705)
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>(31,336,429)</u>
Net position of governmental activities	<u>\$ (19,467,261)</u>

**CITY OF ALLEN, TEXAS
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 ALLEN COMMUNITY DEVELOPMENT CORPORATION
 FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

EXHIBIT F-7

	<u>2015</u>	<u>2014</u>
REVENUES		
Sales and other taxes	\$ 8,893,669	\$ 8,832,627
Investment earnings	64,366	28,842
Total revenues	<u>8,958,035</u>	<u>8,861,469</u>
EXPENDITURES		
Current:		
Community development	2,101,123	1,206,190
Capital projects:		
Community development	1,415,343	2,102,671
Debt service:		
Principal retirement	1,135,000	1,090,000
Interest and fiscal charges	1,816,365	1,862,835
Total expenditures	<u>6,467,831</u>	<u>6,261,696</u>
NET CHANGE IN FUND BALANCES	2,490,204	2,599,773
FUND BALANCES, BEGINNING OF YEAR	<u>9,525,669</u>	<u>6,925,896</u>
FUND BALANCES, END OF YEAR	<u>\$ 12,015,873</u>	<u>\$ 9,525,669</u>

**CITY OF ALLEN, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ALLEN COMMUNITY DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

EXHIBIT F-8

Net change in fund balances - total governmental funds	\$ 2,490,204
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.	(14,423)
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.	12,138
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>1,135,000</u>
Change in net position of governmental activities	<u><u>\$ 3,622,919</u></u>



CITY OF ALLEN

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PEOPLE FIRST **RESPECT INTEGRITY DELIVER EXCEL**

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



**CITY OF ALLEN, TEXAS
COMPARATIVE SCHEDULES BY SOURCE (a)
AS OF SEPTEMBER 30, 2015**

EXHIBIT G-1

	<u>2015</u>	<u>2014</u>
GOVERNMENTAL FUNDS CAPITAL ASSETS		
Land and land improvements	\$ 131,973,606	\$ 130,614,642
Buildings	131,330,347	131,330,347
Machinery and equipment	11,421,675	11,044,865
Furniture and fixtures	7,973,242	7,973,242
Vehicles	2,477,078	2,445,836
Books	1,862,785	1,599,188
Infrastructure	<u>484,877,368</u>	<u>477,197,874</u>
Total property and equipment in service	771,916,101	762,205,994
Construction in progress	<u>13,702,688</u>	<u>9,400,323</u>
Total governmental funds capital assets	<u>\$ 785,618,789</u>	<u>\$ 771,606,317</u>
INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY REVENUE SOURCE		
General obligation bond proceeds and interest income	\$ 192,892,418	\$ 189,869,270
Revenue bonds	10,475,000	10,475,000
Contributions	383,601,240	378,162,347
Other governments	9,951,500	9,951,500
General and other fund operations	166,685,149	161,326,074
Special revenue funds	<u>22,013,482</u>	<u>21,822,126</u>
Total governmental funds capital assets	<u>\$ 785,618,789</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.

**CITY OF ALLEN, TEXAS
SCHEDULE OF CAPITAL ASSETS USED IN THE OPERATION OF
GOVERNMENTAL FUNDS BY FUNCTION AND ACTIVITY (a)
AS OF SEPTEMBER 30, 2015**

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	451,695
Information technology	-	-	-	1,066,227
Internal services	-	-	-	371,109
Finance	-	-	-	-
Total general government	<u>3,351,320</u>	<u>-</u>	<u>9,160,685</u>	<u>2,026,615</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	571,001
Engineering	60,440,571	-	7,625,113	160,284
Total public works	<u>111,715,429</u>	<u>-</u>	<u>20,809,190</u>	<u>731,285</u>
CULTURE & RECREATION				
Parks & recreation	15,512,837	815,088	70,288,315	5,436,748
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>5,894,694</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	1,204,562
Total grant administration	<u>500,000</u>	<u>-</u>	<u>2,031,285</u>	<u>1,204,562</u>
Construction in Progress				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental funds capital assets	<u>\$ 131,158,518</u>	<u>\$ 815,088</u>	<u>\$ 131,330,347</u>	<u>\$ 11,421,675</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	25,348	-	-	-	12,906,299
12,978	19,942	-	5,539,835	-	6,638,982
14,623	122,770	-	4,311	-	512,813
23,600	-	-	-	-	23,600
<u>889,909</u>	<u>168,060</u>	<u>-</u>	<u>5,550,324</u>	<u>-</u>	<u>21,146,913</u>
247,040	344,647	-	1,148,333	-	10,916,475
289,841	1,076,547	-	110,682	-	11,926,563
<u>536,881</u>	<u>1,421,194</u>	<u>-</u>	<u>1,259,015</u>	<u>-</u>	<u>22,843,038</u>
57,718	97,649	-	263,604,721	-	328,790,024
468,878	62,749	-	156,838,980	-	225,596,575
<u>526,596</u>	<u>160,398</u>	<u>-</u>	<u>420,443,701</u>	<u>-</u>	<u>554,386,599</u>
5,173,234	455,081	-	55,140,503	-	152,821,806
837,256	-	1,849,655	3,519	-	14,189,763
<u>6,010,490</u>	<u>455,081</u>	<u>1,849,655</u>	<u>55,144,022</u>	<u>-</u>	<u>167,011,569</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	-	6,468,161
<u>-</u>	<u>238,878</u>	<u>13,130</u>	<u>2,480,306</u>	<u>-</u>	<u>6,468,161</u>
-	-	-	-	13,702,688	13,702,688
<u>\$ 7,973,242</u>	<u>\$ 2,477,078</u>	<u>\$ 1,862,785</u>	<u>\$ 484,877,368</u>	<u>\$ 13,702,688</u>	<u>\$ 785,618,789</u>

CITY OF ALLEN, TEXAS
SCHEDULE OF CHANGES IN CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS – BY FUNCTION AND ACTIVITY (a)
FOR THE YEAR ENDED SEPTEMBER 30, 2015

EXHIBIT G-3

Function and Activity	Governmental Funds		Additions	Deductions	Transfers	Governmental Funds	
	Capital Assets October 1, 2014	Developer Contributions				Capital Assets September 30, 2015	
GENERAL GOVERNMENT							
Municipal Court	\$ 1,065,219	\$ -	\$ -	\$ -	\$ -	\$ 1,065,219	
City Administration	12,732,305	-	173,994	-	-	12,906,299	
Information Technology	6,602,630	-	36,352	-	-	6,638,982	
Human Resources	-	-	-	-	-	-	
Internal Services	512,813	-	-	-	-	512,813	
Finance	23,600	-	-	-	-	23,600	
Total General Government	<u>20,936,567</u>	<u>-</u>	<u>210,346</u>	<u>-</u>	<u>-</u>	<u>21,146,913</u>	
PUBLIC SAFETY							
Police	10,893,446	-	23,029	-	-	10,916,475	
Fire	11,926,563	-	-	-	-	11,926,563	
Total Public Safety	<u>22,820,009</u>	<u>-</u>	<u>23,029</u>	<u>-</u>	<u>-</u>	<u>22,843,038</u>	
PUBLIC WORKS							
Community services & streets	323,111,939	4,079,929	8,740	(40,700)	1,630,116	328,790,024	
Engineering	223,811,927	1,358,964	-	(17,135)	442,819	225,596,575	
Total Public Works	<u>546,923,866</u>	<u>5,438,893</u>	<u>8,740</u>	<u>(57,835)</u>	<u>2,072,935</u>	<u>554,386,599</u>	
CULTURE & RECREATION							
Parks & Recreation	151,083,659	-	233,617	(22,100)	1,526,630	152,821,806	
Library	13,926,166	-	263,597	-	-	14,189,763	
Total Culture & Recreation	<u>165,009,825</u>	<u>-</u>	<u>497,214</u>	<u>(22,100)</u>	<u>1,526,630</u>	<u>167,011,569</u>	
COMMUNITY DEVELOPMENT							
Building & Code Compliance	13,619	-	-	-	-	13,619	
Planning & Development	46,202	-	-	-	-	46,202	
Total Community Development	<u>59,821</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,821</u>	
GRANT ADMINISTRATION							
Grant Administration	6,455,906	-	12,255	-	-	6,468,161	
Total Grant Administration	<u>6,455,906</u>	<u>-</u>	<u>12,255</u>	<u>-</u>	<u>-</u>	<u>6,468,161</u>	
Total general capital assets allocated by function	762,205,994	5,438,893	751,584	(79,935)	3,599,565	771,916,101	
Construction in progress	9,400,323	-	7,901,930	-	(3,599,565)	13,702,688	
Total governmental funds capital assets	<u>\$ 771,606,317</u>	<u>\$ 5,438,893</u>	<u>\$ 8,653,514</u>	<u>\$ (79,935)</u>	<u>\$ -</u>	<u>\$ 785,618,789</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.

**CITY OF ALLEN, TEXAS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)**

TABLE 1

	Fiscal Year									
	<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>	<u>2015</u>
Governmental activities										
Net investment in capital assets	\$ 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	\$ 408,378,054
Restricted	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	31,476,026
Unrestricted	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	16,876,003
Total governmental activities net position	<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>	<u>\$ 456,730,083</u>
Business-type activities										
Net investment in capital assets	\$ 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	\$ 102,340,588
Restricted for debt service	946,656	336,842	922,863	654,521	376,962	349,692	428,646	364,510	26,859	344,421
Unrestricted	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	33,455,745
Total business-type activities net position	<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>	<u>\$ 136,140,754</u>
Primary government										
Net investment in capital assets	\$ 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	\$ 510,718,642
Restricted for debt service	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	31,820,447
Unrestricted	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	50,331,748
Total primary governmental net position	<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>	<u>\$ 592,870,837</u>

Source: Comprehensive Annual Financial Report

**CITY OF ALLEN, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)**

TABLE 2

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government	\$ 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	\$ 24,464,246
Public safety	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	31,607,444
Public works	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	18,349,569
Culture and recreation	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	32,407,934
Community development	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	2,861,704
Interest on long-term debt	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	3,921,989
Total governmental activities expenses	<u>61,647,102</u>	<u>66,054,199</u>	<u>77,170,348</u>	<u>78,431,597</u>	<u>93,246,079</u>	<u>98,982,974</u>	<u>103,883,534</u>	<u>105,296,404</u>	<u>111,234,067</u>	<u>113,612,886</u>
Business-type activities:										
Water and sewer	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	32,304,628
Solid waste	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	5,560,294
Drainage	647,755	705,503	710,711	692,180	895,924	819,947	882,726	910,179	951,973	914,322
Golf Course	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	2,911,476
Total business-type activities expenses	<u>24,016,833</u>	<u>25,893,120</u>	<u>28,465,653</u>	<u>29,978,123</u>	<u>34,381,907</u>	<u>33,782,497</u>	<u>33,850,488</u>	<u>38,049,581</u>	<u>39,255,665</u>	<u>41,690,720</u>
Total primary government expenses	<u>\$ 85,663,935</u>	<u>\$ 91,947,319</u>	<u>\$ 105,636,001</u>	<u>\$ 108,409,720</u>	<u>\$ 127,627,986</u>	<u>\$ 132,765,471</u>	<u>\$ 137,734,022</u>	<u>\$ 143,345,985</u>	<u>\$ 150,489,732</u>	<u>\$ 155,303,606</u>
Program Revenues										
Governmental activities:										
Charges for Services:										
General government	\$ 387,773	\$ 488,618	\$ 508,964	\$ 553,322	\$ 619,950	\$ 575,406	\$ 712,432	\$ 675,196	\$ 823,801	\$ 705,064
Public safety	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	1,647,407
Public works	287,527	180,773	194,223	26,940	131,147	117,518	137,357	196,685	154,418	233,808
Culture and recreation	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	9,177,211
Community development	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	3,021,708
Operating grants and contributions	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	1,749,567
Capital grants and contributions	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	10,552,610
Total governmental activities program revenues	<u>34,845,738</u>	<u>28,207,462</u>	<u>54,333,600</u>	<u>79,197,568</u>	<u>33,094,938</u>	<u>19,545,510</u>	<u>39,842,798</u>	<u>29,882,852</u>	<u>24,768,276</u>	<u>27,087,375</u>
Business-type activities:										
Charges for services:										
Water and sewer	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	34,135,714
Solid waste	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	6,474,386
Drainage	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	1,465,044
Golf Course	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	2,361,384
Operating grants and contributions	-	-	-	-	-	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Capital grants and contributions	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	4,416,642
Total business-type activities program revenues	<u>37,922,506</u>	<u>32,336,886</u>	<u>46,697,358</u>	<u>35,064,872</u>	<u>39,189,375</u>	<u>43,376,700</u>	<u>44,282,649</u>	<u>44,988,712</u>	<u>43,867,197</u>	<u>49,853,170</u>
Total primary government program revenues	<u>\$ 72,768,244</u>	<u>\$ 60,544,348</u>	<u>\$ 101,030,958</u>	<u>\$ 114,262,440</u>	<u>\$ 72,284,313</u>	<u>\$ 62,922,210</u>	<u>\$ 84,125,447</u>	<u>\$ 74,871,564</u>	<u>\$ 68,635,473</u>	<u>\$ 76,940,545</u>

(continued)

**CITY OF ALLEN, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)**

TABLE 2

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (Expenses) Revenue										
Governmental activities	\$ (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)	\$ (86,525,511)
Business-type activities	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	8,162,450
Total primary government net expenses	<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>	<u>\$ (78,363,061)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	\$ 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	\$ 50,143,986
Sales taxes	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	18,141,683
Franchise taxes	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	7,412,447
Hotel / Motel taxes	411,489	673,383	719,039	597,512	805,185	1,113,312	1,229,996	1,350,286	1,499,512	1,544,160
Other taxes	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	1,851,397
Investment earnings	2,401,571	3,011,145	2,437,926	1,558,913	1,154,160	644,169	538,863	177,495	416,828	689,736
Gain on disposition of capital assets	327,268	77,938	57,979	113,734	103,095	233,783	40,509	92,401	-	-
Miscellaneous	794,086	891,846	511,656	1,052,184	1,312,462	1,451,743	1,802,747	2,079,082	2,445,491	2,650,103
Transfers	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	6,249,489
Total governmental activities	<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>	<u>88,683,001</u>
Business-type activities:										
Investment earnings	995,507	1,269,510	775,413	499,148	338,849	184,709	197,613	70,382	134,988	194,051
Gain on disposition of capital assets	-	-	667,624	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	408,104	143,329	411,268	385,842	850,157	1,003,939
Transfers	(1,663,788)	(2,718,588)	(2,806,596)	(3,211,453)	(5,142,361)	(5,071,346)	(5,377,207)	(5,627,137)	(5,627,137)	(6,249,489)
Total business-type activities	<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>(5,170,913)</u>	<u>(4,641,992)</u>	<u>(5,051,499)</u>
Total primary government	<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>\$ 72,346,208</u>	<u>\$ 78,709,114</u>	<u>\$ 83,631,502</u>
Change in Net Position										
Governmental activities	\$ 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)	\$ 2,157,490
Business-type activities	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)	3,110,951
Total primary government	<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>	<u>\$ 5,268,441</u>

Source: Comprehensive Annual Financial Report

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

TABLE 3

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Nonspendable	\$ 1,250	\$ -	\$ 1,126	\$ 941	\$ 862	\$ 156	\$ 2,081	\$ 2,098	\$ 4,767	\$ 1,486
Restricted	-	-	-	-	-	55,898	513,801	726,953	752,238	779,185
Assigned	-	-	-	-	-	1,402	133,478	851,564	748,200	921,030
Unassigned	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	18,686,921
Total General Fund	<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>	<u>\$ 20,388,622</u>
All Other Governmental Funds										
Restricted	\$ 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	\$ 51,398,430
Total all other governmental funds	<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>	<u>\$ 51,398,430</u>

Source: Comprehensive Annual Financial Report

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

TABLE 4

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
REVENUES										
Ad valorem taxes	\$ 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	\$ 50,177,840
Franchise taxes	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	7,412,447
Municipal sales tax	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	18,141,683
Licenses, permits and fees	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	3,134,551
Charges for services	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	11,734,344
Court fines	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	1,805,230
Gifts and contributions	709,608	1,860,720	2,189,511	23,902,163	609,522	986,125	1,443,766	1,322,228	819,408	1,012,103
Hotel / motel taxes	411,489	673,383	719,039	597,512	805,185	1,113,312	1,229,996	1,350,286	1,499,512	1,544,160
Recreation fees	2,140,496	2,098,051	2,154,236	2,309,331	-	-	-	-	-	-
Intergovernmental	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	3,570,737
Investment earnings	2,113,578	2,578,852	2,160,011	1,318,704	985,219	547,525	440,065	144,604	344,386	577,014
Miscellaneous	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	3,420,441
Total revenues	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	102,530,550
EXPENDITURES										
General government	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	23,996,598
Public safety	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	30,731,310
Public works	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	4,888,798
Culture and recreation	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	22,540,516
Community development	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	2,880,880
Capital outlay	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	6,555,445
Debt service										
Principal retirement	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	9,322,537
Interest and fiscal charges	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	4,247,469
Total expenditures	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	105,163,553
Excess (deficiency) of revenues over (under) expenditures	(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)	(2,633,003)
OTHER FINANCING SOURCES (USES)										
Refunding bonds issued	-	-	-	-	-	12,625,000	13,940,000	-	-	32,245,000
Premium on bond issuance	-	-	50,904	189,872	150,733	667,702	2,296,042	350,071	432,879	3,772,133
Issuance of debt	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	65,944	-	153,455	35,069	-	-	29,905	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	(12,998,419)	(16,050,003)	-	-	(27,782,010)
Transfer from other funds	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	9,711,565
Transfer to other funds	(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)	(4,847,771)
Sale of capital assets	403,313	50,284	53,434	77,571	98,192	23,259	9,622	23,288	21,258	19,585
Total other financing sources (uses)	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	13,118,502
NET CHANGE IN FUND BALANCES	\$ 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	\$ 10,485,499
Debt service as a percentage of noncapital expenditures	23.4%	21.3%	19.0%	17.7%	13.3%	14.4%	13.8%	14.2%	13.1%	13.8%

Source: Comprehensive Annual Financial Report

**CITY OF ALLEN, TEXAS
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS
 (Unaudited)**

TABLE 5

Fiscal Year	Estimated Market Value		Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Real Property	Personal Property			
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
2015	9,347,795,862	885,946,440	1,071,401,599	9,162,340,703	0.54000

Sources: City of Allen Budget Document
 Collin Central Appraisal District

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

TABLE 6

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
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
2015	0.39836	0.14164	0.54000	1.64000	1.44800	1.67000	1.56000	0.23500	0.08196

Source: Collin Central Appraisal District

**CITY OF ALLEN, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

TABLE 7

2015			2006		
Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value ^a	Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value ^b
AT&T Mobility LLC	\$ 146,741,227	1.60%	Cingular Wireless LLC	\$ 64,627,037	1.25%
The Village At Allen LP	144,127,995	1.57%	Chelsea Allen Development LP	52,588,313	1.02%
Watters Creek Owner LLC	102,933,076	1.12%	Lexington Allen LP	35,046,905	0.68%
Cisco Systems Inc	89,245,493	0.97%	TXU Electric Delivery Company	32,210,081	0.62%
AT&T Services Inc	79,723,251	0.87%	BES Settler's Gate Fund III LP & ETAL	30,601,300	0.59%
Chelsea Allen Development LP	78,000,000	0.85%	Benton Pointe Apartments Inc	30,045,214	0.58%
BH Benton Pointe Apartments LLC	39,000,560	0.43%	Bossy Boots Holdings Ltd	26,690,317	0.52%
Oncor Electric Delivery Company	38,352,995	0.42%	Sanmina Corporation	24,347,127	0.47%
BH Settler's Gate Apartments LP	37,476,928	0.41%	Southwestern Bell Telephone	20,742,140	0.40%
Allen Station Apartments LLC	30,578,210	0.33%	AT&T Corporation	20,136,178	0.39%
Total	<u>\$ 786,179,735</u>	<u>8.58%</u>	Total	<u>\$ 337,034,612</u>	<u>6.53%</u>

Source: Collin Central Appraisal District

Notes: ^aTaxpayers are assessed on January 1, 2014 (2014 tax year) for the 2015 fiscal year.

^bTaxpayers are assessed on January 1, 2005 (2005 tax year) for the 2006 fiscal year.

**CITY OF ALLEN, TEXAS
AD VALOREM TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

TABLE 8

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
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	35,887,839	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	40,932,108	99.98%	(22,886)	40,909,222	99.93%
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%	159,187	44,164,489	99.99%
2014	46,051,741	45,924,321	99.72%	-	45,924,321	99.72%
2015	49,476,640	48,784,032	98.60%	523,386	49,307,418	99.66%

Source: Collin County Tax Assessor

**CITY OF ALLEN, TEXAS
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)**

TABLE 9

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			
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%	1,285
2014	99,245,000	530,000	9,846,996	8,015,000	1,267,613	118,904,609	3.36%	1,304
2015	95,690,000	490,000	31,526,373	6,735,000	3,556,229	137,997,602	3.50%	1,480

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.

**CITY OF ALLEN, TEXAS
RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)**

TABLE 10

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property ^a	Per Capita ^b
	General Obligation Bonds	Certificates of Obligation	Total		
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
2015	95,690,000	490,000	96,180,000	1.05%	1,031

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.

**CITY OF ALLEN, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2015
(Unaudited)**

TABLE 11

<u>Governmental Unit</u>	<u>Gross 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.	\$ 471,368,037	90.83%	\$ 428,143,588
Plano I.S.D.	852,635,313	0.86%	7,332,664
McKinney I.S.D.	485,660,000	0.15%	728,490
Lovejoy I.S.D.	161,697,131	10.07%	16,282,901
Collin County	402,795,000	11.46%	46,160,307
Collin College	31,600,000	11.19%	3,536,040
Subtotal, overlapping debt			<u>\$ 502,183,990</u>
City of Allen (direct debt)	96,180,000	100.00%	<u>96,180,000</u>
Total direct and overlapping debt			<u><u>\$ 598,363,990</u></u>

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

**CITY OF ALLEN, TEXAS
 PLEDGED – REVENUE COVERAGE
 LAST TEN FISCAL YEARS
 (Unaudited)**

TABLE 12

Fiscal Year	Water and Sewer System Revenue Bonds				
	Total Revenues ^a	Less: Operating Expenses ^b	Net Available Revenue	Annual Requirement ^c	Times Coverage
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
2015	36,275,063	26,397,770	9,877,293	1,513,860	6.52

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.

**CITY OF ALLEN, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)**

TABLE 13

<u>Fiscal Year</u>	<u>Estimated Population^a</u>	<u>Personal Income</u>	<u>Per Capita Personal Income^b</u>	<u>School Enrollment^c</u>	<u>Unemployment Rate^d</u>
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%
2015	93,261	3,940,277,250	42,250	20,755	3.2%

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

^bEstimated Per Capita Income provided by DemographicsNow.

^cAllen Independent School District.

^dTexas Workforce Commission.

**CITY OF ALLEN, TEXAS
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

TABLE 14

2015			2006		
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>	<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Allen Independent School District	2,210	7.00%	Allen Independent School District	2,000	10.59%
Experian	865	2.74%	Experian	720	3.81%
Frontier Communications	850	2.69%	City of Allen	605	3.20%
City of Allen	775	2.46%	Sanmina SCI	600	3.18%
Texas Health Presbyterian Hospital	670	2.12%	Sage Telecommunications	491	2.60%
Jack Henry & Associates	600	1.90%	Celerity, Inc	330	1.75%
CVE Technology Group, Inc	600	1.90%	Jack Henry & Associates	268	1.42%
PFSweb	450	1.43%	RCL Enterprises	207	1.10%
Andrew Distributing	400	1.27%	BSM Financial	200	1.06%
Monkey Sports	203	0.64%	State Farm Insurance	195	1.03%
Total	7,623	24.15%		5,616	29.74%
Total Allen Daytime Employees	31,557		Total Allen Daytime Employees	18,891	

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

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

TABLE 15

Function/Program	Fiscal Year									
	<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>	<u>2015</u>
General Government and Administration	43.75	46.75	52.75	55.50	55.50	56.00	57.50	62.00	64.00	67.00
Public Safety	233.00	239.00	251.00	255.00	255.00	257.50	276.50	284.50	286.00	295.00
Public Works	50.00	50.00	51.50	52.50	52.50	54.00	53.00	53.00	54.50	55.50
Culture and Recreational	157.64	161.04	162.14	162.92	213.87	215.36	214.86	214.50	212.27	215.71
Water and Sewer	56.50	57.00	60.00	60.50	60.50	63.50	63.50	66.50	68.00	69.00
Golf Course ^a	34.00	34.00	34.00	34.08	34.08	32.49	23.63	32.54	32.54	33.64
Community Development	26.00	28.50	30.00	31.00	29.00	28.00	28.00	26.00	27.00	27.50
Risk Management	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00	4.00	4.00
Economic Development	<u>3.00</u>	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>	<u>4.25</u>	<u>4.25</u>	<u>4.25</u>	<u>4.25</u>	<u>6.25</u>	<u>7.00</u>
Total	<u>605.89</u>	<u>622.29</u>	<u>647.39</u>	<u>657.50</u>	<u>706.70</u>	<u>713.10</u>	<u>723.24</u>	<u>746.29</u>	<u>754.56</u>	<u>774.35</u>

Source: City Budget Book

**CITY OF ALLEN, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)**

TABLE 16

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety										
Police										
Number of Employees	142	148	154	157	157	160	172	174	175	183
Number of Violations (Citations)	20,749	18,562	21,462	18,251	17,504	17,925	13,812	13,902	19,943	14,000
Fire										
Number of Employees	91	91	97	98	98	98	104	110	111	112
Number of Fire/Other runs	1,844	1,298	2,144	2,045	1,362	1,468	1,325	1,377	1,541	1,622
Number of EMS runs	1,687	2,416	2,008	2,084	2,885	3,155	3,193	3,613	3,703	3,812
Development Services										
Streets paved (miles)	21	14	5	2	4	3	4	1	4	1
Building Permits Issued ^a	5,871	4,903	5,287	4,014	4,689	4,993	5,192	6,013	9,538	7,549
Cultural and Recreational										
Parks and Recreation										
Park maintained & operated per acre	\$ 5,796	\$ 5,093	\$ 5,959	\$ 5,772	\$ 5,121	\$ 5,393	\$ 5,117	\$ 4,372	\$ 4,445	\$ 4,258
Participants in Leisure Service Programs	308,699	351,931	385,376	501,626	581,535	624,643	683,645	666,452	646,719	568,503
Rounds of Golf ^c	35,919	33,685	39,886	43,527	37,857	38,775	0	33,615.00	45,546	39,723
Library										
Volumes in Collection ^b	128,799	138,063	135,879	131,048	127,665	122,522	124,471	124,226	128,501	132,380
Water and Sewer										
Number of Water Consumers	24,438	25,326	26,162	26,598	27,094	27,495	27,974	28,669	29,124	29,750
Average Daily Water Consumption (gallons)	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	13,284,000
Maximum Storage Capacity (million of gallons)	27.5	33.5	31.5	31.0	31.0	33.0	33.0	33.0	33.0	33.0
Sanitation										
Recyclables Collected (tons)	6,502	6,954	7,571	9,232	9,374	9,307	9,517	9,667	9,920	10,015
Solid Waste Collected (tons)	47,512	49,822	52,699	52,457	53,660	56,233	53,960	53,445	55,142	59,591

Source: City Departments

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

^bInclude books and media.

^cGolf Course was closed for renovations in FY2012, and re-open on January 2013.

**CITY OF ALLEN, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(Unaudited)**

TABLE 17

<u>Function/Program</u>	<u>Fiscal Year</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>	<u>2015</u>
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Patrol Units	17	18	23	24	23	23	27	27	27	27
Fire Stations	4	4	4	4	4	4	5	5	5	5
Police Motorcycle Units	4	4	4	4	4	4	4	4	4	4
Development Services										
Streets-Paved (miles)	293	307	312	314	318	321	325	326	330	331
Alleys-Paved (miles)	158	159	161	161	163	163	163	163	165	166
Cultural and Recreational										
Parks (acres)	573	578	578	578	576	576	597	597	599	599
Playgrounds	24	32	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
Natatorium	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	1
Water and Sewer										
Water Mains (miles)	410	427	439	445	452	456	461	467	471	474
Fire Hydrants	3,748	3,894	3,941	3,954	3,981	4,022	4,144	4,210	4,329	4,398
Sanitary Sewers (miles)	316	329	334	336	339	342	346	352	354	356
Storm Sewer Lines (miles)	97	101	103	104	105	106	107	108	109	110

Source: City Departments



CITY OF ALLEN

PRIDE

PEOPLE FIRST RESPECT INTEGRITY DELIVER EXCEL