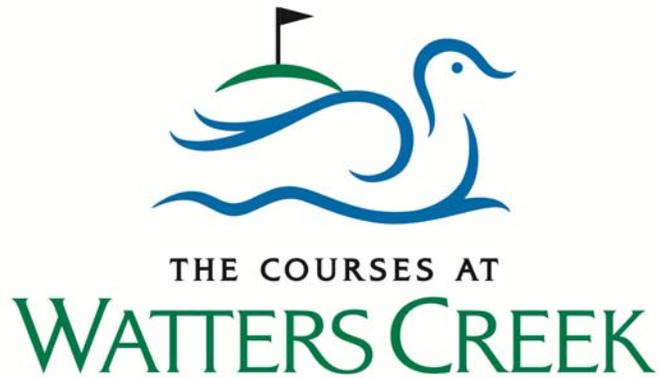




Comprehensive Annual
Financial Report
For Fiscal Year Ended
September 30, 2013



Allen, Texas



The Courses at Watters Creek reflects the City of Allen's vision to provide top-quality recreational facilities for residents, families and guests; centrally located on Highway 75 on the Allen/Plano border, the inviting and environmentally friendly design by Weibring-Wolfard Golf Design sets the standard for a community golf experience- three courses designed for players of all abilities, all at a competitive value. It's not the old Chase Oaks...it's the new Courses at Watters Creek.

For more on Allen, Texas please visit:

<http://www.cityofallen.org>

<http://www.allentx.com/>

<http://visitallentexas.com/>

CITY OF ALLEN, TEXAS

COMPREHENSIVE ANNUAL
FINANCIAL REPORT



**FISCAL YEAR ENDED
SEPTEMBER 30, 2013**

**AS PREPARED BY THE
FINANCE DEPARTMENT**

**CITY OF ALLEN, TEXAS
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 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013
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March 11, 2014

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, 2013.

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, 2013 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 3.65 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 89,705 is estimated to grow to 97,938 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 746.29 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 Texas unemployment rate is 6.2% compared to the U.S. unemployment rate at 8%. 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 89,705 is expanding with an estimated 2.8% growth rate. Allen has benefited from a well-educated and affluent workforce with approximately 80% of the 75013 zip code (one of the two major zip codes in Allen) composed of Allen residents with an income of \$75,000 or more. With a median age of 34.7, over 53.1% of adults have a Bachelors degree or higher and the average household income is \$112,143. Allen is a community that offers exceptional housing, award-winning schools and a dynamic business climate all of which are strong factors in the success of the City's economy. The quality of the Allen community attracts residents with a high level of spending power and disposable income. This makes Allen a prime location for restaurants, shopping centers and other retail venues.

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

Long Range Financial Planning

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

The City continues to maintain the highest 'AAA' rating from Standard and Poor's and Aa1 from Moody's on its general obligation, certificate of obligation bonds. The Water and Sewer Revenue Bonds are rated 'AAA' from Standard and Poor's and Aa2 from Moody's. S&P's May 2013 rating report supporting the 'AAA' rating stated the following credit factors:

- Rapidly growing and diversifying economic and property tax base to include a mix of residential, commercial, and industrial components;
- High wealth and income levels;
- Access to the large and diverse north-central Texas employment base;
- History of very strong reserve levels and thorough planning processes; and
- Moderately high overall net debt levels.

During FY2013 the City issued \$5,065,000 in new General Obligation debt for streets, parks, building renovations and public art after a one-year hiatus from issuing new debt and starting new projects authorized in the 2007 Bond Program. Not issuing debt in FY2012 deferred the impact those projects would have on the tax rate, debt burden, and operating costs in the FY2013 budget.

Due to conservative budgeting and effective management, the City continues to cash finance capital projects thus saving debt issuance and interest costs. In FY2013 the General Fund contributed \$3,000,000 for future capital projects, Water and Sewer Fund-\$3,620,000 for software replacement, water/sewer replacement, and pump and lift station improvements, Solid Waste Fund-\$300,000 for software replacement and alley repairs, and Drainage Fund-\$153,992 for software replacement and drainage improvements.

Fiscal Year 2013 Highlights

During FY 2013, the City accomplished many initiatives to enhance livability, improve personal experience, invest in the future, and celebrate the successes. From quality neighborhoods to park development, community safety, and environmental initiatives, it's no surprise that people move here because they want Allen's quality of life.

As the city's population continued to grow, the need for new housing continued as well with the Community Development Department issuing almost four hundred and sixty building permits. The City welcomed a variety of new businesses -*Cracker Barrel, Pie Five Pizza, Jump Street, Altar'D State, Z Gallerie, Emler Swim School, Blue Wave Express Carwash, Car Spa, Christian Brothers Automotive, Legacy ER*, and facilitated several new residential developments--*The Landings, Bethany Mews, McDermott Farm, Hamilton Hills, Phase III of Villas at Twin Creeks and Phase II of the Villas at Cottonwood Creek*. The City also administered Community Development Block Grant funds which went toward the rehabilitation of nine homes within Allen's older neighborhoods.

As one of the safest communities in the state and nation, the Police Department created a new street crimes task force to reduce property crimes. Also, working with the Information Technology Department, the department implemented a new \$2.4 million records management system to increase efficiency with data entry, collection and analysis. The system includes use of electronic ticket writers in the field, enhances crime mapping capabilities and interactive crime data that can be provided on a public platform.

The Fire Department also improved their service to the community by replacing two ambulances which include innovative features such as an automated cot raising and lowering system to minimize back injuries and increase patient safety. Other safety initiatives included the implementation of enhanced mosquito control efforts by the Environmental Health Division and Allen' emergency response was expanded by working with the North Central Texas Council of Governments as an early adopter of a new text to 911 services for Verizon Wireless customers in most areas of Collin County.

The City's environmental conservation and green initiatives span the entire city: from installing energy efficient lighting at the Don Rodenbaugh Natatorium, opening a new Chemical Reuse Center, to providing a free irrigation inspection program, to encourage residents to reach a ten percent water use reduction during Stage three of the City's Water Conservation Plan.

The Community Services Department successfully negotiated a contract extension with Community Waste Disposal (CWD), Allen's solid waste provider that will have a positive impact to the Solid Waste Fund budget. And with the assistance of a grant received by Keep Allen

Beautiful, the City was able to implement recycling at Allen Event Center and encourage participation there through a series of animated public service announcements.

With monetary gifts from the McDermott Foundation and Friends of the Library, as well as county grant funds, the library upgraded the radio frequency identification system, which allows for patron traffic counting, book location alerts, alarm notification, and self-service check-out stations. Renovations to the library's second floor included new carpet, paint, and a whole new layout for adult fiction and non-fiction materials.

Another development completed was a \$9.20 million dollar renovation of the City's municipal golf course made possible by funds from the Community Development Corporation. Renamed The Courses at Watters Creek, and reopened in January 2013, the course includes a lighted driving range, eighteen hole Traditions course, a nine hole Player's Course and a six hole Future's course to accommodate players of all skill levels. Other projects funded by the CDC were construction of a restroom at Heritage Village, improvements at Bethany Lakes Park, share the road bicycle signage, trail development, and a new bus for the Allen Senior Recreation Center.

The Allen Economic Development Corporation worked to bring a variety of companies and related development to Allen-*Cooking Solutions Group-45 new jobs and capital investment of \$600,000; Bridgometrics-53 new jobs and \$75,000 capital investment; Expansion of Experian Information Solutions created 154 new jobs with a capital investment of \$6 million; announced the development of Allen Place, a new \$70 million office park along U.S. 75, that will include 468,000 square feet of office space , retail shopping, conference rooms, and a fitness center.* This not only positively affected the city's economy, but also increased the number of jobs in Allen.

One of the city's major draws, Allen Event Center, is home to a wide range of entertaining shows and events-*Scooby Doo, The Brian Setzer Orchestra, Allen Blues Festival, Under the Sun Tour, and SNL comedic talent of Carvey, Miller and Nealon.* And when the event center is in between shows, it transforms into a professional sports venue for numerous events, ranging from indoor football to the Tom Thumb Texas Stampede Championship Rodeo. On the event center ice, the Allen Americans capped another successful season by winning the Presidents Cup. And the legendary Dallas Sidekicks soccer team kicked off their inaugural season by dominating their home turf in the Allen Event Center.

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

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

Relevant Financial Policies

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

On a quarterly basis the Finance Department prepares financial and investment reports which are presented to the City Council.

AWARDS AND ACKNOWLEDGEMENTS

Awards -- The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Allen for its CAFR for the fiscal year ended September 30, 2012. This was the fifteenth 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, Fiscal Services Administrator and Tru Nguyen, Senior Accountant. Appreciation is expressed to representatives of Weaver for their invaluable assistance in producing the final document and to the City Manager's office and the members of the City Council whose leadership and commitment are vital to the health and vitality of Allen.

Respectfully submitted,

Kevin Hammeke
Chief Financial Officer

Joanne Stoehr
Assistant Finance Director



CITY OF ALLEN

PRIDE

PEOPLE FIRST RESPECT INTEGRITY DELIVER EXCEL



Government Finance Officers Association

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

Presented to

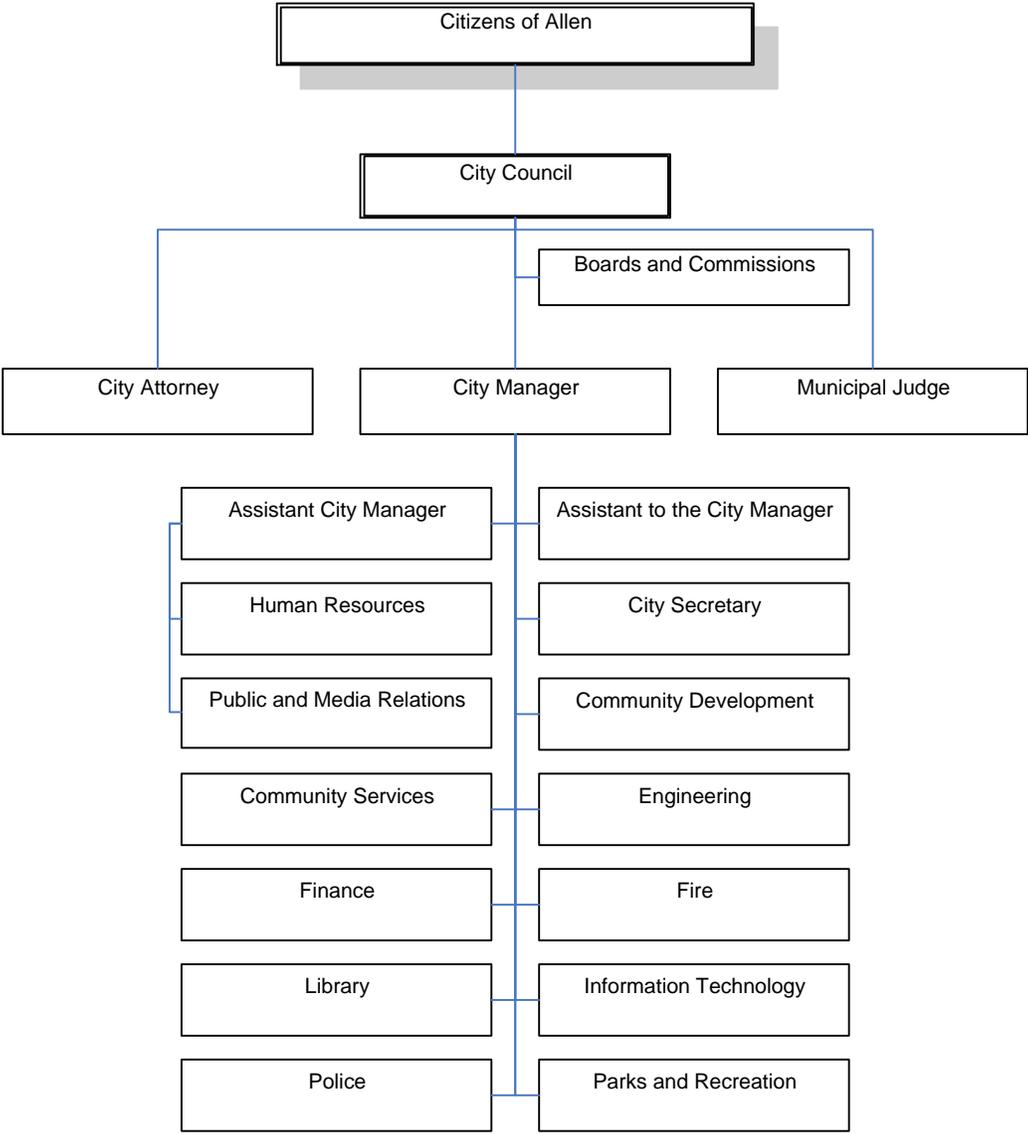
**City of Allen
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO

CITY OF ALLEN
ORGANIZATIONAL CHART



CITY OF ALLEN, TEXAS

CITY OFFICIALS



Council Members

Mayor

Mayor Pro Tem, Place 5

Place 1 Council Member

Place 2 Council Member

Place 3 Council Member

Place 4 Council Member

Place 6 Council Member

Stephen Terrell

Gary L. Caplinger

Kurt Kizer

Ross Obermeyer

Joey Herald

Robin L. Sedlacek

Baine Brooks

Management Staff

City Manager

Chief Financial Officer

Assistant Finance Director

Financial Services Administrator

Acting Accounting Manager

Peter H. Vargas

Kevin Hammeke

Joanne Stoehr

Dana Thornhill

Tru Nguyen



CITY OF ALLEN

PRIDE

PEOPLE FIRST RESPECT INTEGRITY DELIVER EXCEL



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, 2013, 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, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of TMRs funding progress and contributions, schedule of OPEB funding progress and contributions and budgetary comparison information on pages 4 through 16 and 67 through 69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
March 4, 2014



MANAGEMENT'S DISCUSSION AND ANALYSIS

**CITY OF ALLEN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2013
(UNAUDITED)**

As management of the City of Allen, Texas, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2013.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities (net position) at September 30, 2013 by \$609,022,323. Of this amount, \$60,665,820 (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 \$4,137,094. The increase is primarily a result of prudent, conservative management by City staff that led to actual expenditures being \$3M less than budgeted and a reduction in total gross bonded debt.
- The City's governmental funds reported combined ending fund balances of \$50,664,689 at September 30, 2013, an increase of \$7,581,052 from the prior fiscal year. This increase is due to prudent, conservative management of City staff that allowed the City to transfer \$3M to the General Capital Projects Fund for future capital projects, operating revenues in the General Fund increasing, and revenue as a result of the sale of general obligation bonds in the amount of \$5,065,000.
- At the end of the fiscal year, the unassigned fund balance for the General Fund was \$14,952,037 or 20% of total General Fund expenditures.
- On a government-wide basis, the City's total liabilities decreased by \$2,855,572, primarily because the general obligation principal payment of \$7,955,000 was greater than the new general obligation bond issue of \$5,065,000.

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, 2013
(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.

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

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

Notes to the Financial Statements - Additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements is provided in the notes to the financial statements found on pages 33 through 66 of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information highlighting budgetary information for the General Fund and funding schedules for TMRS and OPEB found on pages 67 through 69 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 109 through 112.

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 \$609,022,323 as of September 30, 2013. By far the largest portion of the City's net position (\$521,480,762 or 86%) reflects its investment in capital assets (i.e. land, buildings, infrastructure, vehicles, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, 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
Net Assets**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current and other assets	\$ 71,658,064	\$ 64,019,841	\$ 39,461,753	\$ 35,900,850	\$ 111,119,817	\$ 99,920,691
Capital assets	514,374,899	523,241,289	109,370,527	110,421,741	623,745,426	633,663,030
Total Assets	<u>586,032,963</u>	<u>587,261,130</u>	<u>148,832,280</u>	<u>146,322,591</u>	<u>734,865,243</u>	<u>733,583,721</u>
Long-term liabilities	104,892,837	106,623,962	10,336,145	10,923,454	115,228,982	117,547,416
Other liabilities	7,171,738	8,772,349	3,442,200	2,378,727	10,613,938	11,151,076
Total Liabilities	<u>112,064,575</u>	<u>115,396,311</u>	<u>13,778,345</u>	<u>13,302,181</u>	<u>125,842,920</u>	<u>128,698,492</u>
Net Position:						
Net investment in capital assets	421,936,296	426,207,901	99,544,466	99,960,794	521,480,762	526,168,695
Restricted	26,511,231	21,042,413	364,510	428,646	26,875,741	21,471,059
Unrestricted	25,520,861	24,614,505	35,144,959	32,630,970	60,665,820	57,245,475
Total Net Position	<u>\$ 473,968,388</u>	<u>\$ 471,864,819</u>	<u>\$ 135,053,935</u>	<u>\$ 133,020,410</u>	<u>\$ 609,022,323</u>	<u>\$ 604,885,229</u>

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An additional portion of the City's net position, \$26,875,741, represents resources that are subject to external restrictions on how they may be used; the remaining balance of \$60,665,820 may be used to meet the government's ongoing obligations to citizens and creditors.

Analysis of the City's Operations - As of September 30, 2013, the City had an overall increase in net position of \$4,137,094 for the government as a whole which represents an increase of \$2,103,569 for governmental activities and an increase of \$2,033,525 for business-type activities. The increase in governmental activities is due to operating revenues in the General Fund increasing, prudent management by City staff, and revenue as a result of the sale of general obligations bonds. The increase in business-type activities due to operating revenues increasing for Water and Sewer as a result of a water rate increase in February 2013 in accordance with the Water and Sewer rate study and the reopening of the city-owned golf course. A summary of the City's operations for the year ended September 30, 2013 is provided in Table 2.

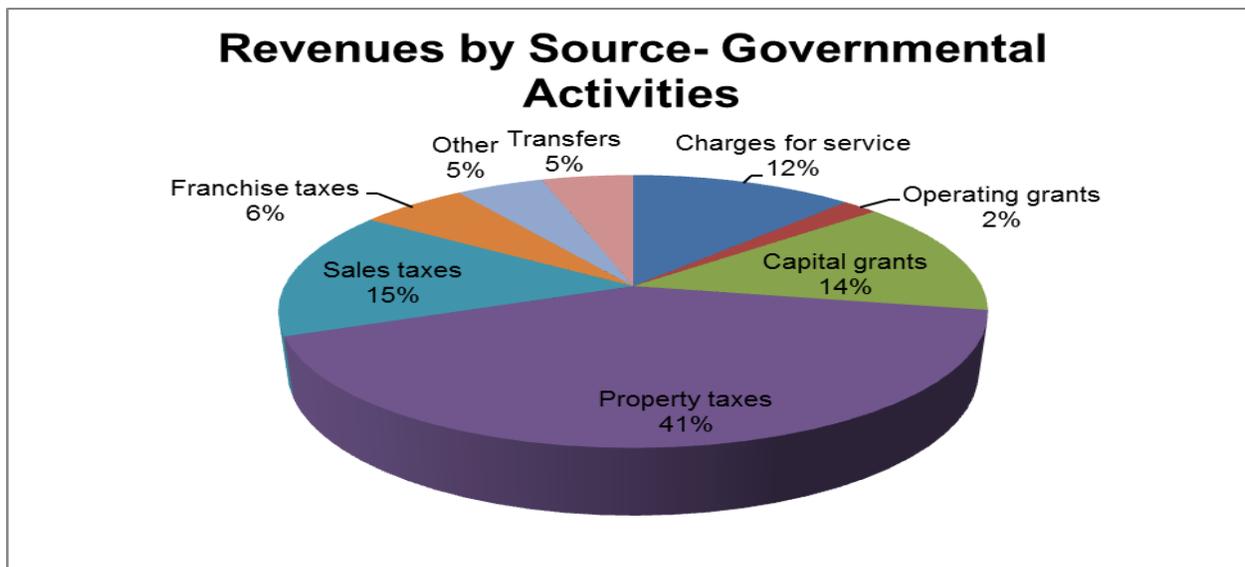
**Table 2
Changes in Net Position**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues:						
Program Revenues:						
Charges for services	\$ 13,077,590	\$ 11,712,062	\$ 40,200,412	\$ 36,131,606	\$ 53,278,002	\$ 47,843,668
Operating grants and contributions	2,067,482	1,504,355	1,000,000	1,000,000	3,067,482	2,504,355
Capital grants and contributions	14,737,780	26,626,381	3,788,300	7,151,043	18,526,080	33,777,424
General Revenues:						
Property taxes	44,474,745	42,042,753	-	-	44,474,745	42,042,753
Sales tax	16,289,761	15,038,519	-	-	16,289,761	15,038,519
Franchise taxes	6,302,018	6,150,419	-	-	6,302,018	6,150,419
Hotel motel taxes	1,350,286	1,229,996	-	-	1,350,286	1,229,996
Other taxes	1,389,503	1,622,633	-	-	1,389,503	1,622,633
Interest earnings	177,495	538,863	70,382	197,613	247,877	736,476
Gain on sale of capital asset	92,401	40,509	-	-	92,401	40,509
Miscellaneous	2,079,082	1,802,747	385,842	411,268	2,464,924	2,214,015
Total Revenues	102,038,143	108,309,237	45,444,936	44,891,530	147,483,079	153,200,767
Expenses:						
General government	22,271,050	18,347,067	-	-	22,271,050	18,347,067
Public safety	28,935,911	28,675,146	-	-	28,935,911	28,675,146
Public works	17,807,948	17,681,730	-	-	17,807,948	17,681,730
Culture and recreation	29,983,224	32,112,451	-	-	29,983,224	32,112,451
Community development	2,230,968	2,527,518	-	-	2,230,968	2,527,518
Interest on long-term debt	4,067,303	4,539,622	-	-	4,067,303	4,539,622
Water and sewer	-	-	29,160,281	26,359,698	29,160,281	26,359,698
Solid waste services	-	-	5,495,654	5,429,049	5,495,654	5,429,049
Drainage	-	-	910,179	882,726	910,179	882,726
Golf course	-	-	2,483,467	1,179,015	2,483,467	1,179,015
Total Expenses	105,296,404	103,883,534	38,049,581	33,850,488	143,345,985	137,734,022
Change in net position before transfers	(3,258,261)	4,425,703	7,395,355	11,041,042	4,137,094	15,466,745
Transfers	5,361,830	5,377,207	(5,361,830)	(5,377,207)	-	-
Change in net position	2,103,569	9,802,910	2,033,525	5,663,835	4,137,094	15,466,745
Net position, beginning of year	471,864,819	462,061,909	133,020,410	127,356,575	604,885,229	589,418,484
Net position, end of year	\$ 473,968,388	\$ 471,864,819	\$ 135,053,935	\$ 133,020,410	\$ 609,022,323	\$ 604,885,229

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Governmental activities

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



Revenues for the City's governmental activities decreased by \$6,271,094 or 6%. Major components of revenue increases and decreases are explained as follows:

- Property taxes increased by \$2,432,002 due to an increase of 5.25% from prior year's valuation. This increase is due to new property, increases in valuation of business personal property, and abatement reductions.
- Operating grants and contributions increased by 37% due to the City receiving additional federal grant funding for fire station #5, park dedication fees increasing, and the Parks Department being awarded a grant for recycling at the Allen Event Center.
- Capital grants and contributions decreased by \$11,888,601 due to a decrease in developer contributions for right of way and Parkland.
- Sales tax increased by 8% due to continued commercial retail development and population growth in Allen.
- Charges for services increased by 12% due to the additional revenues created by the City-owned Allen Event Center as well as due to City staff evaluating the various fees charged for services to ensure the City stays in line with other municipalities regarding cost recovery.
- Hotel taxes increased by 10% due to more usage of the hotels as the City of Allen continues to become a destination point for many activities.
- Interest earnings decreased \$361,368, a reduction of 67%, as a result of the continued decline of rates on investments during fiscal year 2013.

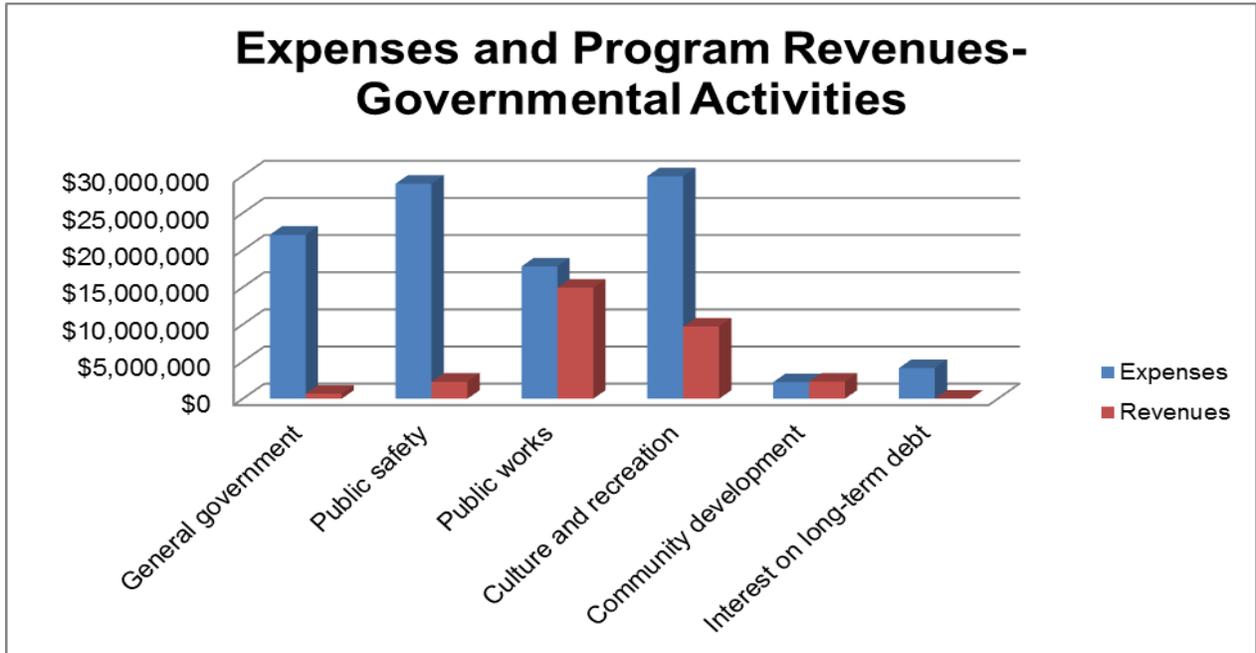
Expenses for governmental activities increased by \$1,412,870 or 1%. Components of increases and decreases are explained as follows:

- Expenses include employee annual merit increases.
- Due to the City's retiree insurance rates increasing significantly after December 2012, the City had an increase in the number of employees retiring which resulted in an increase in payouts for employees' accrued time.
- Expenses for general government increased by 21% due to critical maintenance needs to various City operations and an increase in the City's share of healthcare costs. Expenses for the city's General Fund electricity and water accounts were moved to the general government category, and the personnel costs for managing the GIS application moved to the IT department.
- Interest on long-term debt decreased 10%.
- Culture and recreation expense decreased by 7% due to electricity and water accounts being moved to general government.

**CITY OF ALLEN, TEXAS
 MANAGEMENT'S DISCUSSION AND ANALYSIS
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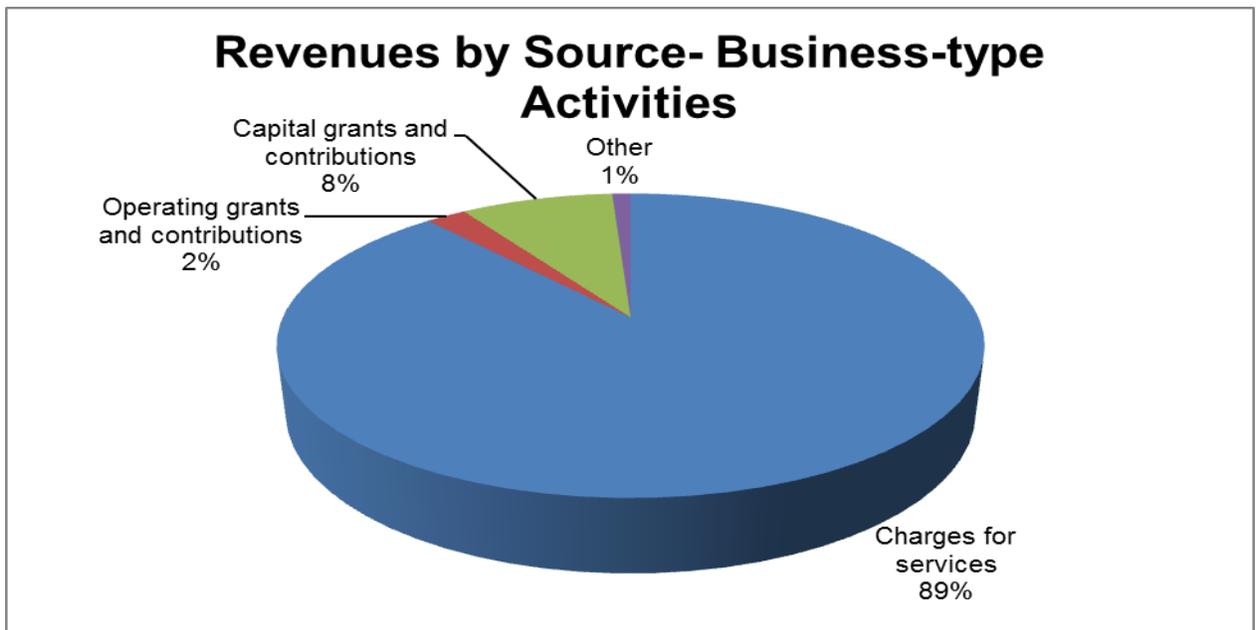
- Community Development expense decreased by 12% due to the personnel costs for managing the GIS application moved to the IT department

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:

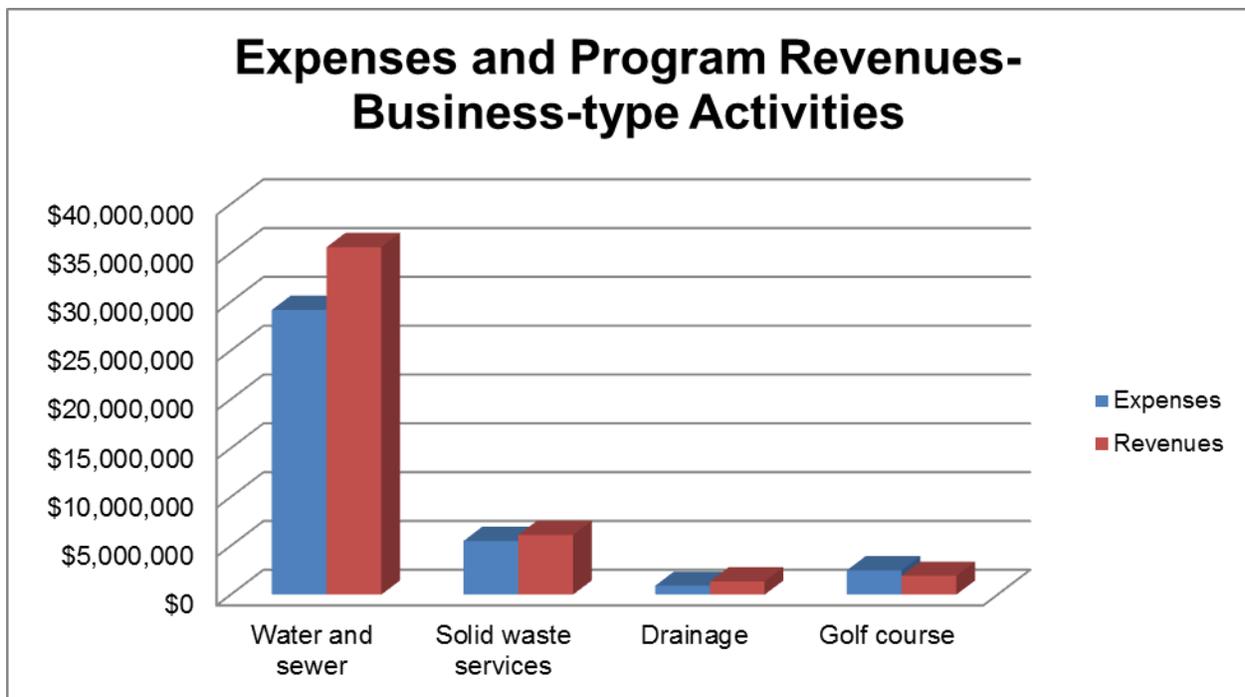


**CITY OF ALLEN, TEXAS
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Business-type activities revenues increased \$553,406 or 1%. Major components of the decreases/increases are as follows:

- Capital contributions for water and sewer lines and impact fees decreased by \$3,362,743, or 47% due to a decrease in developer contributions for water mains and sewer lines.
- Interest earnings decreased by 64% as a result of the continued decline of rates on investments during fiscal year 2013
- Charges for services for business-type activities increased by \$4,068,806, or 11%, due to operating revenues for Water and Sewer increasing by 7% as a result of a water rate increase in February 2013 in accordance with the Water and Sewer rate study and the reopening of the city-owned golf course which was closed during FY2012.

Expenses for business-type activities increased by \$4,199,093, or 12.4%. Expenses for Water and Sewer increased by 11% which included \$2.17m transferred to capital projects for systemic Water and Sewer infrastructure replacement and future CIP funding, \$1m was transferred for Water and Sewer's portion of the cost to replace the City's administrative software, and three full-time employees were added to establish an Inflow and Infiltration Crew in order to assist with the Texas Commission on Environmental Equality compliance. Due to the golf course being closed in 2012 and reopening in 2013, expenses in the Golf Course Fund increased by 111%. The following chart illustrates the relationship between expenses and program revenues for business-type activities:



**CITY OF ALLEN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
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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 \$50,664,689, an increase of \$7,581,052 in comparison with the prior fiscal year. Approximately 30%, or \$14,952,037, 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 (\$2,098), restricted funds are for debt service (\$901,848), capital projects (\$26,855,793), tourism (\$2,808,030), asset forfeiture (\$148,020), state and federal grants (\$588,649), park acquisition and development (\$1,607,822), tax increment financing agreements (\$1,221,875), court technology (\$25,739), juvenile case manager (\$27,804), PEG fees (\$468,910), photo red light enforcement (\$40,554), child safety fees (\$108,105) cemetery trust (\$55,841), and assigned funds are for general government (\$490,727), public safety (\$37,672), public works (\$76,866), culture and recreation (\$237,273), and community development (\$9,026).

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 \$14,952,037. Current operating expenditures had savings of \$3,839,148, allowing \$3,000,000 to be transferred to the capital projects fund for self-financing of capital projects. The total fund balance decreased from \$16,786,050 to \$16,532,652, which was budgeted for one-time capital purchases.

The Debt Service Fund fund balance of \$901,848, all of which is restricted for the payment of debt, increased from the prior year by \$364,328. This increase was due to a budgeted transfer from the Solid Waste Fund and the Drainage Fund to offset the general obligation debt that was issued for street and drainage projects. The fund balance meets the FY2014 5-10% of annual debt service requirement of \$611,533 to \$1,223,066.

The General Capital Projects Fund provides information on cash financed capital projects and had an ending fund balance of \$19,089,780, an increase of \$4,009,327. Revenues and transfers from other funds totaled \$9,142,225, which included \$780,000 from the county for the expansion of Ridgeview Drive, \$3.6 million from the Texas Department of Transportation for the widening of Exchange Parkway from Alma Drive to Allen Heights, and \$3,453,992 from other funds to cash finance capital projects. Total expenditures and transfers of \$5,132,898 consisted of the continued construction to widen Bethany Drive, renovation at The Course at Watters Creek, police station renovation, expansion of Chelsea and Ridgeview Drive, and the widening of Exchange Parkway.

The General Obligation Bond Fund had an ending fund balance of \$7,766,013, an increase of \$2,416,403 from the prior year. Expenditures totaled \$2,965,490 which included \$742,031 for the widening of Main Street from Allen Drive to U.S. Highway 75, \$439,852 for the continued widening of Bethany Drive, \$293,255 for street and alley repair, and \$393,524 for police station renovations.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. At the end of the year, unrestricted net position for all enterprise funds are as follows: Water and Sewer, \$29,491,491, Solid Waste, \$3,343,570, Drainage, \$856,706, and Golf Course, \$299,670. The total change in net position for the funds was an increase of \$2,010,308, a decrease of \$33,027 a decrease of \$195,325, and an increase of \$86,663, respectively.

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The Water and Sewer Fund and the Solid Waste Fund had an increase in net position as a result of an increase in operating revenues. The Golf Course Fund had an increase in net position due to revenues exceeding expectation for the reopening of the course, a transfer from General Fund for additional costs associated with the final preparations of the reopening of the course, and expenses being below budget.

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 FY2012-13, the City Council amended the budget for the General Fund one time.

Adjustments made during the FY2012-13 decreased the original revenue budget by \$1,144,062 and decreased the expenditure budget by \$1,291,553. Due to actual expenditures being \$3,839,148 less than the revised budget, the City was able to transfer \$3m to the General Capital Projects Fund to cash finance future capital projects. The budgeted fund balance allowed for a draw down in the amount of \$636,000 for one time capital expenditures; however, the actual decrease was only \$253,398. The General Fund's operational expenditure reserve increased to 75.133 days from the amended budget of 73.8 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, 2013, amounts to \$623,745,426 (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>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	\$129,147,461	\$126,146,774	\$4,072,882	\$4,072,882	\$133,220,343	\$130,219,656
Buildings	108,969,985	108,552,522	-	-	108,969,985	108,552,522
Towers, tanks and pump stations	-	-	101,666,144	102,312,542	101,666,144	102,312,542
Other Improvements	253,279,709	246,479,401	367,360	379,624	253,647,069	246,859,025
Furniture and fixtures	1,629,965	2,646,969	-	-	1,629,965	2,646,969
Vehicles	5,574,867	5,311,311	159,433	176,884	5,734,300	5,488,195
Machinery and equipment	2,617,470	3,633,111	1,954,128	1,420,132	4,571,598	5,053,243
Construction in progress	13,155,442	30,471,201	1,150,580	2,059,677	14,306,022	32,530,878
Total	<u>\$514,374,899</u>	<u>\$523,241,289</u>	<u>\$109,370,527</u>	<u>\$110,421,741</u>	<u>\$623,745,426</u>	<u>\$633,663,030</u>

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

Developer contributed right of way and park land	\$ 8,387,214
City golf course renovation (The Courses at Watters Creek)	1,020,649
Public Safety Dispatch and Records Systems	274,016
Street construction:	
East Bethany Drive widening	1,266,181
Ridgeview Drive-Watters to Stacy	1,241,539
Main Street-Allen Drive to US 75	742,031
Chelsea Boulevard Phase I	342,357

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

Developer contributed water mains and sewer lines	\$ 2,468,211
Allen Heights-Bethany Bypass	447,192
Whis-Lynge Hill & Rolling Hills Estates water & sanitary sewer	437,591
Stacy Tank Improvement	301,675

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

DEBT ADMINISTRATION

As shown in Table 4, the City's total outstanding debt at September 30, 2013 was \$166,791,486 of which \$104,656,660 was governmental, \$10,336,145 was business-type activities and \$51,798,681 was component units'. Total gross bonded debt was \$158,905,000 which includes \$96,735,000 of General Obligation (G.O.) bonds backed by the full faith and credit of the government, \$800,000 of Certificates of Obligation backed by taxes and revenue generated from the golf course, \$9,370,000 secured solely by water and sewer revenue, and the component unit's total of \$52,000,000 secured by future sales tax revenue. Other long-term debt relates to compensating absences, notes payable, debt refunding and issuance, premiums, and discounts.

In fiscal year 2013, the City issued \$5,065,000 of G.O. Bonds, which will be used for capital acquisition and/or improvements to the City.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Component Units</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Gross Bonded Debt								
General Obligation Bonds	\$ 96,735,000	\$ 99,365,000	\$ -	\$ -	\$ -	\$ -	\$ 96,735,000	\$ 99,365,000
Certificate of Obligation Bonds	800,000	1,060,000	-	-	-	-	800,000	1,060,000
Revenue Bonds Payable	-	-	9,370,000	10,535,000	-	-	9,370,000	10,535,000
Sales Tax Revenue Bonds	-	-	-	-	52,000,000	53,865,000	52,000,000	53,865,000
Total Gross Bonded Debt	97,535,000	100,425,000	9,370,000	10,535,000	52,000,000	53,865,000	158,905,000	164,825,000
Other Long-Term Debt								
Compensated Absences	4,688,221	4,240,964	510,084	462,507	-	-	5,198,305	4,703,471
Capital leases	17,523	27,437	549,169	41,464	-	-	566,692	68,901
Refunding	(2,061,872)	(2,423,657)	(198,565)	(232,948)	(32,825)	(49,237)	(2,293,262)	(2,705,842)
Issuance, Premiums & Discounts	4,477,788	4,354,218	105,457	117,431	(168,494)	(169,568)	4,414,751	4,302,081
Total Other Long Term Debt	7,121,660	6,198,962	966,145	388,454	(201,319)	(218,805)	7,886,486	6,368,611
Total	\$ 104,656,660	\$ 106,623,962	\$ 10,336,145	\$ 10,923,454	\$ 51,798,681	\$ 53,646,195	\$ 166,791,486	\$ 171,193,611

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

**Table 5
Bond Ratings**

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

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

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

The City revenues most impacted by a moderately strong economy are property taxes and sales taxes. The property tax revenue source experienced growth due to new construction and reappraisal increases of existing real property. For fiscal year 2013-2014, reappraisal values for existing real (residential and commercial) properties increased 3.43% compared to FY2013, while valuations for existing business personal property decreased .51%. There were no expiring tax abatements on commercial property that would have increased taxable property valuation. New construction of residential and commercial property resulted in an increase in valuation of 1.73%. The overall increase in valuation from all categories was 4.65%; however, the property tax revenue increase was budgeted as 4.27% as a result of lowering the tax rate two-tenths of one cent. Overall sales tax is expected to increase by about 4.7%. 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.

Although the rate of residential growth has slowed, the City estimates issuance of 450 single family permits in FY2014. The current population of 89,705 is expected to reach approximately 98,000 at build out in the next four to six years.

The various infrastructure and operational needs of the City have resulted in the annual expenditure budget increasing from \$117.4 million in FY2008, to \$174.319 million for FY2014 for all funds combined. The certified assessed property value for 2013-2014 equates to an overall increase of approximately \$3721 million (4.65%) from the preceding year. The FY2014 tax rate was set at \$0.550 per \$100 valuation. Of the total tax rate, \$0.409121 is dedicated to operations and maintenance in the General Fund, and \$0.140879 is dedicated to general obligation debt service.

Ad valorem taxes are the General Fund’s largest revenue source and will contribute \$34.256 million or 42.4% of the fund’s budgeted revenues in FY2014. 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. Due to new development and continued population growth, the budget also reflects a 4.7% increase in sales tax from the revised 2012-2013 budget

**CITY OF ALLEN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2013
(UNAUDITED)**

The General Fund ended 2012-2013 with an approximate increase of \$383,000 as compared to the revised budgeted fund balance. This brings the fund balance to an equivalent 75.133 days of operating expenditures, which exceeds the amended estimate of 73.8 days, and is within the range of the City's financial policy of 60 to 90 days. The 2013-2014 General Fund expenditure budget reflects a 3.6% increase from the revised 2012-2013 budget. This is primarily due to adding over 8 fulltime equivalent position throughout various departments, an increase of 10% for health and dental budgeted expenses, implementation of a pay plan study recommendation for adjustments in employee pay ranges, and continued increases in economic development incentives as two major retail developments generate increased sales taxes pursuant to the development agreements. These changes will allow the City retain staff, to meet its strategic goals, and continue its commitment to maintaining a high level of service to the public.

In accordance with the City's water and sewer rate study, which was updated in 2012, the Water and Sewer Fund budget anticipates a rate increase in February 2014 that ranges from 5.5% to 6.8% for a combined water and sewer bill depending upon the customer class. The rate increase is necessary as North Texas Municipal Water District proceeds with capital expansion plans that will increase the City's costs associated with water and sewer service from the District. Also included in the FY2014 budget is \$1.87 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 2014 with approximately \$11.57 million in working capital reserves resulting in 123.7 days of operating expenses in reserve, which is slightly greater than the City policy of 90 to 120 days. This healthy balance is necessary to fund the future capital projects and ongoing maintenance 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 successfully negotiated an extension to the current contract with Community Waste Disposal (CWD), the City's solid waste provider. No residential or commercial CPI solid waste fee increases are planned in 2014. There is 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. The Solid Waste fund balance at the end of FY2014 is expected to be \$2.67 million which is approximately 148 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, was shut down in late 2011 for a complete renovation. The newly redesigned course, renamed as The Courses at Watters Creek opened in January 2013 and exceeded expectations for revenues and was below budget for expenses. 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 that generated twice as much revenue prior to the course renovation. The revenues also increased in the food and beverage area as a new grill and menu were added. Budgeted support from the General Fund was provided to the Golf Course, but was primarily necessary due to additional costs associated with final preparations to opening the course. The City and the various community leaders attended the grand opening ceremony in January 2013.

**CITY OF ALLEN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2013
(UNAUDITED)**

For 2013-2014, the Risk Management Fund reflects a rise in health care costs, due largely to the combination of an increase in claims for retired employees, changes in federally mandated health care requirements, a maturing workforce, and inflationary pressures related to health care costs. In FY 2013-2014, employees will see a 10% increase in their health insurance premiums, and the City will incur a 10% increase as well. This will allow the City to continue to contribute 79% of the total cost of employee health insurance premiums with the employees making up the remaining 21%. For the fourth year, \$325,000 is budgeted to be put into a trust fund for other post employment benefits. 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 2014 are expected to remain relatively flat as compared to fiscal year 2013 since there are no significant additions of newly insured property. Most of the additional property was added in 2011 and 2012. 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 2013-2014 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

PRIDE

PEOPLE FIRST RESPECT INTEGRITY DELIVER EXCEL

**STATEMENT OF NET POSITION
SEPTEMBER 30, 2013**

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
ASSETS				
Cash and cash equivalents	\$ 30,200,763	\$ 14,261,859	\$ 44,462,622	\$ 5,078,138
Investments	35,260,666	15,858,141	51,118,807	7,235,362
Receivables (net of allowance for uncollectibles)	5,800,962	6,320,690	12,121,652	2,767,678
Internal balances	(1,153,522)	1,153,522	-	-
Prepaid items and other assets	289,339	11,050	300,389	6,298
Inventories	-	47,311	47,311	-
Restricted cash and cash equivalents	-	1,696,350	1,696,350	1,853,722
Capital assets:				
Non-depreciable	142,302,903	5,223,462	147,526,365	4,532,403
Depreciable (net of depreciation)	372,071,996	104,147,065	476,219,061	948,782
Deferred charges	1,259,856	112,830	1,372,686	809,577
TOTAL ASSETS	\$ 586,032,963	\$ 148,832,280	\$ 734,865,243	\$ 23,231,960
LIABILITIES				
Accounts payable	\$ 3,866,752	\$ 1,495,682	\$ 5,362,434	\$ 119,477
Accrued liabilities	2,690,595	177,114	2,867,709	11,375
Accrued interest payable	485,069	126,840	611,909	217,773
Customer deposits	-	1,596,311	1,596,311	-
Unearned revenue	53,164	-	53,164	-
Retainage payable	76,158	46,253	122,411	-
Non-current liabilities:				
Due within one year	11,234,763	1,793,339	13,028,102	1,935,000
Due in more than one year	93,658,074	8,542,806	102,200,880	49,863,681
TOTAL LIABILITIES	\$ 112,064,575	\$ 13,778,345	\$ 125,842,920	\$ 52,147,306
NET POSITION				
Net investment in capital assets	\$ 421,936,296	\$ 99,544,466	\$ 521,480,762	\$ 5,481,185
Restricted for:				
Debt service	428,207	364,510	792,717	1,635,949
Capital projects	19,089,780	-	19,089,780	-
Tourism	2,808,030	-	2,808,030	-
Park acquisition and development	1,607,822	-	1,607,822	-
State and federal grants	588,649	-	588,649	-
Tax Increment Financing	1,221,875	-	1,221,875	-
Other purposes	766,868	-	766,868	-
Unrestricted	25,520,861	35,144,959	60,665,820	(36,032,480)
TOTAL NET POSITION	\$ 473,968,388	\$ 135,053,935	\$ 609,022,323	\$ (28,915,346)

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, 2013

Functions/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental Activities:				
General government	\$ 22,271,050	\$ 675,196	\$ -	\$ -
Public safety	28,935,911	1,541,985	737,486	-
Public works	17,807,948	196,685	-	14,737,780
Culture and recreation	29,983,224	8,443,286	1,259,942	-
Community development	2,230,968	2,220,438	70,054	-
Interest on long-term debt	4,067,303	-	-	-
Total governmental activities	<u>105,296,404</u>	<u>13,077,590</u>	<u>2,067,482</u>	<u>14,737,780</u>
Business-type Activities:				
Water and sewer	29,160,281	30,808,084	1,000,000	3,788,300
Solid waste	5,495,654	6,114,951	-	-
Drainage	910,179	1,352,671	-	-
Golf course	2,483,467	1,924,706	-	-
Total business-type activities	<u>38,049,581</u>	<u>40,200,412</u>	<u>1,000,000</u>	<u>3,788,300</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 143,345,985</u>	<u>\$ 53,278,002</u>	<u>\$ 3,067,482</u>	<u>\$ 18,526,080</u>
COMPONENT UNITS:				
Allen Economic Development Corporation	\$ 5,115,693	\$ -	\$ -	\$ -
Allen Community Development Corporation	4,262,407	-	-	-
TOTAL COMPONENT UNITS	<u>\$ 9,378,100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:

Taxes:

 Property taxes, levied for general purposes

 Sales taxes

 Franchise taxes

 Hotel motel taxes

 Other taxes

Investment earnings

Gain on disposition of capital assets

Miscellaneous

Transfers

Total general revenues and transfers

CHANGE IN NET POSITION

NET POSITION, beginning of year

NET POSITION, end of year

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

EXHIBIT 2

Net (Expense) Revenue and Changes in Net Position			
Primary Government			COMPONENT UNITS
Governmental Activities	Business - Type Activities	TOTAL	
\$ (21,595,854)	\$ -	\$ (21,595,854)	\$ -
(26,656,440)	-	(26,656,440)	-
(2,873,483)	-	(2,873,483)	-
(20,279,996)	-	(20,279,996)	-
59,524	-	59,524	-
(4,067,303)	-	(4,067,303)	-
<u>(75,413,552)</u>	<u>-</u>	<u>(75,413,552)</u>	<u>-</u>
-	6,436,103	6,436,103	-
-	619,297	619,297	-
-	442,492	442,492	-
-	(558,761)	(558,761)	-
<u>-</u>	<u>6,939,131</u>	<u>6,939,131</u>	<u>-</u>
<u>\$ (75,413,552)</u>	<u>\$ 6,939,131</u>	<u>\$ (68,474,421)</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (5,115,693)
-	-	-	(4,262,407)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,378,100)</u>
\$ 44,474,745	\$ -	\$ 44,474,745	\$ -
16,289,761	-	16,289,761	15,986,074
6,302,018	-	6,302,018	-
1,350,286	-	1,350,286	-
1,389,503	-	1,389,503	-
177,495	70,382	247,877	34,181
92,401	-	92,401	-
2,079,082	385,842	2,464,924	1,635
5,361,830	(5,361,830)	-	-
<u>77,517,121</u>	<u>(4,905,606)</u>	<u>72,611,515</u>	<u>16,021,890</u>
2,103,569	2,033,525	4,137,094	6,643,790
<u>471,864,819</u>	<u>133,020,410</u>	<u>604,885,229</u>	<u>(35,559,136)</u>
<u>\$ 473,968,388</u>	<u>\$ 135,053,935</u>	<u>\$ 609,022,323</u>	<u>\$ (28,915,346)</u>

CITY OF ALLEN, TEXAS

**BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013**

	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>GENERAL CAPITAL PROJECTS</u>
ASSETS			
Cash and cash equivalents	\$ 7,637,298	\$ 899,350	\$ 8,590,911
Investments	8,328,505	-	10,883,465
Receivables, net of allowances for uncollectibles:			
Ad valorem taxes	31,378	11,428	-
Sales taxes	2,724,625	-	-
Accounts receivable	-	-	-
Accrued interest	44,199	2,498	57,758
Other	2,357,432	-	-
Special assessments	-	-	187,557
Prepaid items	2,098	-	-
TOTAL ASSETS	<u><u>\$ 21,125,535</u></u>	<u><u>\$ 913,276</u></u>	<u><u>\$ 19,719,691</u></u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 3,202,139	\$ -	\$ 71,925
Accrued liabilities	1,337,903	-	521,396
Retainage payable	-	-	36,590
Deferred revenue	52,841	11,428	-
TOTAL LIABILITIES	<u>4,592,883</u>	<u>11,428</u>	<u>629,911</u>
FUND BALANCES			
Nonspendable			
Prepaid items	2,098	-	-
Restricted			
Debt service	-	901,848	-
Capital projects	-	-	19,089,780
Tourism	-	-	-
Asset forfeiture	-	-	-
State and federal grants	-	-	-
Park acquisition and development	-	-	-
Tax increment financing agreement	-	-	-
Court technology	25,739	-	-
Juvenile case manager	27,804	-	-
PEG fees	468,910	-	-
Photo red light enforcement	40,554	-	-
Child safety fees	108,105	-	-
Cemetery trust	55,841	-	-
Assigned			
General government	490,727	-	-
Public safety	37,672	-	-
Public works	76,866	-	-
Culture and recreation	237,273	-	-
Community development	9,026	-	-
Unassigned	14,952,037	-	-
TOTAL FUND BALANCES	<u>16,532,652</u>	<u>901,848</u>	<u>19,089,780</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 21,125,535</u></u>	<u><u>\$ 913,276</u></u>	<u><u>\$ 19,719,691</u></u>

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

EXHIBIT 3

<u>GENERAL OBLIGATION BOND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
\$ 3,242,695	\$ 3,135,739	\$ 23,505,993
4,742,963	3,097,540	27,052,473
-	-	42,806
-	-	2,724,625
-	298,916	298,916
25,171	16,439	146,065
-	-	2,357,432
-	-	187,557
-	-	2,098
<u>\$ 8,010,829</u>	<u>\$ 6,548,634</u>	<u>\$ 56,317,965</u>
\$ 205,248	\$ 123,651	\$ 3,602,963
-	18,886	1,878,185
39,568	-	76,158
-	31,701	95,970
<u>244,816</u>	<u>174,238</u>	<u>5,653,276</u>
-	-	2,098
-	-	901,848
7,766,013	-	26,855,793
-	2,808,030	2,808,030
-	148,020	148,020
-	588,649	588,649
-	1,607,822	1,607,822
-	1,221,875	1,221,875
-	-	25,739
-	-	27,804
-	-	468,910
-	-	40,554
-	-	108,105
-	-	55,841
-	-	490,727
-	-	37,672
-	-	76,866
-	-	237,273
-	-	9,026
-	-	14,952,037
<u>7,766,013</u>	<u>6,374,396</u>	<u>50,664,689</u>
<u>\$ 8,010,829</u>	<u>\$ 6,548,634</u>	<u>\$ 56,317,965</u>

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2013**

Total fund balances - governmental funds	\$ 50,664,689
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.	514,374,899
Costs associated with the issuance of governmental long-term debt are expensed when incurred in the fund statements and capitalized and amortized over the life of the debt in the government-wide financial statements.	1,259,856
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.	114,161
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.	(485,069)
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 (\$1,153,522) and to capital assets (\$7,078,459).	12,889,883
Revenues earned but not available within sixty days of the year end are not recognized as revenue on the fund financial statements.	42,806
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>(104,892,837)</u>
Net position of governmental activities	<u><u>\$ 473,968,388</u></u>



CITY OF ALLEN, TEXAS

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	GENERAL	DEBT SERVICE	GENERAL CAPITAL PROJECTS
REVENUES			
Ad valorem taxes, penalties and interest	\$ 32,432,416	\$ 11,748,992	\$ -
Franchise taxes	6,302,018	-	-
Municipal sales tax	15,900,029	-	-
Licenses, permits and fees	1,939,426	-	-
Charges for services	10,301,649	-	322,321
Fines	1,402,725	-	-
Gifts and contributions	829,376	-	277,852
Hotel / motel fees	-	-	-
Intergovernmental	11,826	-	4,440,385
Investment earnings	90,093	25,809	30,339
Miscellaneous	1,852,171	-	617,336
Total revenues	71,061,729	11,774,801	5,688,233
EXPENDITURES			
Current			
General government	19,745,780	-	1,092,911
Public safety	27,979,103	-	-
Public works	3,304,507	-	-
Culture and recreation	19,965,694	-	-
Community development	1,962,615	-	-
Capital outlay	-	-	3,717,755
Debt service:			
Principal retirement	9,914	7,955,000	-
Interest and fiscal charges	166	3,955,473	-
Total expenditures	72,967,779	11,910,473	4,810,666
Excess (deficiency) of revenues over (under) expenditures	<u>(1,906,050)</u>	<u>(135,672)</u>	<u>877,567</u>
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	-
Premium on bonds issued	-	-	-
Transfers in	5,357,270	500,000	3,453,992
Transfers out	(3,720,968)	-	(322,232)
Proceeds from sale of capital assets	16,350	-	-
Total other financing sources (uses)	1,652,652	500,000	3,131,760
NET CHANGE IN FUND BALANCES	(253,398)	364,328	4,009,327
FUND BALANCES, BEGINNING OF YEAR	16,786,050	537,520	15,080,453
FUND BALANCES, END OF YEAR	\$ 16,532,652	\$ 901,848	\$ 19,089,780

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

EXHIBIT 5

GENERAL OBLIGATION BOND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ -	\$ 543,853	\$ 44,725,261
-	-	6,302,018
-	389,732	16,289,761
-	355,529	2,294,955
-	-	10,623,970
-	-	1,402,725
-	215,000	1,322,228
-	1,350,286	1,350,286
-	814,815	5,267,026
(10,984)	9,347	144,604
-	201,903	2,671,410
<u>(10,984)</u>	<u>3,880,465</u>	<u>92,394,244</u>
111,357	835,629	21,785,677
137,455	201,045	28,317,603
750,993	-	4,055,500
-	898,446	20,864,140
-	248,638	2,211,253
1,965,685	440,346	6,123,786
-	-	7,964,914
-	-	3,955,639
<u>2,965,490</u>	<u>2,624,104</u>	<u>95,278,512</u>
<u>(2,976,474)</u>	<u>1,256,361</u>	<u>(2,884,268)</u>
5,065,000	-	5,065,000
350,071	-	350,071
240,416	46,509	9,598,187
(262,610)	(265,416)	(4,571,226)
-	6,938	23,288
<u>5,392,877</u>	<u>(211,969)</u>	<u>10,465,320</u>
2,416,403	1,044,392	7,581,052
<u>5,349,610</u>	<u>5,330,004</u>	<u>43,083,637</u>
<u>\$ 7,766,013</u>	<u>\$ 6,374,396</u>	<u>\$ 50,664,689</u>

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2013**

Net change in fund balances - total governmental funds	\$ 7,581,052
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets recorded in the current period.	6,507,169
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.	9,774,175
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.	(25,553,999)
The proceeds from issuance of long-term debt, e.g. bonds (\$5,065,000), provides current financial resources to governmental funds, while the payment of the principal of long-term debt (\$7,964,914) consumes the current financial resources of governmental funds.	2,899,914
Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued. However, these amounts are deferred and amortized in the government-wide financial statements.	(472,929)
Current year changes in long-term liabilities for compensated absences and the pension obligation, and current year changes in the opeb asset do not require the use of current financial resources and, therefore, are not reported in governmental funds.	(569,273)
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.	11,028
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.	2,200,939
Governmental funds do not report disposition of capital assets. However, in the statement of activities, the net book balance of the capital assets disposed is recorded against the proceeds received. This amount is the net book balance of capital assets disposed in the current period.	(23,991)
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.	(250,516)
Change in net position of governmental activities	<u>\$ 2,103,569</u>

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

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2013**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS					GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
	WATER AND SEWER	SOLID WASTE	DRAINAGE	GOLF COURSE	TOTAL	
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	\$ 11,790,786	\$ 1,417,775	\$ 461,691	\$ 591,607	\$ 14,261,859	\$ 6,694,770
Investments	13,989,985	1,461,035	407,121	-	15,858,141	8,208,193
Receivables, net of allowance for uncollectibles:						
Accounts	5,592,627	312,093	70,722	2,822	5,978,264	-
Accrued interest	74,245	7,754	2,161	-	84,160	43,561
Other	-	258,266	-	-	258,266	-
Inventories	47,311	-	-	-	47,311	-
Prepaid items	-	-	-	11,050	11,050	173,080
Restricted cash and cash equivalents	1,696,350	-	-	-	1,696,350	-
Total current assets	33,191,304	3,456,923	941,695	605,479	38,195,401	15,119,604
NONCURRENT ASSETS						
CAPITAL ASSETS						
Land	4,072,882	-	-	-	4,072,882	-
Construction in progress	1,150,580	-	-	-	1,150,580	1,510,164
Other improvements	-	-	496,132	-	496,132	-
Towers, tanks, and pump stations	170,835,635	-	-	-	170,835,635	-
Vehicles	841,143	12,923	31,378	-	885,444	10,543,978
Machinery and equipment	4,602,049	8,392	430,683	937,453	5,978,577	2,068,592
Furniture and fixtures	11,114	-	-	10,894	22,008	-
Total capital assets	181,513,403	21,315	958,193	948,347	183,441,258	14,122,734
Less: accumulated depreciation	(73,078,045)	(21,045)	(572,464)	(399,177)	(74,070,731)	(7,044,275)
Capital assets, net of accumulated depreciation	108,435,358	270	385,729	549,170	109,370,527	7,078,459
DEFERRED CHARGES						
Bond issuance costs, net of amortization	112,830	-	-	-	112,830	-
Total noncurrent assets	108,548,188	270	385,729	549,170	109,483,357	7,078,459
TOTAL ASSETS	\$ 141,739,492	\$ 3,457,193	\$ 1,327,424	\$ 1,154,649	\$ 147,678,758	\$ 22,198,063
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts payable	\$ 1,274,780	\$ 31,730	\$ 39,808	\$ 149,364	\$ 1,495,682	\$ 257,709
Accrued liabilities	103,314	25,993	8,704	39,103	177,114	6,080
Retainage payable	46,253	-	-	-	46,253	-
Accrued compensated absences - current	312,771	52,660	33,963	75,358	474,752	-
Incurring but not reported claims	-	-	-	-	-	812,410
Payable from restricted assets:						
Revenue bonds payable - current	1,205,000	-	-	-	1,205,000	-
Capital leases payable - current	-	-	-	113,587	113,587	-
Accrued interest payable	126,840	-	-	-	126,840	-
Customer deposits payable	1,573,181	-	-	23,130	1,596,311	-
Total current liabilities	4,642,139	110,383	82,475	400,542	5,235,539	1,076,199
NONCURRENT LIABILITIES						
Revenue bonds payable	8,071,891	-	-	-	8,071,891	-
Capital leases payable	-	-	-	435,583	435,583	-
Accrued compensated absences	10,994	2,970	2,514	18,854	35,332	-
Total noncurrent liabilities	8,082,885	2,970	2,514	454,437	8,542,806	-
TOTAL LIABILITIES	12,725,024	113,353	84,989	854,979	13,778,345	1,076,199
NET POSITION						
Net investment in capital assets	99,158,467	270	385,729	-	99,544,466	7,078,459
Restricted for revenue bond principal and interest	364,510	-	-	-	364,510	-
Unrestricted	29,491,491	3,343,570	856,706	299,670	33,991,437	14,043,405
TOTAL NET POSITION	\$ 129,014,468	\$ 3,343,840	\$ 1,242,435	\$ 299,670	\$ 133,900,413	\$ 21,121,864

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

**RECONCILIATION OF THE STATEMENT OF NET POSITION
OF PROPRIETARY FUNDS TO THE
GOVERNMENT – WIDE STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2013**

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

Total net position per statement of net assets \$ 133,900,413

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

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

1,153,522

Total net position of business-type activities \$ 135,053,935

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	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	\$ 17,805,137	\$ -	\$ -	\$ -	\$ 17,805,137	\$ -
Sewer charges	12,215,785	-	-	-	12,215,785	-
Connection fees	179,852	-	-	-	179,852	-
Garbage collections	-	6,114,951	-	-	6,114,951	-
Service charges	607,310	-	53,109	1,924,706	2,585,125	11,832,858
Drainage fees	-	-	1,299,562	-	1,299,562	-
Gifts and contributions	1,000,000	-	-	-	1,000,000	-
Miscellaneous	322,615	47,983	2,520	12,724	385,842	2,134,159
Total operating revenues	32,130,699	6,162,934	1,355,191	1,937,430	41,586,254	13,967,017
OPERATING EXPENSES						
Personnel services	4,213,531	444,411	434,276	1,328,541	6,420,759	562,050
Contractual services	18,145,477	4,942,657	167,465	724,427	23,980,026	10,111,808
Maintenance	299,122	2,353	212,142	68,145	581,762	-
Supplies	258,593	11,697	53,502	229,508	553,300	-
Depreciation	5,816,795	540	37,057	68,212	5,922,604	1,442,520
Other	145,195	93,996	5,737	64,634	309,562	-
Total operating expenses	28,878,713	5,495,654	910,179	2,483,467	37,768,013	12,116,378
OPERATING INCOME (LOSS)	3,251,986	667,280	445,012	(546,037)	3,818,241	1,850,639
NON-OPERATING REVENUES (EXPENSES)						
Investment earnings (losses)	68,829	4,221	(1,553)	(1,115)	70,382	32,891
Interest expense	(446,474)	-	-	-	(446,474)	-
Gain on disposal of capital assets	-	-	-	-	-	147,446
Total non-operating revenues (expenses)	(377,645)	4,221	(1,553)	(1,115)	(376,092)	180,337
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	2,874,341	671,501	443,459	(547,152)	3,442,149	2,030,976
CAPITAL CONTRIBUTIONS AND TRANSFERS						
Development fees	1,320,089	-	-	-	1,320,089	-
Capital contributions	2,468,211	-	-	-	2,468,211	-
Transfers from other funds	33,692	-	-	633,815	667,507	334,869
Transfers to other funds	(4,686,025)	(704,528)	(638,784)	-	(6,029,337)	-
Total capital contributions and transfers	(864,033)	(704,528)	(638,784)	633,815	(1,573,530)	334,869
CHANGE IN NET POSITION	2,010,308	(33,027)	(195,325)	86,663	1,868,619	2,365,845
NET POSITION, BEGINNING OF YEAR	127,004,160	3,376,867	1,437,760	213,007	132,031,794	18,756,019
NET POSITION, END OF YEAR	\$ 129,014,468	\$ 3,343,840	\$ 1,242,435	\$ 299,670	\$ 133,900,413	\$ 21,121,864

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION OF PROPRIETARY FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

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

Net change in fund net position- total proprietary funds	\$ 1,868,619
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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.

<u>164,906</u>

Change in net position of business-type activities

<u><u>\$ 2,033,525</u></u>

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	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	\$ 33,442,575	\$ 6,066,103	\$ 1,374,080	\$ 1,934,858	\$ 42,817,616	\$ -
Cash received from transactions with other funds	-	-	-	-	-	14,012,494
Cash paid to employees for services	(4,189,698)	(438,182)	(427,106)	(1,318,196)	(6,373,182)	(562,050)
Cash paid for goods and services	(17,673,920)	(5,239,315)	(427,274)	(969,029)	(24,309,538)	(6,649,177)
Cash paid for claims	-	-	-	-	-	(3,616,040)
Net cash provided by (used in) operating activities	11,578,957	388,606	519,700	(352,367)	12,134,896	3,185,227
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES						
Transfers in from other funds	33,692	-	-	633,815	667,507	334,869
Transfers out to other funds	(4,686,025)	(704,528)	(638,784)	-	(6,029,337)	-
Net cash provided by (used in) non-capital financing activities	(4,652,333)	(704,528)	(638,784)	633,815	(5,361,830)	334,869
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Principal paid on revenue bond maturities	(1,165,000)	-	-	-	(1,165,000)	-
Interest and fees paid on long-term debt	(460,650)	-	-	-	(460,650)	-
Acquisition and construction of capital assets	(1,827,262)	-	-	-	(1,827,262)	(1,872,776)
Capital lease payment	-	-	-	(68,212)	(68,212)	-
Proceeds from sale of capital assets	-	-	-	-	-	147,446
Contributions from developers	1,320,089	-	-	-	1,320,089	-
Net cash used in capital and related financial activities	(2,132,823)	-	-	(68,212)	(2,201,035)	(1,725,330)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investment securities	(261,213)	-	-	-	(261,213)	(153,812)
Proceeds from sale and maturities of investment securities	-	665,014	203,385	127	868,526	226,319
Interest on investments	165,118	4,221	1,581	300	171,220	59,904
Net cash provided by (used in) investing activities	(96,095)	669,235	204,966	427	778,533	132,411
NET CHANGE IN CASH AND CASH EQUIVALENTS	4,697,706	353,313	85,882	213,663	5,350,564	1,927,177
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	8,789,430	1,064,462	375,809	377,944	10,607,645	4,767,593
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 13,487,136	\$ 1,417,775	\$ 461,691	\$ 591,607	\$ 15,958,209	\$ 6,694,770
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES						
Net operating income (loss)	\$ 3,251,986	\$ 667,280	\$ 445,012	\$ (546,037)	\$ 3,818,241	\$ 1,850,639
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization expense	5,853,297	540	37,057	68,212	5,959,106	1,442,520
Change in assets and liabilities:						
Accounts receivable	1,311,876	(105,016)	18,889	(2,572)	1,223,177	-
Other receivables	-	8,185	-	-	8,185	-
Prepays	-	-	-	93,652	93,652	26,997
Inventories	961	-	-	12,087	13,048	-
Accounts payable	1,115,250	(187,086)	10,976	11,946	951,086	(134,929)
Retainage payable	(42,293)	-	-	-	(42,293)	-
Accrued liabilities	16,001	(1,526)	596	-	15,071	-
Compensated absences	23,833	6,229	7,170	10,345	47,577	-
Utility deposits	48,046	-	-	-	48,046	-
Total adjustments	8,326,971	(278,674)	74,688	193,670	8,316,655	1,334,588
Net cash provided by (used in) operating activities	\$ 11,578,957	\$ 388,606	\$ 519,700	\$ (352,367)	\$ 12,134,896	\$ 3,185,227
NON-CASH INVESTING ACTIVITIES:						
Change in the fair value of investments	\$ (57,850)	\$ -	\$ -	\$ -	\$ (57,850)	\$ -
NON-CASH FINANCING ACTIVITIES:						
Contributions of capital assets from developers	\$ 2,468,211	\$ -	\$ -	\$ -	\$ 2,468,211	\$ -
Reconciliation of total cash to the statement of net assets						
Cash and cash equivalents - current	\$ 11,790,786	\$ 1,417,775	\$ 461,691	\$ 591,607	\$ 14,261,859	\$ 6,694,770
Restricted cash and cash equivalents	1,696,350	-	-	-	1,696,350	-
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 13,487,136	\$ 1,417,775	\$ 461,691	\$ 591,607	\$ 15,958,209	\$ 6,694,770

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

**STATEMENT OF NET POSITION
COMPONENT UNITS
SEPTEMBER 30, 2013**

	ALLEN ECONOMIC DEVELOPMENT CORPORATION	ALLEN COMMUNITY DEVELOPMENT CORPORATION	TOTALS
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 3,177,502	\$ 1,900,636	\$ 5,078,138
Investments	4,583,427	2,651,935	7,235,362
Sales tax receivable	1,362,313	1,362,313	2,724,626
Accounts receivable	2,327	2,327	4,654
Accrued interest receivable	24,324	14,074	38,398
Prepaid items	6,298	-	6,298
Restricted cash and cash equivalents	752,345	1,101,377	1,853,722
Total current assets	9,908,536	7,032,662	16,941,198
NONCURRENT ASSETS			
CAPITAL ASSETS			
Land	4,324,525	-	4,324,525
Land improvements	207,878	-	207,878
Furniture and fixtures	66,075	-	66,075
Improvements other than buildings	3,128,689	-	3,128,689
Total capital assets	7,727,167	-	7,727,167
Less: accumulated depreciation	(2,245,982)	-	(2,245,982)
Capital assets, net of accumulated depreciation	5,481,185	-	5,481,185
DEFERRED CHARGES			
Bond issuance costs, net of amortization	325,768	483,809	809,577
Total noncurrent assets	5,806,953	483,809	6,290,762
TOTAL ASSETS	\$ 15,715,489	\$ 7,516,471	\$ 23,231,960
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$ 12,711	\$ 106,766	\$ 119,477
Accrued interest payable	62,537	155,236	217,773
Accrued and other liabilities	11,375	-	11,375
Revenue bonds payable - current	845,000	1,090,000	1,935,000
Total current liabilities	931,623	1,352,002	2,283,625
NONCURRENT LIABILITIES			
Revenue bonds payable (net of unamortized discounts and deferred amount on refunding)	17,421,095	32,442,586	49,863,681
Total noncurrent liabilities	17,421,095	32,442,586	49,863,681
TOTAL LIABILITIES	18,352,718	33,794,588	52,147,306
NET POSITION			
Investment in capital assets	5,481,185	-	5,481,185
Restricted for debt service	689,808	946,141	1,635,949
Unrestricted	(8,008,222)	(27,224,258)	(36,032,480)
TOTAL NET POSITION	\$ (2,637,229)	\$ (26,278,117)	\$ (28,915,346)

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

**STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

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	\$ 5,115,693	\$ -	\$ -	\$ (5,115,693)	\$ -	\$ (5,115,693)
Allen Community Development Corporation	4,262,407	-	-	-	(4,262,407)	(4,262,407)
TOTAL COMPONENT UNITS	<u>\$ 9,378,100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,115,693)</u>	<u>\$ (4,262,407)</u>	<u>\$ (9,378,100)</u>
General revenues:						
Sales taxes				\$ 7,993,037	\$ 7,993,037	\$ 15,986,074
Interest on investments				32,354	1,827	34,181
Miscellaneous				1,635	-	1,635
Total general revenues				<u>8,027,026</u>	<u>7,994,864</u>	<u>16,021,890</u>
CHANGE IN NET POSITION				2,911,333	3,732,457	6,643,790
NET POSITION, beginning of year				<u>(5,548,562)</u>	<u>(30,010,574)</u>	<u>(35,559,136)</u>
NET POSITION, end of year				<u>\$ (2,637,229)</u>	<u>\$ (26,278,117)</u>	<u>\$ (28,915,346)</u>

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



CITY OF ALLEN

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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, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Statement

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

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

Financial Reporting Entity

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

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

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

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

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

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

CITY OF ALLEN, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Financial Reporting Entity – Continued

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

Basis of Presentation

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

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

Fund Financial Statements:

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

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

General Fund -

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

CITY OF ALLEN, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Presentation – Continued

Debt Service Fund -

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

General Capital Projects Fund -

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

General Obligation Bond Capital Projects Fund -

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

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

Enterprise Funds:

Water and Sewer Fund -

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

Solid Waste Fund -

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

Drainage Fund -

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

CITY OF ALLEN, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Presentation – Continued

Golf Course Fund -

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

Internal Service Funds:

Replacement Fund -

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

Risk Management Fund -

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

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

Measurement Focus and Basis of Accounting

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

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

CITY OF ALLEN, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus and Basis of Accounting – Continued

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

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

Cash, Cash Equivalents and Investments

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

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

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

Encumbrances

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

CITY OF ALLEN, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED SEPTEMBER 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Property Taxes

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and certain personal property located within the City. Appraised values are established by the Central Appraisal District of Collin County at 100% of estimated market value and certified by the Appraisal Review Board. The assessed value upon which the 2012 levy was based is \$8,001,298,212. 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, 2013 was \$0.552 per \$100 of assessed valuation. In Texas, countywide central appraisal districts are required to assess all property within the appraisal district on the basis of 100% of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every three years; however, the City may, at its own expense, require annual reviews of appraised values.

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

Interfund Receivables and Payables

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

Transactions Between Funds and Between Funds and Component Units

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

Transactions between the component units and the primary government are accounted for as external transactions (revenues and expenses). During the fiscal year ended September 30, 2013, ACDC contributed \$321,336 to the General Fund which includes funds for administrative costs and for the Allen U.S.A. Celebration, and AEDC contributed \$93,501 to the General Fund for administrative costs. These revenues were reflected as grants and contributions for the primary government in the government-wide statement of activities.

CITY OF ALLEN, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Inventories and Prepaid Items

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

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

Special Assessments

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

Capital Assets

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

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

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

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

CITY OF ALLEN, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Compensated Absences

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

Net Position

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

Fund Balance

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

The City classifies governmental fund balances as follows:

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

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

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

CITY OF ALLEN, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED SEPTEMBER 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Balance - Continued

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

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

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

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

NOTE 2. DEPOSITS, INVESTMENTS AND INVESTMENT POLICIES

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

The City's demand deposits and certificates of deposit were fully insured or collateralized at September 30, 2013, with collateral required by state statutes. At year-end, the carrying amount of the City's deposits was \$9,094,605 and the bank balance was \$9,028,620. 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, 2013 was \$46,700.

The carrying amount of deposits for ACDC and AEDC, discretely presented component units, were \$109,263 and \$81,312, respectively, with no corresponding bank balances as they are pooled with the City's deposits. AEDC's petty cash balance at September 30, 2013 was \$100.

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

CITY OF ALLEN, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013**

NOTE 2. DEPOSITS, INVESTMENTS AND INVESTMENT POLICIES – CONTINUED

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

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
Certificates of Deposit	5 years	50%	None
Repurchase Agreements	5 years	30%	None
U. S. Treasury Obligations	5 years	100%	None
Municipal Investment Pool	5 years	100%	None
Commercial Bank Savings Account	5 years	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.

As of September 30, 2013, the City had the following investments:

Investment Type	<u>Fair Value</u>				Weighted Avg. Maturity (Years)
	<u>Primary Government</u>	<u>AEDC</u>	<u>ACDC</u>	<u>Total</u>	
FFCB	\$ 4,342,616	\$ 389,369	\$ 225,286	\$ 4,957,271	3.54
FHLB	3,471,485	311,261	180,093	3,962,839	4.40
FHLMC	6,131,830	549,793	318,106	6,999,729	2.87
FNMA	14,781,135	1,325,310	766,814	16,873,259	3.83
Municipal Bond	1,690,787	151,600	87,714	1,930,101	1.86
Certificates of Deposit	20,700,954	1,856,094	1,073,922	23,630,970	1.25
Texpool	37,017,667	3,848,435	2,892,750	43,758,852	0.003
Total	<u>\$ 88,136,474</u>	<u>\$ 8,431,862</u>	<u>\$ 5,544,685</u>	<u>\$ 102,113,021</u>	

CITY OF ALLEN, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013**

NOTE 2. DEPOSITS, INVESTMENTS AND INVESTMENT POLICIES – CONTINUED

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, 2013.

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, 2013, with the exception of funds invested at Texpool, the following table represents 5% or more of the City's investments.

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>	<u>Percentage</u>
FNMA	Federal agency securities	\$ 16,873,259	16.52%
FHLMC	Federal agency securities	6,999,729	6.85%

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, 2013, the City's deposits with financial institutions above the federal depository limits were fully collateralized.

CITY OF ALLEN, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013**

NOTE 3. RECEIVABLES

Receivables at September 30, 2013 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	\$ 170,845	\$2,724,625	\$ -	\$ 44,199	\$ -	\$ 3,179,790	\$ 6,119,459
Debt Service	87,405	-	-	2,498	-	-	89,903
General Capital Projects	-	-	-	57,758	187,557	-	245,315
G.O. Bond Fund	-	-	-	25,171	-	-	25,171
Nonmajor Governmental Funds	-	-	298,916	16,439	-	-	315,355
Water and Sewer	-	-	5,607,208	74,245	-	-	5,681,453
Solid Waste	-	-	312,093	7,754	-	258,266	578,113
Drainage	-	-	70,722	2,161	-	-	72,883
Golf Course	-	-	2,822	-	-	-	2,822
Internal Service Funds	-	-	-	43,561	-	-	43,561
Gross Receivables	258,250	2,724,625	6,291,761	273,786	187,557	3,438,056	13,174,035
Less: Allowance for Uncollectibles	(215,444)	-	(14,581)	-	-	(822,358)	(1,052,383)
Total Net Receivables, Primary Government	<u>\$ 42,806</u>	<u>\$2,724,625</u>	<u>\$ 6,277,180</u>	<u>\$ 273,786</u>	<u>\$ 187,557</u>	<u>\$ 2,615,698</u>	<u>\$12,121,652</u>
Component Units	<u>\$ -</u>	<u>\$2,724,626</u>	<u>\$ -</u>	<u>\$ 38,398</u>	<u>\$ -</u>	<u>\$ 4,654</u>	<u>\$ 2,767,678</u>

The Water and Sewer Fund accounts receivable include unbilled charges for services rendered through September 30, 2013.

CITY OF ALLEN, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2013 was as follows:

Governmental Activities

	Balance September 30, 2012	Additions	Sales or Other Dispositions	Adjustments/ Transfers	Balance September 30, 2013
Governmental Funds:-					
General capital assets not being depreciated:					
Land and land improvements	\$ 126,146,774	\$ 3,016,292	\$ (15,605)	\$ -	\$ 129,147,461
Construction in progress	29,101,423	6,255,909	-	(23,712,054)	11,645,278
Total capital assets not being depreciated	155,248,197	9,272,201	(15,605)	(23,712,054)	140,792,739
General capital assets being depreciated:					
Buildings	127,639,176	-	-	3,708,027	131,347,203
Improvements other than buildings	439,913,639	6,395,852	(259,553)	20,004,027	466,053,965
Furniture and fixtures	8,058,581	23,672	(39,722)	-	8,042,531
Vehicles	2,749,635	134,481	(365,936)	-	2,518,180
Library books	1,490,728	222,701	(358,083)	-	1,355,346
Machinery and equipment	10,339,350	232,437	(73,835)	-	10,497,952
Total capital assets being depreciated	590,191,109	7,009,143	(1,097,129)	23,712,054	619,815,177
Less accumulated depreciation for:					
Buildings	(19,086,654)	(3,290,564)	-	-	(22,377,218)
Improvements other than buildings	(193,885,840)	(19,631,183)	254,053	-	(213,262,970)
Furniture and fixtures	(5,411,612)	(1,040,676)	39,722	-	(6,412,566)
Vehicles	(2,273,484)	(102,584)	363,051	-	(2,013,017)
Library Books	(1,039,126)	(185,589)	358,083	-	(866,632)
Machinery and equipment	(7,149,504)	(1,303,403)	73,834	-	(8,379,073)
Total accumulated depreciation	(228,846,220)	(25,553,999)	1,088,743	-	(253,311,476)
Total general capital assets being depreciated, net	361,344,889	(18,544,856)	(8,386)	23,712,054	366,503,701
General capital assets, net	\$ 516,593,086	\$ (9,272,655)	\$ (23,991)	\$ -	\$ 507,296,440

CITY OF ALLEN, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013

NOTE 4. CAPITAL ASSETS – CONTINUED

	Balance September 30, 2012	Additions	Sales or Other Dispositions	Adjustments/ Transfers	Balance September 30, 2013
Internal Service Funds:					
Internal service funds assets not being depreciated:					
Construction in progress	\$ 1,369,778	\$ 140,386	\$ -	\$ -	\$ 1,510,164
Total capital assets not being depreciated	1,369,778	140,386	-	-	1,510,164
Internal service assets being depreciated:					
Vehicles	9,618,663	1,454,820	(529,505)	-	10,543,978
Machinery and equipment	1,842,460	277,570	(51,438)	-	2,068,592
Total internal service assets being depreciated	11,461,123	1,732,390	(580,943)	-	12,612,570
Less accumulated depreciation for:					
Vehicles	(4,783,503)	(1,230,933)	529,505	10,657	(5,474,274)
Machinery and equipment	(1,399,195)	(211,587)	51,438	(10,657)	(1,570,001)
Total accumulated depreciation	(6,182,698)	(1,442,520)	580,943	-	(7,044,275)
Total Internal service funds capital assets being depreciated, net	5,278,425	289,870	-	-	5,568,295
Total Internal service funds capital assets, net	6,648,203	430,256	-	-	7,078,459
Governmental activities capital assets, net	\$ 523,241,289	\$ (8,842,399)	\$ (23,991)	\$ -	\$ 514,374,899
Business-Type Activities					
Water and Sewer Activities:					
Capital assets not being depreciated:					
Land	\$ 4,072,882	\$ -	\$ -	\$ -	\$ 4,072,882
Construction in progress	2,059,677	1,349,109	-	(2,258,206)	1,150,580
Total capital assets not being depreciated	6,132,559	1,349,109	-	(2,258,206)	5,223,462
Capital Assets Being depreciated:					
Towers, tanks, & pumps stations	166,109,217	2,468,211	-	2,258,206	170,835,634
Furniture and fixtures	11,114	-	-	-	11,114
Machinery and equipment	4,260,318	439,332	(97,601)	-	4,602,049
Vehicles	815,838	38,820	(13,515)	-	841,143
Total capital assets being depreciated	171,196,487	2,946,363	(111,116)	2,258,206	176,289,940
Less accumulated depreciation for:					
Towers, tanks, & pumps stations	(63,796,675)	(5,372,815)	-	-	(69,169,490)
Furniture and fixtures	(11,114)	-	-	-	(11,114)
Machinery and equipment	(2,920,576)	(391,073)	97,601	-	(3,214,048)
Vehicles	(644,000)	(52,907)	13,515	-	(683,392)
Total accumulated depreciation	(67,372,365)	(5,816,795)	111,116	-	(73,078,044)
Total capital assets being depreciated, net	103,824,122	(2,870,432)	-	2,258,206	103,211,896
Water and sewer activities capital assets, net	\$ 109,956,681	\$ (1,521,323)	\$ -	\$ -	\$ 108,435,358

CITY OF ALLEN, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013

NOTE 4. CAPITAL ASSETS – CONTINUED

	Balance September 30, 2012	Additions	Sales or Other Dispositions	Balance September 30, 2013
Solid Waste Activities:				
Capital assets being depreciated:				
Machinery and equipment	\$ 8,392	\$ -	\$ -	\$ 8,392
Vehicles	12,923	-	-	12,923
Total capital assets being depreciated	<u>21,315</u>	<u>-</u>	<u>-</u>	<u>21,315</u>
Less accumulated depreciation for:				
Machinery and equipment	(7,582)	(540)	-	(8,122)
Vehicles	(12,923)	-	-	(12,923)
Total accumulated depreciation	<u>(20,505)</u>	<u>(540)</u>	<u>-</u>	<u>(21,045)</u>
Solid waste activities capital assets, net	<u>\$ 810</u>	<u>\$ (540)</u>	<u>\$ -</u>	<u>\$ 270</u>
Drainage Activities:				
Capital assets being depreciated:				
Other improvements	\$ 496,132	\$ -	\$ -	\$ 496,132
Vehicles	31,379	-	-	31,379
Machinery and equipment	430,682	-	-	430,682
Total capital assets being depreciated	<u>958,193</u>	<u>-</u>	<u>-</u>	<u>958,193</u>
Less accumulated depreciation for:				
Other improvements	(116,508)	(12,264)	-	(128,772)
Vehicles	(26,333)	(3,364)	-	(29,697)
Machinery and equipment	(392,566)	(21,429)	-	(413,995)
Total accumulated depreciation	<u>(535,407)</u>	<u>(37,057)</u>	<u>-</u>	<u>(572,464)</u>
Drainage activities capital assets, net	<u>\$ 422,786</u>	<u>\$ (37,057)</u>	<u>\$ -</u>	<u>\$ 385,729</u>
Golf Course Activities:				
Capital assets being depreciated:				
Machinery and equipment	\$ 563,641	\$ 575,918	\$ (202,106)	\$ 937,453
Furniture and fixtures	10,894	-	-	10,894
Total capital assets being depreciated	<u>574,535</u>	<u>575,918</u>	<u>(202,106)</u>	<u>948,347</u>
Less accumulated depreciation for:				
Machinery and equipment	(522,177)	(68,212)	202,106	(388,283)
Furniture and fixtures	(10,894)	-	-	(10,894)
Total accumulated depreciation	<u>(533,071)</u>	<u>(68,212)</u>	<u>202,106</u>	<u>(399,177)</u>
Golf course activities capital assets, net	<u>41,464</u>	<u>507,706</u>	<u>-</u>	<u>549,170</u>
Business-type activities capital assets, net	<u>\$110,421,741</u>	<u>\$ (1,051,214)</u>	<u>\$ -</u>	<u>\$ 109,370,527</u>

CITY OF ALLEN, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013**

NOTE 4. CAPITAL ASSETS – CONTINUED

	Balance September 30, 2012	Additions	Sales or Other Dispositions	Balance September 30, 2013
Component Units:				
Capital assets not being depreciated:				
Land	\$ 4,324,525	\$ -	\$ -	\$ 4,324,525
Land improvements	207,878	-	-	207,878
Total capital assets not being depreciated	<u>4,532,403</u>	<u>-</u>	<u>-</u>	<u>4,532,403</u>
Capital assets being depreciated:				
Improvements other than buildings	3,128,689	-	-	3,128,689
Furniture and fixtures	66,075	-	-	66,075
Total capital assets being depreciated	<u>3,194,764</u>	<u>-</u>	<u>-</u>	<u>3,194,764</u>
Less accumulated depreciation for:				
Improvements other than buildings	(2,026,574)	(153,333)	-	(2,179,907)
Furniture and fixtures	(59,468)	(6,607)	-	(66,075)
Total accumulated depreciation	<u>(2,086,042)</u>	<u>(159,940)</u>	<u>-</u>	<u>(2,245,982)</u>
Total capital assets being depreciated, net	<u>1,108,722</u>	<u>(159,940)</u>	<u>-</u>	<u>948,782</u>
Component units capital assets, net	<u>\$ 5,641,125</u>	<u>\$ (159,940)</u>	<u>\$ -</u>	<u>\$ 5,481,185</u>

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

Governmental activities:	
General government	\$ 956,620
Public safety	834,961
Public works	14,607,919
Culture and recreation	9,071,423
Community development	2,453
Grant Administration	<u>80,623</u>
Total depreciation expense - General capital assets	25,553,999
Internal Service Funds	<u>1,442,520</u>
Total depreciation expense - Governmental activities	<u>\$ 26,996,519</u>

CITY OF ALLEN, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013**

NOTE 4. CAPITAL ASSETS – CONTINUED

Business-type activities:	
Water and sewer	\$ 5,816,795
Solid waste	540
Drainage utility	37,057
Golf course	<u>68,212</u>
 Total depreciation expense - Business-type activities	 <u>5,922,604</u>
 Component units:	
Allen Economic Development Corporation	<u>\$ 159,940</u>

Outstanding commitments at September 30, 2013, under authorized construction contracts were \$467,240. 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, 2013, bonds payable consisted of the following individual issues:

General Obligation Bonds:

\$11,700,000 Series 2004 Bonds due in annual installments of \$395,000 to \$790,000 through September 1, 2024; interest at 4.0% to 5.25%.	\$ 565,000
\$32,330,000 Series 2005 Refunding Bonds due in annual installments of \$75,000 to \$3,505,000 through August 15, 2021; interest at 3.0% to 5.00%.	20,210,000
\$1,595,000 Series 2006 Bonds due in annual installments of \$50,000 to \$115,000 through August 15, 2026; interest at 4.0% to 4.20%.	1,180,000
\$11,145,000 Series 2007 Bonds due in annual installments of \$380,000 to \$815,000 through August 15, 2027; interest at 4.0% to 5.0%.	8,675,000
\$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%.	8,325,000

CITY OF ALLEN, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013**

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%.	\$ 13,065,000
\$12,000,000 Series 2010 Bonds due in annual installments of \$370,000 to \$865,000 through August 15, 2029; interest at 2.0% to 4.0%.	10,620,000
\$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%.	7,770,000
\$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%.	7,395,000
\$13,865,000 Series 2012 Refunding and Improvement Bonds due in annual installments of \$350,000 to \$1,600,000 through August 15, 2024; interest at 2.0% to 5.0%.	13,865,000
\$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%.	5,065,000
	<u>\$ 96,735,000</u>

Certificates of Obligation:

\$4,735,000 Series 2004A Combination Tax & Revenue Golf Course Certificates of Obligation due in annual installments of \$165,000 to \$390,000 through September 1, 2024; interest at 3.50% to 5.00%.	\$ 235,000
\$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%.	565,000
	<u>\$ 800,000</u>

Water and Sewer Revenue Bonds:

\$6,710,000 Series 2004 Bonds due in annual installments of \$175,000 to \$490,000 through June 1, 2024; interest at 4.75% to 5.0%.	\$ 2,900,000
\$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%.	2,980,000
\$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%.	3,490,000
	<u>\$ 9,370,000</u>

CITY OF ALLEN, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013**

NOTE 5. LONG-TERM DEBT – CONTINUED

AEDC Sales Tax Revenue Bonds:

\$15,335,000 Series 2008 Sales Tax Revenue Bonds due in annual installments of \$390,000 to \$940,000 through September 1, 2032; interest at 3.50% to 4.50%.	\$ 12,635,000
\$1,605,000 Series 2010A Sales Tax Revenue Bonds due in annual installments of \$440,000 to \$595,000 beginning September 1, 2023 through September 1, 2025; interest at 4.00%.	1,605,000
\$5,165,000 Series 2010B Sales Tax Revenue Bonds due in annual installments of \$105,000 to \$520,000 through September 1, 2023; interest at 1.35% to 5.10%.	<u>4,070,000</u>
	<u><u>\$ 18,310,000</u></u>

ACDC Sales Tax Revenue Bonds:

\$5,600,000 Series 2006 Refunding Bonds due in annual installments of \$290,000 to \$785,000 through September 1, 2019; interest at 3.75% to 5.0%.	\$ 3,690,000
\$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>30,000,000</u>
	<u><u>\$ 33,690,000</u></u>

CITY OF ALLEN, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013**

NOTE 5. LONG-TERM DEBT – CONTINUED

The following is a summary of long-term debt transactions, including current portion, of the City for the year ended September 30, 2013:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due Within One Year
Governmental Activities					
General Obligation Bonds	\$ 99,365,000	\$ 5,065,000	\$ (7,695,000)	\$ 96,735,000	\$ 8,085,000
Certificates of Obligation	1,060,000	-	(260,000)	800,000	270,000
Capital lease payable	27,437	-	(9,914)	17,523	9,986
Compensated absences	4,240,964	3,152,646	(2,705,389)	4,688,221	2,869,777
Municipal pension obligation	270,853	5,248,905	(5,283,581)	236,177	-
Less deferred amounts:					
For premiums and discounts	4,354,218	350,071	(226,501)	4,477,788	-
For refundings	(2,423,657)	-	361,785	(2,061,872)	-
Governmental activity long-term debt	<u>\$ 106,894,815</u>	<u>\$ 13,816,622</u>	<u>\$ (15,818,600)</u>	<u>\$ 104,892,837</u>	<u>\$ 11,234,763</u>

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	\$ 10,535,000	\$ -	\$ (1,165,000)	\$ 9,370,000	\$ 1,205,000
Compensated absences	462,507	374,582	(327,005)	510,084	474,752
Capital lease payable	41,464	575,917	(68,212)	549,169	113,587
Less deferred amounts:					
For refundings	(232,948)	-	34,383	(198,565)	-
For issuance discounts / premiums	117,431	-	(11,974)	105,457	-
Business-type activity long-term debt	<u>\$ 10,923,454</u>	<u>\$ 950,499</u>	<u>\$ (1,537,808)</u>	<u>\$ 10,336,145</u>	<u>\$ 1,793,339</u>
Component Unit					
Allen Community Development Corporation					
Sales Tax Revenue Bonds	\$ 34,735,000	\$ -	\$ (1,045,000)	\$ 33,690,000	\$ 1,090,000
Less deferred amounts:					
For issuance discounts / premiums	(122,598)	-	(1,991)	(124,589)	-
For refundings	(49,237)	-	16,412	(32,825)	-
ACDC long-term debt	<u>\$ 34,563,165</u>	<u>\$ -</u>	<u>\$ (1,030,579)</u>	<u>\$ 33,532,586</u>	<u>\$ 1,090,000</u>
Allen Economic Development Corporation					
Sales Tax Revenue Bonds	\$ 19,130,000	\$ -	\$ (820,000)	\$ 18,310,000	\$ 845,000
For issuance discounts / premiums	(46,970)	-	3,065	(43,905)	-
AEDC long-term debt	<u>\$ 19,083,030</u>	<u>\$ -</u>	<u>\$ (816,935)</u>	<u>\$ 18,266,095</u>	<u>\$ 845,000</u>
Component unit long-term debt	<u>\$ 53,646,195</u>	<u>\$ -</u>	<u>\$ (1,847,514)</u>	<u>\$ 51,798,681</u>	<u>\$ 1,935,000</u>

CITY OF ALLEN, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013

NOTE 5. LONG-TERM DEBT – CONTINUED

Annual Requirements to Retire Debt Obligations

The City intends to retire all of its general long-term liabilities, plus accrued interest, from ad valorem taxes and other current revenues. The proprietary fund type long-term debt will be repaid, plus accrued interest, from operating revenues of the Water and Sewer Fund. The annual aggregate maturities for each bond type for the years subsequent to September 30, 2013, are as follows:

General Obligation Bonds

Annual debt service requirements to maturity for general obligation bonds, including interest of \$27,484,371 are as follows:

Governmental Activities			
Fiscal Year Ending	Principal	Interest	Total
September 30			
2014	\$ 8,085,000	\$ 3,837,180	\$ 11,922,180
2015	8,740,000	3,513,183	12,253,183
2016	8,425,000	3,182,828	11,607,828
2017	8,095,000	2,894,273	10,989,273
2018	8,405,000	2,593,248	10,998,248
2019 - 2023	32,585,000	8,399,304	40,984,304
2024 - 2028	19,555,000	2,874,805	22,429,805
2029 - 2032	2,845,000	189,550	3,034,550
Total	\$ 96,735,000	\$ 27,484,371	\$ 124,219,371

Certificates of Obligation

Annual debt service requirements to maturity for the Certificates of Obligation, including interest of \$211,075 are as follows:

Governmental Activities			
Fiscal Year Ending	Principal	Interest	Total
September 30			
2014	\$ 270,000	\$ 38,480	\$ 308,480
2015	40,000	28,270	68,270
2016	40,000	26,230	66,230
2017	45,000	24,150	69,150
2018	45,000	21,810	66,810
2019 - 2023	290,000	68,285	358,285
2024	70,000	3,850	73,850
Total	\$ 800,000	\$ 211,075	\$ 1,011,075

CITY OF ALLEN, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013

NOTE 5. LONG-TERM DEBT – CONTINUED

Water and Sewer Revenue Bonds

Revenue bond debt service requirements to maturity, including interest of \$2,095,665 are as follows:

Business-type Activities			
Fiscal Year Ending	Principal	Interest	Total
September 30			
2014	\$ 1,205,000	\$ 380,519	\$ 1,585,519
2015	1,250,000	335,934	1,585,934
2016	955,000	286,789	1,241,789
2017	990,000	252,539	1,242,539
2018	1,035,000	215,256	1,250,256
2019 - 2023	3,065,000	570,838	3,635,838
2024 - 2025	870,000	53,790	923,790
Total	<u>\$ 9,370,000</u>	<u>\$ 2,095,665</u>	<u>\$ 11,465,665</u>

AEDC Sales Tax and Revenue Bonds

Sales Tax Revenue bond debt service requirements to maturity, including interest of \$7,719,441 are as follows:

AEDC			
Fiscal Year Ending	Principal	Interest	Total
September 30			
2014	\$ 845,000	\$ 750,440	\$ 1,595,440
2015	870,000	723,905	1,593,905
2016	900,000	694,625	1,594,625
2017	930,000	662,125	1,592,125
2018	970,000	627,500	1,597,500
2019 - 2023	5,475,000	2,512,319	7,987,319
2024 - 2028	4,800,000	1,343,527	6,143,527
2029 - 2032	3,520,000	405,000	3,925,000
Total	<u>\$ 18,310,000</u>	<u>\$ 7,719,441</u>	<u>\$ 26,029,441</u>

CITY OF ALLEN, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013

NOTE 5. LONG-TERM DEBT – CONTINUED

ACDC Sales Tax and Revenue Bonds

Sales Tax Revenue bond debt service requirements to maturity, including interest of \$22,391,976 are as follows:

ACDC				
Fiscal Year Ending		Principal	Interest	Total
September 30				
2014	\$	1,090,000	\$ 1,862,835	\$ 2,952,835
2015		1,135,000	1,816,365	2,951,365
2016		1,190,000	1,760,455	2,950,455
2017		1,245,000	1,705,145	2,950,145
2018		1,305,000	1,646,820	2,951,820
2019 - 2023		7,585,000	7,172,538	14,757,538
2024 - 2028		9,910,000	4,848,918	14,758,918
2029 - 2032		10,230,000	1,578,900	11,808,900
Total	\$	33,690,000	\$ 22,391,976	\$ 56,081,976

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and infrastructure. During the year, \$5,065,000 of general obligation bonds were issued to construct and/or make improvements to existing City facilities, streets and drainage, parks, park land acquisition, and public art. The Debt Service Fund has \$847,663 available to service the general obligation debt at September 30, 2013. There are a number of limitations and restrictions contained in the various general obligation bond indentures. The City is in compliance with all significant limitations and restrictions at September 30, 2013.

A schedule of authorized but unissued direct General Obligation Bonds as of September 30, 2013, is as follows:

Purpose	Date of Authorization	Original Amount Authorized	Issued To Date	Unissued Balance
Performing Arts Center	11/5/2002	\$ 19,500,000	\$ 2,815,000	\$ 16,685,000
Service Center Facilities	5/12/2007	14,500,000	12,500,000	2,000,000
Municipal Building	5/12/2007	1,700,000	1,025,000	675,000
Streets	5/12/2007	27,200,000	22,040,000	5,160,000
Parks	5/12/2007	17,250,000	8,700,000	8,550,000
Public Art Projects	5/12/2007	1,390,000	925,000	465,000
Public Safety	5/12/2007	15,855,000	11,975,000	3,880,000
		\$ 97,395,000	\$ 59,980,000	\$ 37,415,000

CITY OF ALLEN, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013

NOTE 5. LONG-TERM DEBT – CONTINUED

Water and Sewer Revenue Bonds

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

Funds aggregating \$364,510 at September 30, 2013 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, 2013 of \$1,696,350 are adequate to meet the reserve requirements.

At September 30, 2013, restricted assets, which include Water and Sewer Revenue Bond Debt Service and Reserve Funds, were as follows:

Revenue bond debt service	\$ 529,368
Revenue bond reserve fund	1,166,982
	<u>\$ 1,696,350</u>

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

Restricted assets, revenue bond debt	
Service and reserve funds	\$ 1,696,350
Accrued interest, payable from restricted assets	(126,840)
Current maturities of revenue bonds, payable from restricted assets	<u>(1,205,000)</u>
Reserved for revenue bond principal and interest	<u>\$ 364,510</u>

CITY OF ALLEN, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013

NOTE 5. LONG-TERM DEBT – CONTINUED

Water and Sewer Revenue Bonds – Continued

The City is in compliance with the various requirements of the bond ordinances. This covenant requires that operating revenues, as defined, cover the current debt requirement including principal and interest by a minimum of 1.2 times. Such coverage at September 30, 2013 was 5.75 times.

Capital Leases

The City acquired office equipment under various leases accounted for as capital leases. These leases meet the criteria of a capital lease as defined by the Financial Accounting Standards Board (FASB) Accounting Standards Codification guidance on “Accounting for Leases”, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. As of September 30, 2013, the capitalized costs of the Governmental leased property and Business-type leased property under capital leases were \$851,183 and \$937,453, respectively.

The terms of the leases range from 3 - 5 years and call for monthly and annual payments over the life of the leases. The future minimum lease payments under the capitalized leases and the net present value of the future minimum lease payments at September 30, 2013 are as follows:

Fiscal Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2014	\$ 9,986	\$ 94	\$ 10,080
2015	7,537	23	7,560
Total	<u>\$ 17,523</u>	<u>\$ 117</u>	<u>\$ 17,640</u>

Fiscal Year Ending September 30,	Business-type Activities		
	Principal	Interest	Total
2014	\$ 113,587	\$ 18,860	\$ 132,447
2015	116,578	14,480	131,058
2016	120,713	9,942	130,655
2017	120,852	5,353	126,205
2018	77,439	1,025	78,464
Total	<u>\$ 549,169</u>	<u>\$ 49,660</u>	<u>\$ 598,829</u>

Operating Leases

The City leases machinery and equipment under non-cancelable operating leases. Total costs for such leases were \$321,624 for the fiscal year ended September 30, 2013. Future minimum lease payments, by year and in the aggregate, under the non-cancelable lease commitments are as follows:

Fiscal Year Ending September 30,	Amount
2014	\$ 302,264
2015	294,979
2016	192,435
2017	3,420
2018	744
Total	<u>\$ 793,842</u>

CITY OF ALLEN, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013**

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 2013 were as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Funds:		
General Fund	\$ 5,357,270	\$ 3,720,968
General Capital Projects	3,453,992	322,232
General Obligation Bonds	240,416	262,610
Debt Service Fund	500,000	-
Total Major Governmental Funds	9,551,678	4,305,810
Nonmajor Governmental Funds:		
Grants and Special Revenue	46,509	240,416
Hotel Occupancy Tax	-	25,000
Total Nonmajor Governmental Funds	46,509	265,416
Major Enterprise Funds		
Water and Sewer Fund	33,692	4,686,025
Solid Waste Fund	-	704,528
Drainage Utility Fund	-	638,784
Golf Course Fund	633,815	-
Total Major Enterprise Funds	667,507	6,029,337
Internal Service Funds:		
Replacement Fund	11,332	-
Risk Management Fund	323,537	-
Total Internal Service Funds	334,869	-
Total Transfers	\$ 10,600,563	\$ 10,600,563

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 \$9,598,187 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 \$4,571,226 include cash financing of capital projects, support of programs recorded in nonmajor governmental funds and internal service funds.

CITY OF ALLEN, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013**

NOTE 6. INTERFUND TRANSFERS – CONTINUED

- Proprietary funds: Total enterprise funds transfers in of \$667,507 mainly represent amounts transferred into the Golf Course Fund to support operations. The total transfers out of \$6,029,337 represent the amount provided by other funds for technology, procurement, human resources, building maintenance, financial and administrative support. The internal service funds total transfer in of \$334,869 represents the amounts needed for sign plotter and CAD software, and administrative support for the Risk Management Fund.

NOTE 7. RETIREMENT PLAN

Plan Description

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

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS. The report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained from the TMRS website at www.tmr.com.

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

	<u>Plan Year 2012</u>	<u>Plan Year 2013</u>
Employee deposit rate	7%	7%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% repeating, transfers	100% repeating, transfers
Annuity Increase (to Retirees)	70% repeating CPI	70% repeating CPI

Contributions and Funding Policy

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

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect.

CITY OF ALLEN, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013**

NOTE 7. RETIREMENT PLAN – CONTINUED

The City's retirement cost rate was 13.79% from October to December 2012 and 13.90% from January to September 2013.

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

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

Annual required contribution (ARC)	\$ 5,246,243
Interest on net pension obligation	18,960
Adjustment to the ARC	<u>(16,298)</u>
Annual pension cost (APC)	5,248,905
Contributions made	<u>(5,283,581)</u>
Decrease in net pension obligation	(34,676)
Net pension obligation, beginning of the year	<u>270,853</u>
Net pension obligation, end of the year	<u><u>\$ 236,177</u></u>

Three-Year Trend Information:

Fiscal Year	Annual Pension Cost (APC)	Actual Contribution Made	Percentage of APC Contributed	Net Pension Obligation
2011	\$ 5,267,776	\$ 5,080,950	96%	\$ 245,697
2012	\$ 5,001,225	\$ 4,976,069	99%	\$ 270,853
2013	\$ 5,248,905	\$ 5,283,581	101%	\$ 236,177

A summary of actuarial methods and assumptions is as follows:

Actuarial Cost Method	--	Projected unit credit
Amortization Method	--	Level percent of payroll
Remaining Amortization Period	--	25.2 years – closed period
Amortization period for new gains/losses	--	30 years
Asset Valuation Method	--	10 year smoothed market
Investment Rate of Return	--	7.0%
Projected Salary increases	--	Varies by age and service
Includes Inflation at	--	3.0%
Cost-of-Living Adjustments	--	2.1%

CITY OF ALLEN, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013**

NOTE 7. RETIREMENT PLAN – CONTINUED

Funding Status and Funding Progress:

As of December 31, 2012, the most recent actuarial valuation date, the plan was 83.2% funded. The actuarial accrued liability for benefits was \$117,900,313, and the actuarial value of assets was \$98,094,098, resulting in an unfunded actuarial accrued liability (UAAL) of \$19,806,215. The covered payroll (annual payroll of active employees covered by the plan) was \$36,537,115, and the ratio of the UAAL to the covered payroll was 54.2%.

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

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

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, 2013, the cost of water purchased under this contract was \$10,219,054.

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 2013, the cost for transportation, treatment and disposal of sewage and other wastes was \$5,327,329.

CITY OF ALLEN, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013**

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, 2013, 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. These liabilities include an estimate for incurred but not reported claims. The estimated amount at September 30, 2013 was \$812,410. 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
2009	\$ 629,487	\$ 4,448,591	\$ 4,518,707	\$ 599,371
2010	599,371	5,685,199	5,544,605	739,965
2011	739,965	5,444,705	5,459,311	725,359
2012	725,359	6,631,188	6,524,565	831,982
2013	831,982	5,691,732	5,711,304	812,410

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.

CITY OF ALLEN, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013**

NOTE 10. RISK MANAGEMENT – CONTINUED

Workers Compensation, Property and Liability Insurance – Continued

The City has a workers' compensation deductible of \$25,000 per occurrence, with an annual aggregate deductible of \$250,000. During 2013, the City contributed \$291,751 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 2013, the City contributed \$562,002 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.

Current OPEB benefits are made on a pay-as-you-go basis from the Risk Management Fund. In 2012, retirees paid \$112,862 in the form of premiums and incurred \$1,191,381 in expenses. In 2013, retirees paid \$181,830 in the form of premiums and incurred \$442,024 in expenses.

Funding Policy

In October 2012, an actuarial study update was completed. This study estimated the actuarial accrued liability increased slightly from \$2,736,262 to \$2,790,177; however, the annual required contribution (ARC) decreased from \$321,597 to \$217,491. The decrease in the ARC is because the City created a separate plan for retirees. Employees retiring on or after January 1, 2013 can elect health care coverage but will be required to pay a higher, unblended rate. In March 2011, the City established a Section 115 Trust (the Trust) to comply with the requirements of Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions (OPEB), for the purpose of funding and providing certain benefits to its eligible retirees and dependents. The single-employer defined benefit plan is created by City ordinance and appoints the City Manager as Plan Administrator for the program. The trust was established with Public Agency Retirement Services Company (PARS). Prior to establishment of the trust, the ARC was contributed to the Risk Management Fund where all medical costs are incurred. Net position of \$3,952,517 available in the Risk Management Fund exceeds the \$2,790,177 actuarial accrued liability, therefore, OPEB costs will continue to be covered by the Risk Management Fund until the funded ratio of the trust is more positive. The City has budgeted for annual actuarial study updates to determine if funding requirements need to be changed.

CITY OF ALLEN, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS (OPEB) – CONTINUED

Annual OPEB costs and NET OPEB Obligation

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

Annual required contribution (ARC)	\$ 217,491
Interest on net OPEB obligation	(338)
Adjustment to the ARC	439
Annual OPEB cost	<u>217,592</u>
Contributions made	<u>(325,000)</u>
Increase in OPEB obligation (asset)	(107,408)
Net OPEB obligation (asset), beginning of the year	<u>(6,753)</u>
Net OPEB obligation (asset), end of the year	<u><u>\$ (114,161)</u></u>

Three-Year Trend Information:

Fiscal Year	Annual OPEB Cost	Actual Contribution Made	Percentage of OPEB Contributed	Net OPEB Asset
2011	\$ 321,597	\$ 325,000	101%	\$ (3,403)
2012	\$ 321,650	\$ 325,000	101%	\$ (6,753)
2013	\$ 217,592	\$ 325,000	149%	\$ (114,161)

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

Significant methods and assumptions used for this were:

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

CITY OF ALLEN, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013**

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS (OPEB) – CONTINUED

Schedule of Funding Information

Actuarial valuation date	10/1/12
Actuarial value of assets	\$678,092
Actuarial Accrued Liability (AAL)	\$2,790,177
Funded Ratio	24.3%
Unfunded Actuarial Accrued Liability (UAAL)	\$2,112,085
Annual covered payroll	\$37,022,759
UAAL as % of covered payroll	5.7%

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

Supplemental Death Benefits Plan:

Program Description

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

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

Contributions and Funding Policy

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

The City's contributions to the TMRS SDBF for retiree's for the years ended 2013, 2012, and 2011 were \$49,157, \$51,028, and \$63,471, respectively, which equals the required contributions (ARC) each year.

CITY OF ALLEN, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013**

NOTE 12. COMMITMENTS AND CONTINGENT LIABILITIES

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

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

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

NOTE 13. SUBSEQUENT EVENTS

In October of 2013, the City issued \$3,370,000 in Waterworks and Sewer System Revenue Refunding Bonds, Series 2013 with an average coupon interest rate of 2.9%. The bonds are dated October 15, 2013. Interest on the bonds will be payable semiannually on June 1 and December 1 of each year, commencing June 1, 2014. The proceeds of the Series 2013 bonds were used to refund the Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2004 and the Waterworks and Sewer System Revenue Bonds, Series 2005. The refunding was undertaken to reduce total debt service payments by \$655,838 over the next eleven years and resulted in an economic gain of \$312,311.

**REQUIRED SUPPLEMENTARY
INFORMATION**



CITY OF ALLEN

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**SCHEDULE OF TMRS FUNDING PROGRESS AND CONTRIBUTIONS
AND SCHEDULE OF OPEB FUNDING PROGRESS AND CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

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

Actuarial Valuation Date	Actuarial value of assets	Actuarial accrued liability	Percentage funded	Unfunded Actuarial Accrued Liability (UAAL)	Annual covered payroll	UAAL as a percentage of covered payroll
12/31/10	\$ 75,602,771	\$ 97,860,304	77.3%	\$ 22,257,533	\$ 33,316,861	66.8%
12/31/11	86,384,487	108,537,229	79.6%	22,152,742	35,359,763	62.6%
12/31/12	98,094,098	117,900,313	83.2%	19,806,215	36,537,115	54.2%

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

Actuarial Valuation Date	Fiscal Year	Value of Assets	AAL*	UAAL**	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
10/1/2009	2011	296,824	2,736,262	2,439,438	10.8%	34,267,319	7.1%
10/1/2009	2012	678,092	2,736,262	2,058,170	24.8%	37,022,759	5.6%
10/1/2012	2013	678,092	2,790,177	2,112,085	24.3%	37,022,759	5.7%

*Actuarial Accrued Liability

**Unfunded Actuarial Accrued Liability

**GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	<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	\$ 32,191,557	\$ 32,529,703	\$ 32,432,416	\$ (97,287)
Municipal sales tax	15,693,130	16,074,240	15,900,029	(174,211)
Franchise taxes	6,643,096	6,390,314	6,302,018	(88,296)
Licenses, permits and fees	1,048,600	1,660,100	1,939,426	279,326
Charge for services	11,835,667	10,704,476	10,301,649	(402,827)
Fines	1,862,625	1,238,285	1,402,725	164,440
Gifts and contributions	1,739,237	869,996	841,202	(28,794)
Investment earnings	139,040	163,750	90,093	(73,657)
Miscellaneous	1,525,735	1,903,761	1,852,171	(51,590)
Total revenues	<u>72,678,687</u>	<u>71,534,625</u>	<u>71,061,729</u>	<u>(472,896)</u>
EXPENDITURES				
Current:				
General government	22,291,301	22,365,390	19,755,860	2,609,530
Public safety	28,426,166	28,324,753	27,979,103	345,650
Public works	2,991,938	2,960,942	3,304,507	(343,565)
Culture and recreation	22,052,129	21,089,449	19,965,694	1,123,755
Community development	2,336,946	2,066,393	1,962,615	103,778
Total expenditures	<u>78,098,480</u>	<u>76,806,927</u>	<u>72,967,779</u>	<u>3,839,148</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,419,793)</u>	<u>(5,272,302)</u>	<u>(1,906,050)</u>	<u>3,366,252</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	5,445,270	5,357,270	5,357,270	-
Transfers out	(542,820)	(720,968)	(3,720,968)	(3,000,000)
Sale of capital assets	-	-	16,350	16,350
Total other financing sources (uses)	<u>4,902,450</u>	<u>4,636,302</u>	<u>1,652,652</u>	<u>(2,983,650)</u>
NET CHANGE IN FUND BALANCE	<u>(517,343)</u>	<u>(636,000)</u>	<u>(253,398)</u>	<u>382,602</u>
FUND BALANCES, BEGINNING OF YEAR	<u>16,786,050</u>	<u>16,786,050</u>	<u>16,786,050</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 16,268,707</u>	<u>\$ 16,150,050</u>	<u>\$ 16,532,652</u>	<u>\$ 382,602</u>

CITY OF ALLEN, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION YEAR ENDED SEPTEMBER 30, 2013

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.

**COMPARATIVE BALANCE SHEETS
GENERAL FUND
SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and cash equivalents	\$ 7,637,298	\$ 5,092,403
Investments	8,328,505	11,050,686
Receivables:		
Ad valorem taxes (net of allowances for uncollectibles of \$139,467 in 2013 and \$134,015 in 2012)	31,378	216,590
Sales taxes	2,724,625	2,582,970
Other, net	2,357,432	1,797,121
Accrued interest	44,199	133,598
Prepaid items	2,098	2,081
TOTAL ASSETS	<u>\$ 21,125,535</u>	<u>\$ 20,875,449</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ 3,202,139	\$ 2,680,228
Accrued liabilities	1,337,903	1,176,633
Deferred revenue	52,841	232,538
TOTAL LIABILITIES	<u>4,592,883</u>	<u>4,089,399</u>
FUND BALANCES		
Nonspendable		
Prepaid items	2,098	2,081
Restricted		
Court technology	25,739	69,880
Juvenile case manager	27,804	45,210
PEG fees	468,910	312,490
Photo red light enforcement	40,554	30,300
Child safety fees	108,105	
Cemetery trust	55,841	55,921
Assigned		
General government	490,727	131,426
Public safety	37,672	2,052
Public works	76,866	-
Culture and recreation	237,273	-
Community development	9,026	-
Unassigned	14,952,037	16,136,690
TOTAL FUND BALANCES	<u>16,532,652</u>	<u>16,786,050</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 21,125,535</u>	<u>\$ 20,875,449</u>

**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GENERAL FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
REVENUES		
Ad valorem taxes, penalties and interest	\$ 32,432,416	\$ 30,403,717
Franchise taxes	6,302,018	6,150,419
Municipal sales tax	15,900,029	14,673,992
Licenses, permits and fees	1,939,426	1,075,712
Charges for services	10,301,649	9,852,902
Fines	1,402,725	1,648,194
Gifts and contributions	829,376	831,266
Intergovernmental	11,826	11,826
Investment earnings	90,093	186,353
Miscellaneous	1,852,171	1,759,433
Total revenues	<u>71,061,729</u>	<u>66,593,814</u>
EXPENDITURES		
Current:		
General government	19,745,780	15,582,940
Public safety	27,979,103	26,944,211
Public works	3,304,507	3,694,124
Culture and recreation	19,965,694	21,524,565
Community development	1,962,615	2,194,634
Debt service:		
Principal retirement	9,914	9,130
Interest and fiscal charges	166	148
Total expenditures	<u>72,967,779</u>	<u>69,949,752</u>
Deficiency of revenues under expenditures	<u>(1,906,050)</u>	<u>(3,355,938)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	5,357,270	5,451,660
Transfers out	(3,720,968)	(1,026,222)
Capital lease obligations	-	29,905
Sale of capital assets	16,350	307
Total other financing sources (uses)	<u>1,652,652</u>	<u>4,455,650</u>
NET CHANGE IN FUND BALANCES	(253,398)	1,099,712
FUND BALANCE, BEGINNING OF YEAR	<u>16,786,050</u>	<u>15,686,338</u>
FUND BALANCE, END OF YEAR	<u>\$ 16,532,652</u>	<u>\$ 16,786,050</u>

**COMPARATIVE BALANCE SHEETS
DEBT SERVICE FUND
SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and cash equivalents	\$ 899,350	\$ 555,745
Investments	-	330
Receivables:		
Ad valorem taxes (net of allowances for uncollectibles of \$75,977 in 2013 and \$75,130 in 2012)	11,428	74,485
Accrued interest receivable	2,498	37,877
Total assets	<u>\$ 913,276</u>	<u>\$ 668,437</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Interest payable	\$ -	\$ 54,185
Deferred revenue	11,428	76,732
Total liabilities	<u>11,428</u>	<u>130,917</u>
FUND BALANCE		
Restricted for debt service	<u>901,848</u>	<u>537,520</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 913,276</u>	<u>\$ 668,437</u>

**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
DEBT SERVICE FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
REVENUES		
Ad valorem taxes	\$ 11,748,992	\$ 11,068,632
Investment earnings	25,809	44,854
Total revenues	<u>11,774,801</u>	<u>11,113,486</u>
EXPENDITURES		
Principal retirement	7,955,000	7,625,000
Interest and fiscal charges	<u>3,955,473</u>	<u>4,562,817</u>
Total expenditures	<u>11,910,473</u>	<u>12,187,817</u>
Deficiency of revenues under expenditures	<u>(135,672)</u>	<u>(1,074,331)</u>
OTHER FINANCING SOURCES (USES)		
Issuance of refunding bonds	-	13,940,000
Premium on issuance of bonds	-	2,296,042
Payment to refund bond escrow agent	-	(16,050,003)
Transfers in	<u>500,000</u>	<u>500,000</u>
Total other financing sources (uses)	<u>500,000</u>	<u>686,039</u>
NET CHANGE IN FUND BALANCES	364,328	(388,292)
FUND BALANCES, BEGINNING OF YEAR	<u>537,520</u>	<u>925,812</u>
FUND BALANCES, END OF YEAR	<u>\$ 901,848</u>	<u>\$ 537,520</u>

**BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Ad valorem taxes	\$ 11,675,790	\$ 11,788,537	\$ 11,748,992	\$ (39,545)
Investment earnings	55,140	45,000	25,809	(19,191)
Total revenues	<u>11,730,930</u>	<u>11,833,537</u>	<u>11,774,801</u>	<u>(58,736)</u>
EXPENDITURES				
Principal retirement	7,955,000	7,955,000	7,955,000	-
Interest and fiscal charges	4,012,510	4,013,117	3,955,473	57,644
Total expenditures	<u>11,967,510</u>	<u>11,968,117</u>	<u>11,910,473</u>	<u>57,644</u>
OTHER FINANCING SOURCES				
Transfers in	500,000	500,000	500,000	-
Total other financing sources	500,000	500,000	500,000	-
NET CHANGE IN FUND BALANCES	263,420	365,420	364,328	(1,092)
FUND BALANCE, BEGINNING OF YEAR	<u>537,520</u>	<u>537,520</u>	<u>537,520</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 800,940</u>	<u>\$ 902,940</u>	<u>\$ 901,848</u>	<u>\$ (1,092)</u>

**COMPARATIVE BALANCE SHEETS
GENERAL CAPITAL PROJECTS FUND
SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and cash equivalents	\$ 8,590,911	\$ 5,268,066
Investments	10,883,465	10,747,199
Accrued interest receivable	57,758	85,736
Special assessments receivable	<u>187,557</u>	<u>187,557</u>
Total assets	<u>\$ 19,719,691</u>	<u>\$ 16,288,558</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 71,925	\$ 687,738
Retainage payable	36,590	75,325
Accrued liabilities	<u>521,396</u>	<u>445,042</u>
Total liabilities	<u>629,911</u>	<u>1,208,105</u>
FUND BALANCES		
Restricted for capital projects	<u>19,089,780</u>	<u>15,080,453</u>
Total fund balances	<u>19,089,780</u>	<u>15,080,453</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 19,719,691</u>	<u>\$ 16,288,558</u>

**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GENERAL CAPITAL PROJECTS FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
REVENUES		
Charges for services	\$ 322,321	\$ 198,782
Intergovernmental	4,440,385	4,110,526
Investment earnings	30,339	122,127
Gifts and contributions	277,852	397,500
Miscellaneous	617,336	407,364
Total revenues	<u>5,688,233</u>	<u>5,236,299</u>
EXPENDITURES		
General government	1,092,911	727,814
Capital outlay	3,717,755	1,415,061
Total expenditures	<u>4,810,666</u>	<u>2,142,875</u>
Excess of revenues over expenditures	<u>877,567</u>	<u>3,093,424</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	3,453,992	823,185
Transfers out	(322,232)	(1,702,793)
Total other financing sources (uses)	<u>3,131,760</u>	<u>(879,608)</u>
NET CHANGE IN FUND BALANCES	4,009,327	2,213,816
FUND BALANCES, BEGINNING OF YEAR	<u>15,080,453</u>	<u>12,866,637</u>
FUND BALANCES, END OF YEAR	<u>\$ 19,089,780</u>	<u>\$ 15,080,453</u>

**COMPARATIVE BALANCE SHEETS
GENERAL OBLIGATION BOND FUND
SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and cash equivalents	\$ 3,242,695	\$ 2,411,383
Investments	4,742,963	4,620,750
Accrued interest receivable	<u>25,171</u>	<u>55,089</u>
Total assets	<u><u>\$ 8,010,829</u></u>	<u><u>\$ 7,087,222</u></u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 205,248	\$ 1,607,324
Retainage payable	<u>39,568</u>	<u>130,288</u>
Total liabilities	<u>244,816</u>	<u>1,737,612</u>
FUND BALANCES		
Restricted for capital projects	<u>7,766,013</u>	<u>5,349,610</u>
Total fund balances	<u>7,766,013</u>	<u>5,349,610</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 8,010,829</u></u>	<u><u>\$ 7,087,222</u></u>

**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GENERAL OBLIGATION BOND FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
REVENUES		
Investment earnings	\$ (10,984)	\$ 47,833
Total revenues	<u>(10,984)</u>	<u>47,833</u>
EXPENDITURES		
General government	111,357	13,590
Culture and recreation	-	320
Public safety	137,455	60,103
Public works	750,993	409,994
Capital outlay	1,965,685	6,049,397
Total expenditures	<u>2,965,490</u>	<u>6,533,404</u>
Deficiency of revenues under expenditures	<u>(2,976,474)</u>	<u>(6,485,571)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	240,416	-
Transfers out	(262,610)	(256,465)
Premium on debt issuance	350,071	-
Issuance of debt	5,065,000	-
Total other financing sources (uses)	<u>5,392,877</u>	<u>(256,465)</u>
NET CHANGE IN FUND BALANCES	2,416,403	(6,742,036)
FUND BALANCES, BEGINNING OF YEAR	<u>5,349,610</u>	<u>12,091,646</u>
FUND BALANCES, END OF YEAR	<u>\$ 7,766,013</u>	<u>\$ 5,349,610</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.

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013**

	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	\$ 1,386,197	\$ 131,665	\$ 369,014	\$ 771,498	\$ 477,365	\$ 3,135,739
Investments	1,358,814	55,886	184,242	831,909	666,689	3,097,540
Accounts receivable	113,310	-	111,323	-	74,283	298,916
Accrued interest	7,211	297	978	4,415	3,538	16,439
TOTAL ASSETS	\$ 2,865,532	\$ 187,848	\$ 665,557	\$ 1,607,822	\$ 1,221,875	\$ 6,548,634
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 53,751	\$ 25,081	\$ 44,819	\$ -	\$ -	\$ 123,651
Accrued liabilities	3,751	14,747	388	-	-	18,886
Deferred revenue	-	-	31,701	-	-	31,701
TOTAL LIABILITIES	57,502	39,828	76,908	-	-	174,238
FUND BALANCES						
Restricted						
Tourism	2,808,030	-	-	-	-	2,808,030
Asset forfeiture	-	148,020	-	-	-	148,020
State and federal grants	-	-	588,649	-	-	588,649
Park acquisition and development	-	-	-	1,607,822	-	1,607,822
Tax increment financing agreement	-	-	-	-	1,221,875	1,221,875
TOTAL FUND BALANCES	2,808,030	148,020	588,649	1,607,822	1,221,875	6,374,396
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,865,532	\$ 187,848	\$ 665,557	\$ 1,607,822	\$ 1,221,875	\$ 6,548,634

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	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	\$ -	\$ -	\$ -	\$ -	\$ 543,853	\$ 543,853
Municipal sales tax	-	-	-	-	389,732	389,732
Licenses, permits, and fees	-	-	-	355,529	-	355,529
Hotel / motel taxes	1,350,286	-	-	-	-	1,350,286
Gifts and contributions	-	-	215,000	-	-	215,000
Intergovernmental	-	-	677,684	-	137,131	814,815
Investment earnings	5,370	(89)	(739)	1,654	3,151	9,347
Miscellaneous	1,558	200,345	-	-	-	201,903
Total revenues	1,357,214	200,256	891,945	357,183	1,073,867	3,880,465
EXPENDITURES						
General government	-	-	54	-	835,575	835,629
Public safety	-	97,593	103,452	-	-	201,045
Culture and recreation	825,467	-	72,979	-	-	898,446
Community development	-	-	248,638	-	-	248,638
Capital outlay	-	57,620	52,403	330,323	-	440,346
Total expenditures	825,467	155,213	477,526	330,323	835,575	2,624,104
Excess of revenues over expenditures	531,747	45,043	414,419	26,860	238,292	1,256,361
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	46,509	-	-	46,509
Transfers out	(25,000)	-	(240,416)	-	-	(265,416)
Sale of capital assets	-	6,938	-	-	-	6,938
Total other financing sources (uses)	(25,000)	6,938	(193,907)	-	-	(211,969)
NET CHANGE IN FUND BALANCES	506,747	51,981	220,512	26,860	238,292	1,044,392
FUND BALANCES, BEGINNING OF YEAR	2,301,283	96,039	368,137	1,580,962	983,583	5,330,004
FUND BALANCES, END OF YEAR	\$ 2,808,030	\$ 148,020	\$ 588,649	\$ 1,607,822	\$ 1,221,875	\$ 6,374,396

MAJOR ENTERPRISE FUNDS

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

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

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

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

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

**COMPARATIVE STATEMENTS OF NET POSITION
WATER AND SEWER ENTERPRISE FUND
SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 11,790,786	\$ 7,054,768
Investments	13,989,985	13,786,622
Receivables, net of allowance for uncollectibles:		
Accounts	5,592,627	6,489,187
Accrued interest	74,245	112,684
Other	-	415,316
Inventories	47,311	48,272
Restricted cash and cash equivalents	1,696,350	1,734,662
Total current assets	<u>33,191,304</u>	<u>29,641,511</u>
NONCURRENT ASSETS		
CAPITAL ASSETS		
Land	4,072,882	4,072,882
Towers, tanks, and pump stations	170,835,635	166,109,217
Vehicles	841,143	815,838
Machinery and equipment	4,602,049	4,260,318
Furniture and fixtures	11,114	11,114
Construction in progress	1,150,580	2,059,677
Total capital assets	<u>181,513,403</u>	<u>177,329,046</u>
Less: accumulated depreciation	<u>(73,078,045)</u>	<u>(67,372,365)</u>
Capital assets, net of accumulated depreciation	<u>108,435,358</u>	<u>109,956,681</u>
DEFERRED CHARGES		
Bond issuance costs, net of amortization	112,830	126,923
Total noncurrent assets	<u>108,548,188</u>	<u>110,083,604</u>
TOTAL ASSETS	<u>141,739,492</u>	<u>139,725,115</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	1,274,780	159,530
Accrued liabilities	103,314	87,313
Retainage payable	46,253	88,546
Payable from restricted assets:		
Revenue bonds payable - current	1,205,000	1,165,000
Accrued interest payable	126,840	141,016
Accrued compensated absences - current	312,771	289,747
Customer deposits payable	1,573,181	1,525,135
Total current liabilities	<u>4,642,139</u>	<u>3,456,287</u>
NONCURRENT LIABILITIES		
Revenue bonds payable	8,071,891	9,254,483
Accrued compensated absences	10,994	10,185
Total noncurrent liabilities	<u>8,082,885</u>	<u>9,264,668</u>
TOTAL LIABILITIES	<u>12,725,024</u>	<u>12,720,955</u>
NET POSITION		
Net investment in capital assets	99,158,467	99,537,198
Restricted		
Restricted for revenue bond principal and interest	364,510	428,646
Unrestricted	29,491,491	27,038,316
TOTAL NET POSITION	<u>\$ 129,014,468</u>	<u>\$ 127,004,160</u>

**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
WATER AND SEWER ENTERPRISE FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
OPERATING REVENUES		
Water sales	\$ 17,805,137	\$ 16,665,581
Sewer charges	12,215,785	11,307,807
Connection fees	179,852	138,735
Service charges	607,310	581,584
Gifts and contributions	1,000,000	1,000,000
Miscellaneous	322,615	358,370
Total operating revenues	<u>32,130,699</u>	<u>30,052,077</u>
OPERATING EXPENSES		
Personnel services	4,213,531	3,904,753
Contractual and other services	18,145,477	15,682,441
Maintenance	299,122	236,620
Supplies	258,593	234,712
Depreciation	5,816,795	5,575,409
Other	145,195	185,714
Total operating expenses	<u>28,878,713</u>	<u>25,819,649</u>
OPERATING INCOME	<u>3,251,986</u>	<u>4,232,428</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest income	68,829	166,908
Interest expense	(446,474)	(489,999)
Total non-operating expenses	<u>(377,645)</u>	<u>(323,091)</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>2,874,341</u>	<u>3,909,337</u>
CAPITAL CONTRIBUTIONS AND TRANSFERS		
Development fees	1,320,089	877,964
Capital contributions	2,468,211	5,673,079
Transfers in	33,692	32,419
Transfers out	(4,686,025)	(4,483,023)
Total capital contributions and transfers	<u>(864,033)</u>	<u>2,100,439</u>
CHANGE IN NET POSITION	2,010,308	6,009,776
NET POSITION, BEGINNING OF YEAR	<u>127,004,160</u>	<u>120,994,384</u>
NET POSITION, END OF YEAR	<u>\$ 129,014,468</u>	<u>\$ 127,004,160</u>

**COMPARATIVE STATEMENTS OF CASH FLOWS
WATER AND SEWER ENTERPRISE FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 33,442,575	\$ 29,232,125
Cash paid to employees for services	(4,189,698)	(3,889,122)
Cash paid for goods and services	<u>(17,673,920)</u>	<u>(17,435,211)</u>
Net cash provided by operating activities	<u>11,578,957</u>	<u>7,907,792</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers in	33,692	32,419
Transfers out	<u>(4,686,025)</u>	<u>(4,483,023)</u>
Net cash used in non-capital financing activities	<u>(4,652,333)</u>	<u>(4,450,604)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal paid on revenue bond maturities	(1,165,000)	(1,235,000)
Interest and fees paid on long-term debt	(460,650)	(504,674)
Acquisition and construction of capital assets	(1,827,262)	(2,414,062)
Contributions from developers	<u>1,320,089</u>	<u>877,964</u>
Net cash used in capital and related financing activities	<u>(2,132,823)</u>	<u>(3,275,772)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	(261,213)	1,812,779
Interest on investments	<u>165,118</u>	<u>114,296</u>
Net cash provided by (used in) investing activities	<u>(96,095)</u>	<u>1,927,075</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,697,706	2,108,491
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>8,789,430</u>	<u>6,680,939</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 13,487,136</u>	<u>\$ 8,789,430</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net operating income	\$ 3,251,986	\$ 4,232,428
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation and amortization expense	5,853,297	5,611,911
Change in assets and liabilities:		
Accounts receivable	1,311,876	(819,952)
Inventories	961	36,530
Accounts payable	1,115,250	(1,008,698)
Accrued liabilities	16,001	16,285
Retainage payable	(42,293)	(210,930)
Compensated absences	23,833	15,631
Utility deposits	<u>48,046</u>	<u>34,587</u>
Total adjustments	<u>8,326,971</u>	<u>3,675,364</u>
Net cash provided by operating activities	<u>\$ 11,578,957</u>	<u>\$ 7,907,792</u>
NON-CASH INVESTING ACTIVITIES		
Change in the fair value of investments	<u>\$ (57,850)</u>	<u>\$ 2,036</u>
NON-CASH FINANCING ACTIVITIES		
Contributions of capital assets from developers	<u>\$ 2,468,211</u>	<u>\$ 5,673,079</u>
RECONCILIATION OF CASH		
Cash and cash equivalents - current	\$ 11,790,786	\$ 7,054,768
Restricted cash and cash equivalents	<u>1,696,350</u>	<u>1,734,662</u>
	<u>\$ 13,487,136</u>	<u>\$ 8,789,430</u>

**COMPARATIVE STATEMENTS OF NET POSITION
SOLID WASTE ENTERPRISE FUND
SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,417,775	\$ 1,064,462
Investments	1,461,035	2,126,049
Receivables, net of allowance for uncollectibles:		
Accounts	312,093	349,809
Other	258,266	115,534
Accrued interest	7,754	15,939
Total current assets	<u>3,456,923</u>	<u>3,671,793</u>
NONCURRENT ASSETS		
CAPITAL ASSETS		
Vehicles	12,923	12,923
Machinery and equipment	8,392	8,392
Total capital assets	21,315	21,315
Less: accumulated depreciation	<u>(21,045)</u>	<u>(20,505)</u>
Capital assets, net of accumulated depreciation	<u>270</u>	<u>810</u>
Total noncurrent assets	<u>270</u>	<u>810</u>
TOTAL ASSETS	<u>3,457,193</u>	<u>3,672,603</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	31,730	218,816
Accrued compensated absences-current	52,660	46,762
Accrued liabilities	25,993	27,519
Total current liabilities	<u>110,383</u>	<u>293,097</u>
NONCURRENT LIABILITIES		
Accrued compensated absences	<u>2,970</u>	<u>2,639</u>
Total noncurrent liabilities	<u>2,970</u>	<u>2,639</u>
TOTAL LIABILITIES	<u>113,353</u>	<u>295,736</u>
NET POSITION		
Net investment in capital assets	270	810
Unrestricted	<u>3,343,570</u>	<u>3,376,057</u>
TOTAL NET POSITION	<u>\$ 3,343,840</u>	<u>\$ 3,376,867</u>

**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
SOLID WASTE ENTERPRISE FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
OPERATING REVENUES		
Garbage collections	\$ 6,114,951	\$ 6,040,165
Other	47,983	48,540
Total operating revenues	<u>6,162,934</u>	<u>6,088,705</u>
OPERATING EXPENSES		
Personnel services	444,411	425,712
Contractual and other services	4,942,657	4,891,898
Maintenance	2,353	2,687
Supplies	11,697	13,214
Depreciation	540	540
Other	93,996	94,998
Total operating expenses	<u>5,495,654</u>	<u>5,429,049</u>
OPERATING INCOME	<u>667,280</u>	<u>659,656</u>
NON-OPERATING REVENUES		
Interest income	4,221	21,619
INCOME BEFORE TRANSFERS	<u>671,501</u>	<u>681,275</u>
TRANSFERS		
Transfers out	(704,528)	(819,620)
Total transfers	<u>(704,528)</u>	<u>(819,620)</u>
CHANGE IN NET POSITION	(33,027)	(138,345)
NET POSITION, BEGINNING OF YEAR	<u>3,376,867</u>	<u>3,515,212</u>
NET POSITION, END OF YEAR	<u>\$ 3,343,840</u>	<u>\$ 3,376,867</u>

**COMPARATIVE STATEMENTS OF CASH FLOWS
SOLID WASTE ENTERPRISE FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 6,066,103	\$ 5,994,980
Cash paid to employees for services	(438,182)	(415,253)
Cash paid for goods and services	<u>(5,239,315)</u>	<u>(5,078,651)</u>
Net cash provided by operating activities	<u>388,606</u>	<u>501,076</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers out	<u>(704,528)</u>	<u>(819,620)</u>
Net cash used in non-capital financing activities	<u>(704,528)</u>	<u>(819,620)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	665,014	600,357
Interest on investments	<u>4,221</u>	<u>21,619</u>
Net cash provided by investing activities	<u>669,235</u>	<u>621,976</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	353,313	303,432
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,064,462</u>	<u>761,030</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 1,417,775</u></u>	<u><u>\$ 1,064,462</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net operating income	\$ 667,280	\$ 659,656
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation	540	540
Change in assets and liabilities:		
Accounts receivable	(105,016)	(88,546)
Other receivables	8,185	(5,179)
Accounts payable	(187,086)	(85,829)
Accrued liabilities	(1,526)	9,975
Accrued compensated absences	<u>6,229</u>	<u>10,459</u>
Total adjustments	<u>(278,674)</u>	<u>(158,580)</u>
Net cash provided by operating activities	<u><u>\$ 388,606</u></u>	<u><u>\$ 501,076</u></u>

**COMPARATIVE STATEMENTS OF NET POSITION
DRAINAGE ENTERPRISE FUND
SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 461,691	\$ 375,809
Investments	407,121	610,506
Receivables:		
Accounts	70,722	89,611
Accrued interest	2,161	5,295
Total current assets	<u>941,695</u>	<u>1,081,221</u>
NONCURRENT ASSETS		
CAPITAL ASSETS		
Other improvements	496,132	496,132
Vehicles	31,378	31,379
Machinery and equipment	430,683	430,682
Total capital assets	958,193	958,193
Less: accumulated depreciation	<u>(572,464)</u>	<u>(535,407)</u>
Capital assets, net of accumulated depreciation	<u>385,729</u>	<u>422,786</u>
Total noncurrent assets	<u>385,729</u>	<u>422,786</u>
TOTAL ASSETS	<u>1,327,424</u>	<u>1,504,007</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	39,808	28,832
Accrued compensated absences	33,963	27,287
Accrued liabilities	8,704	8,108
Total current liabilities	<u>82,475</u>	<u>64,227</u>
NONCURRENT LIABILITIES		
Accrued compensated absences	<u>2,514</u>	<u>2,020</u>
Total noncurrent liabilities	<u>2,514</u>	<u>2,020</u>
TOTAL LIABILITIES	<u>84,989</u>	<u>66,247</u>
NET POSITION		
Net investment in capital assets	385,729	422,786
Unrestricted	856,706	1,014,974
TOTAL NET POSITION	<u>\$ 1,242,435</u>	<u>\$ 1,437,760</u>

**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
DRAINAGE ENTERPRISE FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
OPERATING REVENUES		
Drainage fees	\$ 1,299,562	\$ 1,280,684
Service charges	53,109	57,996
Other	2,520	554
Total operating revenues	<u>1,355,191</u>	<u>1,339,234</u>
OPERATING EXPENSES		
Personnel services	434,276	423,883
Contractual and other services	167,465	150,962
Maintenance	212,142	207,240
Supplies	53,502	46,873
Depreciation	37,057	48,680
Other	5,737	5,088
Total operating expenses	<u>910,179</u>	<u>882,726</u>
OPERATING INCOME	<u>445,012</u>	<u>456,508</u>
NON-OPERATING REVENUES		
Interest income (loss)	(1,553)	6,601
INCOME BEFORE TRANSFERS	<u>443,459</u>	<u>463,109</u>
TRANSFERS		
Transfers out	(638,784)	(797,593)
Total transfers	<u>(638,784)</u>	<u>(797,593)</u>
CHANGE IN NET POSITION	(195,325)	(334,484)
NET POSITION, BEGINNING OF YEAR	<u>1,437,760</u>	<u>1,772,244</u>
NET POSITION, END OF YEAR	<u>\$ 1,242,435</u>	<u>\$ 1,437,760</u>

**COMPARATIVE STATEMENTS OF CASH FLOWS
DRAINAGE ENTERPRISE FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 1,374,080	\$ 1,308,776
Cash paid to employees for services	(427,106)	(419,374)
Cash paid for goods and services	(427,274)	(409,047)
Net cash provided by operating activities	<u>519,700</u>	<u>480,355</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers out	(638,784)	(797,593)
Net cash used in non-capital financing activities	<u>(638,784)</u>	<u>(797,593)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	203,385	404,820
Interest on investments	1,581	5,564
Net cash provided by investing activities	<u>204,966</u>	<u>410,384</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	85,882	93,146
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>375,809</u>	<u>282,663</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 461,691</u>	<u>\$ 375,809</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net operating income	\$ 445,012	\$ 456,508
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation	37,057	48,680
Change in assets and liabilities:		
Accounts receivable	18,889	(30,458)
Accounts payable	10,976	(866)
Accrued liabilities	596	1,982
Compensated absences	7,170	4,509
Total adjustments	<u>74,688</u>	<u>23,847</u>
Net cash provided by operating activities	<u>\$ 519,700</u>	<u>\$ 480,355</u>

**COMPARATIVE STATEMENTS OF NET POSITION
GOLF COURSE ENTERPRISE FUND
SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 591,607	\$ 377,944
Investments	-	127
Receivables:		
Accounts	2,822	250
Accrued interest	-	1,415
Prepaid items	11,050	11,050
Total current assets	<u>605,479</u>	<u>390,786</u>
NONCURRENT ASSETS		
CAPITAL ASSETS		
Furniture and fixtures	10,894	10,894
Machinery and equipment	937,453	563,641
Less: accumulated depreciation	(399,177)	(533,071)
Capital assets, net of accumulated depreciation	<u>549,170</u>	<u>41,464</u>
Total noncurrent assets	<u>549,170</u>	<u>41,464</u>
TOTAL ASSETS	<u>1,154,649</u>	<u>432,250</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	149,364	55,712
Accrued liabilities	39,103	27,016
Accrued compensated absences	75,358	67,083
Capital leases payable - current	113,587	26,914
Customer deposits payable	23,130	11,184
Total current liabilities	<u>400,542</u>	<u>187,909</u>
NONCURRENT LIABILITIES		
Capital leases payable	435,583	14,550
Accrued compensated absences	18,854	16,784
Total noncurrent liabilities	<u>454,437</u>	<u>31,334</u>
TOTAL LIABILITIES	<u>854,979</u>	<u>219,243</u>
NET POSITION		
Unrestricted	<u>299,670</u>	<u>213,007</u>
TOTAL NET POSITION	<u>\$ 299,670</u>	<u>\$ 213,007</u>

**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
GOLF COURSE ENTERPRISE FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
OPERATING REVENUES		
Service charges	\$ 1,924,706	\$ 59,054
Gifts and contributions	-	600,000
Miscellaneous	12,724	3,804
Total operating revenues	<u>1,937,430</u>	<u>662,858</u>
OPERATING EXPENSES		
Personnel services	1,328,541	813,795
Contractual and other services	724,427	186,510
Maintenance	68,145	26,803
Supplies	229,508	66,859
Depreciation	68,212	64,410
Other	64,634	20,638
Total operating expenses	<u>2,483,467</u>	<u>1,179,015</u>
OPERATING LOSS	<u>(546,037)</u>	<u>(516,157)</u>
NON-OPERATING REVENUES		
Interest income (loss)	(1,115)	2,485
LOSS BEFORE TRANSFERS	<u>(547,152)</u>	<u>(513,672)</u>
TRANSFERS		
Transfers in	633,815	690,610
Total transfers	<u>633,815</u>	<u>690,610</u>
CHANGE IN NET POSITION	86,663	176,938
NET POSITION, BEGINNING OF YEAR	<u>213,007</u>	<u>36,069</u>
NET POSITION, END OF YEAR	<u>\$ 299,670</u>	<u>\$ 213,007</u>

**COMPARATIVE STATEMENTS OF CASH FLOWS
GOLF COURSE ENTERPRISE FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 1,934,858	\$ 670,072
Cash paid to employees for services	(1,318,196)	(802,274)
Cash paid for goods and services	(969,029)	(295,836)
Net cash used in operating activities	<u>(352,367)</u>	<u>(428,038)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers in	633,815	690,610
Net cash provided by non-capital financing activities	<u>633,815</u>	<u>690,610</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital lease payment	(68,212)	(62,048)
Net cash used in capital and related financing activities	<u>(68,212)</u>	<u>(62,048)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	127	98,916
Interest on investments	300	1,070
Net cash provided by investing activities	<u>427</u>	<u>99,986</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	213,663	300,510
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>377,944</u>	<u>77,434</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 591,607</u>	<u>\$ 377,944</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Net operating loss	\$ (546,037)	\$ (516,157)
Adjustments to reconcile net operating loss to net cash used in operating activities:		
Depreciation	68,212	64,410
Change in assets and liabilities:		
Accounts receivable	(2,572)	7,214
Accounts payable	93,652	(1,272)
Accrued liabilities	12,087	5,384
Customer deposits	11,946	862
Compensated absences	10,345	11,521
Total adjustments	<u>193,670</u>	<u>88,119</u>
Net cash used in operating activities	<u>\$ (352,367)</u>	<u>\$ (428,038)</u>

INTERNAL SERVICE FUNDS

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

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

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

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2013
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 20, 2012)**

	REPLACEMENT FUND	RISK MANAGEMENT FUND	TOTALS	
			2013	2012
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 4,494,055	\$ 2,200,715	\$ 6,694,770	\$ 4,767,593
Investments	5,689,207	2,518,986	8,208,193	8,280,700
Accrued interest receivable	30,193	13,368	43,561	70,574
Prepaid items	-	173,080	173,080	200,077
Total current assets	10,213,455	4,906,149	15,119,604	13,318,944
CAPITAL ASSETS				
Machinery and equipment	2,068,592	-	2,068,592	1,842,460
Vehicles	10,543,978	-	10,543,978	9,618,663
Construction in progress	1,510,164	-	1,510,164	1,369,778
Accumulated depreciation	(7,044,275)	-	(7,044,275)	(6,182,698)
Capital assets, net of accumulated depreciation	7,078,459	-	7,078,459	6,648,203
TOTAL ASSETS	17,291,914	4,906,149	22,198,063	19,967,147
LIABILITIES AND NET POSITION				
LIABILITIES				
Accounts payable	122,567	135,142	257,709	379,146
Accrued liabilities	-	6,080	6,080	-
Incurred but not reported claims	-	812,410	812,410	831,982
TOTAL LIABILITIES	122,567	953,632	1,076,199	1,211,128
NET POSITION				
Net investment in capital assets	7,078,459	-	7,078,459	6,648,203
Unrestricted	10,090,888	3,952,517	14,043,405	12,107,816
TOTAL NET POSITION	\$ 17,169,347	\$ 3,952,517	\$ 21,121,864	\$ 18,756,019

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER, 30, 2012)**

	REPLACEMENT FUND	RISK MANAGEMENT FUND	TOTALS	
			2013	2012
OPERATING REVENUES				
Charges for services	\$ 2,826,390	\$ 9,006,468	\$ 11,832,858	\$ 10,060,546
Other income	87,498	2,046,661	2,134,159	1,239,469
Total operating revenues	<u>2,913,888</u>	<u>11,053,129</u>	<u>13,967,017</u>	<u>11,300,015</u>
OPERATING EXPENSES				
Personal services	-	562,050	562,050	471,610
Contractual services	31,430	10,080,378	10,111,808	9,888,832
Supplies	-	-	-	206,893
Depreciation	1,442,520	-	1,442,520	1,320,768
Total operating expenses	<u>1,473,950</u>	<u>10,642,428</u>	<u>12,116,378</u>	<u>11,888,103</u>
OPERATING INCOME (LOSS)	<u>1,439,938</u>	<u>410,701</u>	<u>1,850,639</u>	<u>(588,088)</u>
NON-OPERATING REVENUES				
Investment earnings	25,087	7,804	32,891	98,798
Gain on disposal of capital assets	147,446	-	147,446	30,887
Total non-operating revenues	<u>172,533</u>	<u>7,804</u>	<u>180,337</u>	<u>129,685</u>
INCOME BEFORE TRANSFERS	<u>1,612,471</u>	<u>418,505</u>	<u>2,030,976</u>	<u>(458,403)</u>
TRANSFERS				
Transfers in	11,332	323,537	334,869	1,902,497
Total transfers	<u>11,332</u>	<u>323,537</u>	<u>334,869</u>	<u>1,902,497</u>
CHANGE IN NET POSITION	1,623,803	742,042	2,365,845	1,444,094
NET POSITION, BEGINNING OF YEAR	<u>15,545,544</u>	<u>3,210,475</u>	<u>18,756,019</u>	<u>17,311,925</u>
NET POSITION, END OF YEAR	<u>\$ 17,169,347</u>	<u>\$ 3,952,517</u>	<u>\$ 21,121,864</u>	<u>\$ 18,756,019</u>

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2012)**

	REPLACEMENT FUND	RISK MANAGEMENT FUND	TOTALS	
			2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from transactions with other funds	\$ 2,932,368	\$ 11,080,126	\$ 14,012,494	\$ 11,353,102
Cash paid to employees for services	-	(562,050)	(562,050)	(471,610)
Cash paid for goods and services	(31,430)	(6,617,747)	(6,649,177)	(6,506,899)
Cash paid for claims	-	(3,616,040)	(3,616,040)	(3,432,437)
Net cash provided by operating activities	2,900,938	284,289	3,185,227	942,156
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers in	11,332	323,537	334,869	1,902,497
Net cash provided by non-capital financing activities	11,332	323,537	334,869	1,902,497
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(1,872,776)	-	(1,872,776)	(2,303,368)
Proceeds from sale of capital assets	147,446	-	147,446	30,887
Net cash used in capital and related financing activities	(1,725,330)	-	(1,725,330)	(2,272,481)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment securities	-	(153,812)	(153,812)	1,077,012
Proceeds from sale and maturities of investment securities	226,319	-	226,319	-
Interest on investments	42,468	17,436	59,904	69,853
Net cash provided by (used in) investing activities	268,787	(136,376)	132,411	1,146,865
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,455,727	471,450	1,927,177	1,719,037
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,038,328	1,729,265	4,767,593	3,048,556
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 4,494,055	\$ 2,200,715	\$ 6,694,770	\$ 4,767,593
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Net operating income (loss)	\$ 1,439,938	\$ 410,701	\$ 1,850,639	\$ (588,088)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	1,442,520	-	1,442,520	1,320,768
Change in assets and liabilities:				
Prepays	-	26,997	26,997	(51,000)
Accounts payable	18,480	(153,409)	(134,929)	260,476
Total adjustments	1,461,000	(126,412)	1,334,588	1,530,244
Net cash provided by operating activities	\$ 2,900,938	\$ 284,289	\$ 3,185,227	\$ 942,156

DISCRETELY PRESENTED COMPONENT UNITS

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

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

**COMPARATIVE BALANCE SHEETS
ALLEN ECONOMIC DEVELOPMENT CORPORATION
SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,929,847	\$ 2,761,752
Investments	4,583,427	3,718,159
Sales tax receivable	1,362,313	1,291,485
Accounts receivable	2,327	2,153
Accrued interest receivable	24,324	23,593
Prepaid items	6,298	6,298
TOTAL ASSETS	<u>\$ 9,908,536</u>	<u>\$ 7,803,440</u>
LIABILITIES AND FUND BALANCES		
CURRENT LIABILITIES		
Accounts payable	\$ 12,711	\$ 182,509
Accrued and other liabilities	11,375	9,655
TOTAL LIABILITIES	<u>24,086</u>	<u>192,164</u>
FUND BALANCES		
Nonspendable	6,298	6,298
Restricted		
Debt service	752,345	752,727
Unassigned	9,125,807	6,852,251
TOTAL FUND BALANCES	<u>9,884,450</u>	<u>7,611,276</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 9,908,536</u>	<u>\$ 7,803,440</u>

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
ALLEN ECONOMIC DEVELOPMENT CORPORATION
SEPTEMBER 30, 2013**

Total governmental fund balance	\$ 9,884,450
Amounts reported for governmental activities in the statement of net position are different because:	
Costs associated with the issuance of governmental long-term debt are expensed when incurred in the fund statements and capitalized and amortized over the life of the debt in the government-wide financial statements.	325,768
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.	(62,537)
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.	(18,266,095)
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>5,481,185</u>
Net position of governmental activities	<u><u>\$ (2,637,229)</u></u>

**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALLEN ECONOMIC DEVELOPMENT CORPORATION
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
REVENUES		
Sales and other taxes	\$ 7,993,037	\$ 7,396,803
Investment earnings	32,354	31,961
Miscellaneous	1,635	1,824
	<u>8,027,026</u>	<u>7,430,588</u>
Total revenues	<u>8,027,026</u>	<u>7,430,588</u>
EXPENDITURES		
Current:		
Economic development	4,159,337	4,612,636
Capital projects:		
Economic development	-	7,251
Debt service:		
Principal retirement	820,000	800,000
Interest and fiscal charges	774,515	796,128
	<u>5,753,852</u>	<u>6,216,015</u>
Total expenditures	<u>5,753,852</u>	<u>6,216,015</u>
NET CHANGE IN FUND BALANCE	2,273,174	1,214,573
FUND BALANCES, BEGINNING OF YEAR	<u>7,611,276</u>	<u>6,396,703</u>
FUND BALANCES, END OF YEAR	<u>\$ 9,884,450</u>	<u>\$ 7,611,276</u>

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
ALLEN ECONOMIC DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Net change in fund balances - total governmental funds	\$ 2,273,174
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued. However, these amounts are deferred and amortized in the government-wide financial statements.	(23,907)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds (\$820,000). The transaction, however, has no effect on net assets.	820,000
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.	2,006
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.	<u>(159,940)</u>
Change in net position of governmental activities	<u>\$ 2,911,333</u>

**COMPARATIVE BALANCE SHEETS
ALLEN COMMUNITY DEVELOPMENT CORPORATION
SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,002,013	\$ 2,264,654
Investments	2,651,935	1,307,678
Sales tax receivable	1,362,313	1,291,485
Accounts receivable	2,327	2,153
Accrued interest receivable	14,074	29,510
	<u>14,074</u>	<u>29,510</u>
TOTAL ASSETS	<u>\$ 7,032,662</u>	<u>\$ 4,895,480</u>
LIABILITIES AND FUND BALANCES		
CURRENT LIABILITIES		
Accounts payable	\$ 106,766	\$ 328,015
Retainage payable	-	369,436
	<u>-</u>	<u>369,436</u>
TOTAL LIABILITIES	<u>106,766</u>	<u>697,451</u>
FUND BALANCES		
Restricted		
Debt service	1,101,377	1,106,296
Assigned for capital projects	3,084,147	1,487,874
Unassigned	2,740,372	1,603,859
	<u>2,740,372</u>	<u>1,603,859</u>
TOTAL FUND BALANCES	<u>6,925,896</u>	<u>4,198,029</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7,032,662</u>	<u>\$ 4,895,480</u>

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
ALLEN COMMUNITY DEVELOPMENT CORPORATION
SEPTEMBER 30, 2013**

Total governmental fund balance	\$ 6,925,896
Amounts reported for governmental activities in the statement of net position are different because:	
Costs associated with the issuance of governmental long-term debt are expensed when incurred in the fund statements and capitalized and amortized over the life of the debt in the government-wide financial statements.	483,809
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.	(155,236)
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>(33,532,586)</u>
Net position of governmental activities	<u><u>\$ (26,278,117)</u></u>

**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALLEN COMMUNITY DEVELOPMENT CORPORATION
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
REVENUES		
Sales and other taxes	\$ 7,993,037	\$ 7,396,803
Investment earnings	1,828	38,137
Total revenues	<u>7,994,865</u>	<u>7,434,940</u>
EXPENDITURES		
Current:		
Community development	928,921	1,383,429
Capital projects:		
Community development	1,386,961	8,854,142
Debt service:		
Principal retirement	1,045,000	1,005,000
Interest and fiscal charges	1,906,116	1,947,008
Total expenditures	<u>5,266,998</u>	<u>13,189,579</u>
NET CHANGE IN FUND BALANCES	2,727,867	(5,754,639)
FUND BALANCES, BEGINNING OF YEAR	<u>4,198,029</u>	<u>9,952,668</u>
FUND BALANCES, END OF YEAR	<u>\$ 6,925,896</u>	<u>\$ 4,198,029</u>

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
ALLEN COMMUNITY DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Net change in fund balances - total governmental funds	\$ 2,727,867
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued. However, these amounts are deferred and amortized in the government-wide financial statements.	(44,017)
Current year changes in accrued interest payable do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	3,607
Repayment of the principal on long-term debt consumes the current financial resources of governmental funds. However, these transactions have no effect on net position.	<u>1,045,000</u>
Change in net position of governmental activities	<u><u>\$ 3,732,457</u></u>



CITY OF ALLEN

PRIDE

PEOPLE FIRST RESPECT INTEGRITY DELIVER EXCEL

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



CITY OF ALLEN

PRIDE

PEOPLE FIRST RESPECT INTEGRITY DELIVER EXCEL

**COMPARATIVE SCHEDULES BY SOURCE
AS OF SEPTEMBER 30, 2013**

	<u>2013</u>	<u>2012</u>
GOVERNMENTAL FUNDS CAPITAL ASSETS		
Land and land improvements	\$ 129,147,461	\$ 126,146,774
Buildings	131,347,203	127,639,176
Machinery and equipment	10,497,952	10,339,350
Furniture and fixtures	8,042,531	8,058,581
Vehicles	2,518,180	2,749,635
Books	1,355,346	1,490,728
Infrastructure	<u>466,053,965</u>	<u>439,913,639</u>
Total property and equipment in service	748,962,638	716,337,883
Construction in progress	<u>11,645,278</u>	<u>29,101,423</u>
Total governmental funds capital assets	<u>\$ 760,607,916</u>	<u>\$ 745,439,306</u>
INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY REVENUE SOURCE		
General obligation bond proceeds and interest income	\$ 188,469,879	\$ 186,598,852
Revenue bonds	10,475,000	10,475,000
Contributions	372,456,483	364,069,269
Other governments	9,951,500	9,951,500
General and other fund operations	157,687,465	153,095,694
Special revenue funds	<u>21,567,589</u>	<u>21,248,991</u>
Total governmental funds capital assets	<u>\$ 760,607,916</u>	<u>\$ 745,439,306</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 assets.

CITY OF ALLEN, TEXAS

**SCHEDULE OF CAPITAL ASSETS USED IN THE OPERATION OF
GOVERNMENTAL FUNDS BY FUNCTION AND ACTIVITY (a)
AS OF SEPTEMBER 30, 2013**

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	274,261
Information technology	-	-	-	555,408
Human resources	-	-	-	-
Internal services	-	-	-	372,059
Finance	-	-	-	-
Total general government	<u>3,351,320</u>	<u>-</u>	<u>9,160,685</u>	<u>1,339,312</u>
PUBLIC SAFETY				
Police	-	-	8,528,747	694,020
Fire	78,932	-	9,487,573	907,829
Total public safety	<u>78,932</u>	<u>-</u>	<u>18,016,320</u>	<u>1,601,849</u>
PUBLIC WORKS				
Community services & streets	51,274,858	-	13,184,077	609,836
Engineering	57,635,561	-	7,625,113	160,284
Total public works	<u>108,910,419</u>	<u>-</u>	<u>20,809,190</u>	<u>770,120</u>
CULTURE & RECREATION				
Parks & recreation	15,478,720	828,070	70,288,336	5,115,847
Library	-	-	11,041,387	461,529
Total culture and recreation	<u>15,478,720</u>	<u>828,070</u>	<u>81,329,723</u>	<u>5,577,376</u>
COMMUNITY DEVELOPMENT				
Building & code compliance	-	-	-	-
Planning & development	-	-	-	16,988
Total community development	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,988</u>
GRANT ADMINISTRATION				
Grant Administration	500,000	-	2,031,285	1,192,307
Total grant administration	<u>500,000</u>	<u>-</u>	<u>2,031,285</u>	<u>1,192,307</u>
Construction in Progress				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental funds capital assets	<u>\$ 128,319,391</u>	<u>\$ 828,070</u>	<u>\$ 131,347,203</u>	<u>\$ 10,497,952</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 assets.

EXHIBIT G-2

Furniture & Fixtures	Vehicles	Books	Other Improvements	Construction in Progress	Total
\$ 413	\$ -	\$ -	\$ 6,178	\$ -	\$ 1,065,632
838,708	-	-	-	-	12,703,517
21,624	-	-	5,539,835	-	6,116,867
5,771	-	-	-	-	5,771
18,321	122,770	-	4,311	-	517,461
23,991	-	-	-	-	23,991
<u>908,828</u>	<u>122,770</u>	<u>-</u>	<u>5,550,324</u>	<u>-</u>	<u>20,433,239</u>
260,089	413,244	-	1,148,333	-	11,044,433
289,841	1,053,653	-	59,199	-	11,877,027
<u>549,930</u>	<u>1,466,897</u>	<u>-</u>	<u>1,207,532</u>	<u>-</u>	<u>22,921,460</u>
57,718	97,649	-	260,941,692	-	326,165,830
469,584	79,884	-	152,195,616	-	218,166,042
<u>527,302</u>	<u>177,533</u>	<u>-</u>	<u>413,137,308</u>	<u>-</u>	<u>544,331,872</u>
5,207,646	473,841	-	43,704,872	-	141,097,332
839,459	-	1,289,789	3,519	-	13,635,683
<u>6,047,105</u>	<u>473,841</u>	<u>1,289,789</u>	<u>43,708,391</u>	<u>-</u>	<u>154,733,015</u>
-	38,260	-	-	-	38,260
9,366	-	-	-	-	26,354
<u>9,366</u>	<u>38,260</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,614</u>
-	238,879	65,557	2,450,410	-	6,478,438
-	238,879	65,557	2,450,410	-	6,478,438
-	-	-	-	11,645,278	11,645,278
<u>\$ 8,042,531</u>	<u>\$ 2,518,180</u>	<u>\$ 1,355,346</u>	<u>\$ 466,053,965</u>	<u>\$ 11,645,278</u>	<u>\$ 760,607,916</u>

**SCHEDULE OF CHANGES IN CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS – BY FUNCTION AND ACTIVITY (a)
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Function and Activity	Governmental Funds					Governmental Funds
	Capital Assets October 1, 2012	Developer Contributions	Additions	Deductions	Transfers	Capital Assets September 30, 2013
GENERAL GOVERNMENT						
Municipal Court	\$ 985,933	\$ -	\$ -	\$ -	\$ 79,699	\$ 1,065,632
City Administration	12,783,807	-	23,820	-	(104,110)	12,703,517
Information Technology	1,906,489	-	17,231	-	4,193,147	6,116,867
Human Resources	5,771	-	-	-	-	5,771
Internal Services	548,077	-	-	-	(30,616)	517,461
Finance	23,991	-	-	-	-	23,991
Total General Government	<u>16,254,068</u>	<u>-</u>	<u>41,051</u>	<u>-</u>	<u>4,138,120</u>	<u>20,433,239</u>
PUBLIC SAFETY						
Police	11,403,609	-	57,620	(227,253)	(189,543)	11,044,433
Fire	9,762,663	-	-	(20,875)	2,135,239	11,877,027
Total Public Safety	<u>21,166,272</u>	<u>-</u>	<u>57,620</u>	<u>(248,128)</u>	<u>1,945,696</u>	<u>22,921,460</u>
PUBLIC WORKS						
Community services & streets	326,187,594	-	-	(21,764)	-	326,165,830
Engineering	199,613,565	8,387,214	1,024,930	(269,658)	9,409,991	218,166,042
Total Public Works	<u>525,801,159</u>	<u>8,387,214</u>	<u>1,024,930</u>	<u>(291,422)</u>	<u>9,409,991</u>	<u>544,331,872</u>
CULTURE & RECREATION						
Parks & Recreation	136,400,300	-	208,919	(191,018)	4,679,131	141,097,332
Library	13,852,060	-	285,594	(293,956)	(208,015)	13,635,683
Total Culture & Recreation	<u>150,252,360</u>	<u>-</u>	<u>494,513</u>	<u>(484,974)</u>	<u>4,471,116</u>	<u>154,733,015</u>
COMMUNITY DEVELOPMENT						
Building & Code Compliance	62,343	-	-	(24,083)	-	38,260
Planning & Development	26,354	-	-	-	-	26,354
Total Community Development	<u>88,697</u>	<u>-</u>	<u>-</u>	<u>(24,083)</u>	<u>-</u>	<u>64,614</u>
GRANT ADMINISTRATION						
Grant Administration	2,775,327	-	20,107	(64,127)	3,747,131	6,478,438
Total Grant Administration	<u>2,775,327</u>	<u>-</u>	<u>20,107</u>	<u>(64,127)</u>	<u>3,747,131</u>	<u>6,478,438</u>
Total general fixed assets allocated by function	716,337,883	8,387,214	1,638,221	(1,112,734)	23,712,054	748,962,638
Construction in progress	29,101,423	-	6,255,909	-	(23,712,054)	11,645,278
Total governmental funds capital assets	<u>\$ 745,439,306</u>	<u>\$ 8,387,214</u>	<u>\$ 7,894,130</u>	<u>\$ (1,112,734)</u>	<u>\$ -</u>	<u>\$ 760,607,916</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 assets.

**STATISTICAL SECTION
(UNAUDITED)**



STATISTICAL SECTION

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

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

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

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net investment in capital assets	\$ 258,362,043	\$ 296,732,997	\$ 319,817,360	\$ 333,490,275	\$ 366,609,833	\$ 415,201,199	\$ 428,550,870	\$ 419,223,646	\$ 426,207,901	\$ 421,936,296
Restricted	-	1,273,649	1,155,334	1,099,998	1,151,814	1,068,651	889,439	18,656,870	21,042,413	26,511,231
Unrestricted	33,577,688	26,069,318	27,991,963	33,402,994	38,666,826	43,584,591	40,218,786	24,181,393	24,614,505	25,520,861
Total governmental activities net position	<u>\$ 291,939,731</u>	<u>\$ 324,075,964</u>	<u>\$ 348,964,657</u>	<u>\$ 367,993,267</u>	<u>\$ 406,428,473</u>	<u>\$ 459,854,441</u>	<u>\$ 469,659,095</u>	<u>\$ 462,061,909</u>	<u>\$ 471,864,819</u>	<u>\$ 473,968,388</u>
Business-type activities										
Net investment in capital assets	\$ 60,774,331	\$ 70,516,150	\$ 78,492,220	\$ 83,485,274	\$ 95,620,414	\$ 92,988,242	\$ 94,983,309	\$ 96,288,053	\$ 99,960,794	\$ 99,544,466
Restricted for debt service	662,643	228,047	946,656	336,842	922,863	654,521	376,962	349,692	428,646	364,510
Unrestricted	10,023,787	16,953,181	21,495,894	22,107,342	26,254,327	28,450,857	27,145,409	30,718,830	32,630,970	35,144,959
Total business-type activities net position	<u>\$ 71,460,761</u>	<u>\$ 87,697,378</u>	<u>\$ 100,934,770</u>	<u>\$ 105,929,458</u>	<u>\$ 122,797,604</u>	<u>\$ 122,093,620</u>	<u>\$ 122,505,680</u>	<u>\$ 127,356,575</u>	<u>\$ 133,020,410</u>	<u>\$ 135,053,935</u>
Primary government										
Net investment in capital assets	\$ 319,136,374	\$ 367,249,147	\$ 398,309,580	\$ 416,975,549	\$ 462,230,247	\$ 508,189,441	\$ 523,534,179	\$ 515,511,699	\$ 526,168,695	\$ 521,480,762
Restricted for debt service	662,643	1,501,696	2,101,990	1,436,840	2,074,677	1,723,172	1,266,401	19,006,562	21,471,059	26,875,741
Unrestricted	43,601,475	43,022,499	49,487,857	55,510,336	64,921,153	72,035,448	67,364,195	54,900,223	57,245,475	60,665,820
Total primary governmental net position	<u>\$ 363,400,492</u>	<u>\$ 411,773,342</u>	<u>\$ 449,899,427</u>	<u>\$ 473,922,725</u>	<u>\$ 529,226,077</u>	<u>\$ 581,948,061</u>	<u>\$ 592,164,775</u>	<u>\$ 589,418,484</u>	<u>\$ 604,885,229</u>	<u>\$ 609,022,323</u>

Source: Comprehensive Annual Financial Report

CITY OF ALLEN, TEXAS

TABLE 2

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
General government	\$ 5,064,045	\$ 8,354,753	\$ 9,262,795	\$ 11,171,912	\$ 13,466,124	\$ 14,304,910	\$ 20,415,700	\$ 16,989,047	\$ 18,347,067	\$ 22,271,050
Public safety	15,082,018	16,938,526	19,006,622	20,718,946	23,438,274	24,498,604	26,106,950	27,110,778	28,675,146	28,935,911
Public works	10,709,180	11,284,098	13,058,440	13,178,850	14,508,426	14,893,306	16,036,561	16,779,393	17,681,730	17,807,948
Culture and recreation	10,805,972	11,004,820	14,053,062	14,912,287	16,980,568	17,689,583	23,160,807	30,645,922	32,112,451	29,983,224
Community development	1,527,010	1,781,916	2,029,569	2,031,522	4,557,098	2,718,864	2,665,534	2,742,284	2,527,518	2,230,968
Grants administration	34,861	-	-	-	-	-	-	-	-	-
Interest on long-term debt	4,327,605	4,388,211	4,236,614	4,040,682	4,219,858	4,326,330	4,860,527	4,715,550	4,539,622	4,067,303
Total governmental activities expenses	<u>47,550,691</u>	<u>53,752,324</u>	<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>
Business-type activities:										
Water and sewer	16,097,999	15,915,281	17,851,504	19,463,383	21,357,015	22,227,624	26,344,371	25,638,007	26,359,698	29,160,281
Solid waste	3,370,834	3,470,363	3,523,094	3,921,060	4,433,560	4,893,175	5,111,913	5,411,960	5,429,049	5,495,654
Drainage	643,388	730,530	647,755	705,503	710,711	692,180	895,924	819,947	882,726	910,179
Golf Course	-	1,610,613	1,994,480	1,803,174	1,964,367	2,165,144	2,029,699	1,912,583	1,179,015	2,483,467
Total business-type activities expenses	<u>20,112,221</u>	<u>21,726,787</u>	<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>
Total primary government expenses	<u>\$ 67,662,912</u>	<u>\$ 75,479,111</u>	<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>
Program Revenues										
Governmental activities:										
Charges for Services:										
General government	\$ 95,368	\$ 358,546	\$ 387,773	\$ 488,618	\$ 508,964	\$ 553,322	\$ 619,950	\$ 575,406	\$ 712,432	\$ 675,196
Public safety	657,601	731,979	827,845	984,340	1,274,374	1,514,091	1,464,849	1,521,787	1,577,643	1,541,985
Public works	268,680	300,881	287,527	180,773	194,223	26,940	131,147	117,518	137,357	196,685
Culture and recreation	1,912,010	2,294,878	2,403,913	2,340,027	2,473,738	2,638,116	4,347,601	7,762,439	8,019,145	8,443,286
Community development	2,367,861	2,447,465	2,565,363	2,549,806	4,296,269	1,492,567	1,498,580	1,394,833	1,265,485	2,220,438
Operating grants and contributions	829,913	2,828,863	2,868,438	2,767,412	2,762,517	2,771,709	3,148,752	2,736,094	1,504,355	2,067,482
Capital grants and contributions	9,016,085	38,431,255	25,504,879	18,896,486	42,823,515	70,200,823	21,884,059	5,437,433	26,626,381	14,737,780
Total governmental activities program revenues	<u>15,147,518</u>	<u>47,393,867</u>	<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>
Business-type activities:										
Charges for services:										
Water and sewer	16,565,544	19,428,212	22,931,094	19,394,286	24,589,440	24,642,034	25,588,187	30,798,158	28,693,707	30,808,084
Solid waste	3,289,839	3,330,542	4,436,419	4,597,805	4,975,594	5,541,375	5,789,828	6,138,900	6,040,165	6,114,951
Drainage	866,433	937,774	1,000,008	975,639	1,016,208	1,116,881	1,238,278	1,284,058	1,338,680	1,352,671
Golf Course	-	1,204,536	1,297,427	1,340,087	1,554,661	1,628,697	1,430,861	1,406,555	59,054	1,924,706
Operating grants and contributions	-	-	-	-	-	-	-	1,000,000	1,000,000	1,000,000
Capital grants and contributions	2,139,123	7,912,862	8,257,558	6,029,069	14,561,455	2,135,885	5,142,221	2,749,029	7,151,043	3,788,300
Total business-type activities program revenues	<u>22,860,939</u>	<u>32,813,926</u>	<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>
Total primary government program revenues	<u>\$ 38,008,457</u>	<u>\$ 80,207,793</u>	<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>

(continued)

CITY OF ALLEN, TEXAS

TABLE 2

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net (Expenses) Revenue										
Governmental activities	\$ (32,403,173)	\$ (6,358,457)	\$ (26,801,364)	\$ (37,846,737)	\$ (22,836,748)	\$ 765,971	\$ (60,151,141)	\$ (79,437,464)	\$ (64,040,736)	\$ (75,413,552)
Business-type activities	2,748,718	11,087,139	13,905,673	6,443,766	18,231,705	5,086,749	4,807,468	9,594,203	10,432,161	6,939,131
Total primary government net expenses	<u>\$ (29,654,455)</u>	<u>\$ 4,728,682</u>	<u>\$ (12,895,691)</u>	<u>\$ (31,402,971)</u>	<u>\$ (4,605,043)</u>	<u>\$ 5,852,720</u>	<u>\$ (55,343,673)</u>	<u>\$ (69,843,261)</u>	<u>\$ (53,608,575)</u>	<u>\$ (68,474,421)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	\$ 25,157,725	\$ 27,414,742	\$ 29,667,668	\$ 32,922,229	\$ 37,261,411	\$ 39,450,387	\$ 40,757,240	\$ 41,111,106	\$ 42,042,753	\$ 44,474,745
Sales taxes	7,064,601	7,749,679	9,230,206	9,755,380	10,046,534	11,140,337	12,461,268	13,907,095	15,038,519	16,289,761
Franchise taxes	3,660,556	4,021,020	5,562,256	4,931,008	5,530,732	5,533,573	6,091,857	6,421,059	6,150,419	6,302,018
Hotel / Motel taxes	262,392	346,753	411,489	673,383	719,039	597,512	805,185	1,113,312	1,229,996	1,350,286
Other taxes	1,567,378	1,764,506	1,631,725	1,893,830	1,900,081	1,987,765	2,128,167	1,886,665	1,622,633	1,389,503
Investment earnings	1,271,209	1,071,768	2,401,571	3,011,145	2,437,926	1,558,913	1,154,160	644,169	538,863	177,495
Gain on disposition of capital assets	-	-	327,268	77,938	57,979	113,734	103,095	233,783	40,509	92,401
Miscellaneous	1,176,473	1,069,285	794,086	891,846	511,656	1,052,184	1,312,462	1,451,743	1,802,747	2,079,082
Transfers	5,691,466	(4,943,063)	1,663,788	2,718,588	2,806,596	3,211,453	5,142,361	5,071,346	5,377,207	5,361,830
Total governmental activities	<u>45,851,800</u>	<u>38,494,690</u>	<u>51,690,057</u>	<u>56,875,347</u>	<u>61,271,954</u>	<u>64,645,858</u>	<u>69,955,795</u>	<u>71,840,278</u>	<u>73,843,646</u>	<u>77,517,121</u>
Business-type activities:										
Investment earnings	172,964	206,415	995,507	1,269,510	775,413	499,148	338,849	184,709	197,613	70,382
Gain on disposition of capital assets	-	-	-	-	667,624	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	408,104	143,329	411,268	385,842
Transfers	(5,691,466)	4,943,063	(1,663,788)	(2,718,588)	(2,806,596)	(3,211,453)	(5,142,361)	(5,071,346)	(5,377,207)	(5,361,830)
Total business-type activities	<u>(5,518,502)</u>	<u>5,149,478</u>	<u>(668,281)</u>	<u>(1,449,078)</u>	<u>(1,363,559)</u>	<u>(2,712,305)</u>	<u>(4,395,408)</u>	<u>(4,743,308)</u>	<u>(4,768,326)</u>	<u>(4,905,606)</u>
Total primary government	<u>\$ 40,333,298</u>	<u>\$ 43,644,168</u>	<u>\$ 51,021,776</u>	<u>\$ 55,426,269</u>	<u>\$ 59,908,395</u>	<u>\$ 61,933,553</u>	<u>\$ 65,560,387</u>	<u>\$ 67,096,970</u>	<u>\$ 69,075,320</u>	<u>\$ 72,611,515</u>
Change in Net Position										
Governmental activities	\$ 13,448,627	\$ 32,136,233	\$ 24,888,693	\$ 19,028,610	\$ 38,435,206	\$ 65,411,829	\$ 9,804,654	\$ (7,597,186)	\$ 9,802,910	\$ 2,103,569
Business-type activities	(2,769,784)	16,236,617	13,237,392	4,994,688	16,868,146	2,374,444	412,060	4,850,895	5,663,835	2,033,525
Total primary government	<u>\$ 10,678,843</u>	<u>\$ 48,372,850</u>	<u>\$ 38,126,085</u>	<u>\$ 24,023,298</u>	<u>\$ 55,303,352</u>	<u>\$ 67,786,273</u>	<u>\$ 10,216,714</u>	<u>\$ (2,746,291)</u>	<u>\$ 15,466,745</u>	<u>\$ 4,137,094</u>

Source: Comprehensive Annual Financial Report

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

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund										
Nonspendable	\$ 4,713	\$ 7,796	\$ 1,250	\$ -	\$ 1,126	\$ 941	\$ 862	\$ 156	\$ 2,081	\$ 2,098
Restricted	-	-	-	-	-	-	-	55,898	513,801	726,953
Assigned	-	-	-	-	-	-	-	1,402	133,478	851,564
Unassigned	8,421,863	9,427,379	11,490,983	13,373,243	13,830,321	13,863,592	15,466,113	15,628,882	16,136,690	14,952,037
Total General Fund	<u>\$ 8,426,576</u>	<u>\$ 9,435,175</u>	<u>\$ 11,492,233</u>	<u>\$ 13,373,243</u>	<u>\$ 13,831,447</u>	<u>\$ 13,864,533</u>	<u>\$ 15,466,975</u>	<u>\$ 15,686,338</u>	<u>\$ 16,786,050</u>	<u>\$ 16,532,652</u>
All Other Governmental Funds										
Restricted	\$ 42,622,280	\$ 21,152,744	\$ 19,165,792	\$ 29,973,609	\$ 39,699,958	\$ 54,286,739	\$ 39,138,691	\$ 31,131,674	\$ 26,297,587	\$ 34,132,037
Total all other governmental funds	<u>\$ 42,622,280</u>	<u>\$ 21,152,744</u>	<u>\$ 19,165,792</u>	<u>\$ 29,973,609</u>	<u>\$ 39,699,958</u>	<u>\$ 54,286,739</u>	<u>\$ 39,138,691</u>	<u>\$ 31,131,674</u>	<u>\$ 26,297,587</u>	<u>\$ 34,132,037</u>

Source: Comprehensive Annual Financial Report

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
REVENUES										
Ad valorem taxes	\$ 25,081,914	\$ 27,314,825	\$ 29,328,253	\$ 33,188,243	\$ 37,524,441	\$ 39,524,538	\$ 40,555,218	\$ 41,167,524	\$ 42,045,252	\$ 44,725,261
Franchise taxes	3,660,556	4,021,020	5,562,256	4,931,008	5,530,732	5,533,573	6,091,857	6,421,059	6,150,419	6,302,018
Municipal sales tax	7,064,601	7,749,679	9,230,206	9,755,380	10,046,534	11,140,337	12,461,268	13,907,095	15,038,519	16,289,761
Licenses, permits and fees	1,494,082	1,617,995	2,829,227	2,303,023	2,321,139	1,888,823	1,120,401	1,270,493	1,215,677	2,294,955
Charges for services	2,072,885	2,182,146	2,041,627	2,175,305	4,169,453	1,923,778	5,790,716	9,234,618	10,051,684	10,623,970
Court fines	1,567,378	1,764,506	1,631,725	1,893,830	1,900,477	1,996,179	2,134,324	1,886,665	1,648,194	1,402,725
Gifts and contributions	442,130	1,175,712	709,608	1,860,720	2,189,511	23,902,163	609,522	986,125	1,443,766	1,322,228
Hotel / motel taxes	262,392	346,753	411,489	673,383	719,039	597,512	805,185	1,113,312	1,229,996	1,350,286
Recreation fees	1,734,553	1,931,423	2,140,496	2,098,051	2,154,236	2,309,331	-	-	-	-
Intergovernmental	2,538,754	3,505,192	3,361,785	2,137,046	2,185,252	22,358,605	5,528,449	3,795,087	4,637,343	5,267,026
Investment earnings	1,165,979	975,461	2,113,578	2,578,852	2,160,011	1,318,704	985,219	547,525	440,065	144,604
Miscellaneous	1,164,731	1,376,920	936,043	1,125,725	1,432,285	1,123,436	5,199,090	1,939,352	2,241,166	2,671,410
Total revenues	48,249,955	53,961,632	60,296,293	64,720,566	72,333,110	113,616,979	81,281,249	82,268,855	86,142,081	92,394,244
EXPENDITURES										
General government	5,642,290	7,752,050	8,510,267	10,632,412	15,701,588	13,585,542	19,656,265	16,502,188	17,145,603	21,785,677
Public safety	15,182,134	16,874,154	18,789,581	20,256,547	23,269,152	24,086,875	24,994,107	26,089,579	27,291,201	28,317,603
Public works	2,817,238	2,997,679	3,301,756	3,071,852	3,579,431	3,614,305	5,186,355	3,856,373	4,104,118	4,055,500
Culture and recreation	9,086,648	10,178,469	11,538,120	11,629,708	13,338,981	13,422,415	14,581,130	21,785,214	22,460,071	20,864,140
Community development	1,563,096	1,837,979	1,923,116	2,031,954	2,414,866	2,663,153	2,584,454	2,549,235	2,406,485	2,211,253
Capital outlay	21,256,909	25,231,568	9,663,363	7,946,011	8,122,023	48,473,906	34,219,102	17,398,837	7,972,159	6,123,786
Debt service										
Principal retirement	5,697,209	4,563,251	4,725,670	6,325,000	4,775,000	5,200,000	5,995,000	6,930,000	7,634,130	7,964,914
Interest and fiscal charges	3,977,473	5,564,814	5,272,002	3,843,462	3,986,567	4,309,099	4,710,336	4,775,982	4,562,965	3,955,639
Total expenditures	65,222,997	74,999,964	63,723,875	65,736,946	75,187,608	115,355,295	111,926,749	99,887,408	93,576,732	95,278,512
Excess (deficiency) of revenues over (under) expenditures	(16,973,042)	(21,038,332)	(3,427,582)	(1,016,380)	(2,854,498)	(1,738,316)	(30,645,500)	(17,618,553)	(7,434,651)	(2,884,268)
OTHER FINANCING SOURCES (USES)										
Refunding bonds issued	-	32,330,000	-	-	-	-	-	12,625,000	13,940,000	-
Premium on bond issuance	-	-	-	-	50,904	189,872	150,733	667,702	2,296,042	350,071
Issuance of debt	11,700,000	7,067,354	1,595,000	11,145,000	10,185,000	15,400,000	12,000,000	5,000,000	-	5,065,000
Capital lease obligations	-	140,863	65,944	-	153,455	35,069	-	-	29,905	-
Payment to refunded bond escrow agent	-	(33,777,702)	-	-	-	-	-	(12,998,419)	(16,050,003)	-
Transfer from other funds	9,668,657	4,260,498	3,939,755	5,077,795	5,502,927	5,973,735	10,136,842	6,849,982	7,074,436	9,598,187
Transfer to other funds	(3,977,191)	(9,443,618)	(2,506,324)	(2,567,872)	(2,906,669)	(5,318,064)	(5,285,873)	(2,336,625)	(3,599,726)	(4,571,226)
Sale of capital assets	-	-	403,313	50,284	53,434	77,571	98,192	23,259	9,622	23,288
Total other financing sources (uses)	17,391,466	577,395	3,497,688	13,705,207	13,039,051	16,358,183	17,099,894	9,830,899	3,700,276	10,465,320
NET CHANGE IN FUND BALANCES	\$ 418,424	\$ (20,460,937)	\$ 70,106	\$ 12,688,827	\$ 10,184,553	\$ 14,619,867	\$ (13,545,606)	\$ (7,787,654)	\$ (3,734,375)	\$ 7,581,052
Debt service as a percentage of noncapital expenditures	23.4%	21.3%	19.0%	17.7%	13.3%	14.4%	13.8%	14.2%	14.3%	13.4%

Source: Comprehensive Annual Financial Report

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

Fiscal Year	Estimated Market Value		Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Real Property	Personal Property			
2004	\$ 4,762,431,405	\$ 462,934,194	\$ 792,365,952	\$ 4,432,999,647	\$ 0.56100
2005	5,064,065,680	444,153,445	723,071,317	4,785,147,808	0.56000
2006	5,431,725,066	487,759,119	757,822,868	5,161,661,317	0.55900
2007	5,977,932,595	527,560,589	786,249,114	5,719,244,070	0.55800
2008	6,746,339,301	638,399,574	931,228,814	6,453,510,061	0.55700
2009	7,250,071,630	612,812,456	827,934,570	7,034,949,516	0.55600
2010	7,546,057,552	627,120,557	855,810,360	7,317,367,749	0.55500
2011	7,592,460,367	673,537,481	876,322,043	7,389,675,805	0.55400
2012	7,721,491,897	496,008,713	615,320,140	7,602,180,470	0.55300
2013	7,810,983,131	833,800,673	643,485,592	8,001,298,212	0.55200

Sources: City of Allen Budget Document
Collin Central Appraisal District

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

Fiscal Year	City Direct Rates			Overlapping Rates					
	Operating/General Rate	General Obligation Debt Service	Total Direct	Allen Independent School District	Plano Independent School District	McKinney Independent School District	Love Joy Independent School District	Collin County	Collin County Community College District
2004	\$ 0.35924	\$ 0.20176	\$ 0.56100	\$ 1.87230	\$ 1.73340	\$ 1.98000	\$ 1.70300	\$ 0.25000	\$ 0.09193
2005	0.35824	0.20176	0.56000	1.93335	1.73340	2.00000	1.82340	0.25000	0.09065
2006	0.37624	0.18276	0.55900	1.91246	1.73340	2.00000	1.82340	0.25000	0.08942
2007	0.39100	0.16700	0.55800	1.77510	1.57840	1.84100	1.69340	0.24500	0.08768
2008	0.42662	0.13038	0.55700	1.47030	1.26840	1.51700	1.47630	0.24500	0.08698
2009	0.42370	0.13231	0.55600	1.47030	1.30340	1.51700	1.51500	0.24250	0.08649
2010	0.41075	0.14425	0.55500	1.54000	1.32840	1.54000	1.53500	0.24250	0.08630
2011	0.40908	0.14492	0.55400	1.54000	1.35340	1.52800	1.53500	0.24000	0.08630
2012	0.40533	0.14767	0.55300	1.67000	1.37340	1.54000	1.53500	0.24000	0.08630
2013	0.40506	0.14694	0.55200	1.67000	1.37340	1.54000	1.53500	0.24000	0.08630

Source: Collin Central Appraisal District

CITY OF ALLEN, TEXAS

TABLE 7

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

2013			2004		
Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value ^a	Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value ^b
Village At Allen LP	\$ 136,534,873	1.71%	Chelsea Allen Development LP	\$ 50,894,670	1.15%
AT&T Mobility LLC	125,277,718	1.57%	Wells Operating Partnership LP	32,186,331	0.73%
Coventry II DDR/Trademark Montgomery Farm	102,296,075	1.28%	Oncor Electric Delivery Company	30,299,551	0.68%
Cisco Systems Inc	97,751,725	1.22%	Bossy Boots Holdings LTD	26,073,440	0.59%
Chelsea Allen Development LP	76,572,529	0.96%	Meridian Settlers Gate LP	25,109,456	0.57%
AT&T Services Inc	61,703,650	0.77%	Benton Pointe Apartments Inc	24,300,267	0.55%
Allen Station Apartments LLC	37,854,673	0.47%	Southwestern Bell Telephone	24,143,980	0.54%
EMC Corporation	36,780,077	0.46%	Photronics-Toppan Texas Inc	21,048,150	0.47%
Oncor Electric Delivery Company	34,789,545	0.43%	Experian	17,836,882	0.40%
BH Benton Pointe Apartments LLC	33,710,538	0.42%	Spanos Corporation	19,002,393	0.43%
Total	<u>\$ 743,271,403</u>	<u>9.29%</u>	Total	<u>\$ 270,895,120</u>	<u>6.11%</u>

Source: Collin Central Appraisal District

Notes: ^aTaxpayers are assessed on January 1, 2012 (2012 tax year) for the 2013 fiscal year.

^bTaxpayers are assessed on January 1, 2003 (2003 tax year) for the 2004 fiscal year.

CITY OF ALLEN, TEXAS

TABLE 8

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

Fiscal Year	Taxes Levied for the Fiscal Year	Adjustment to Levy in Subsequent Years	Adjusted 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 %
2004	\$ 24,869,126	\$ 36,671	\$ 24,905,797	\$ 24,627,258	98.88 %	\$ 255,455	\$ 24,882,713	99.91 %
2005	26,796,828	503,748	27,300,576	26,904,000	98.55	363,812	27,267,812	99.88
2006	28,853,687	753,476	29,607,163	28,444,083	96.07	795,067	29,239,150	98.76
2007	31,913,382	775,235	32,688,617	31,515,163	96.41	501,141	32,016,304	97.94
2008	35,946,051	1,058,347	37,004,398	35,867,502	96.93	310,883	36,178,385	97.77
2009	39,052,170	586,070	39,638,240	38,887,961	98.11	57,074	38,945,035	98.25
2010	40,611,391	-	40,611,391	40,168,051	98.91	(172,690)	39,995,361	98.48
2011	40,938,804	343,649	41,282,453	41,137,462	99.65	(35,464)	41,101,998	99.56
2012	41,336,908	346,187	41,683,095	42,080,696	100.95	(202,205)	41,878,491	100.47
2013	44,167,166	(435,140)	43,732,026	43,976,551	100.56	224,187	44,200,738	101.07

Source: Collin County Tax Assessor

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

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Obligation	Other Obligations	Water and Sewer Revenue Bonds	Other Obligations			
2004	\$ 85,833,921	\$ -	\$ 3,800,414	\$ 16,775,000	\$ (17,052)	\$106,392,283	5.32%	1,584
2005	81,430,670	5,500,000	2,982,900	19,735,000	426,168	110,074,738	4.58%	1,575
2006	78,300,000	5,500,000	3,041,263	18,190,000	284,698	105,315,961	4.03%	1,391
2007	83,310,000	5,310,000	3,362,879	16,610,000	229,718	108,822,597	4.07%	1,381
2008	88,920,000	5,110,000	3,559,061	15,035,000	369,511	112,993,572	4.13%	1,373
2009	99,325,000	4,905,000	4,150,264	14,100,000	412,936	122,893,200	4.06%	1,464
2010	105,550,000	4,685,000	4,550,290	12,960,000	400,377	128,145,667	4.37%	1,502
2011	104,330,000	4,455,000	4,763,811	11,770,000	385,973	125,704,784	4.15%	1,451
2012	99,365,000	1,060,000	6,198,962	10,535,000	388,454	117,547,416	3.56%	1,334
2013	96,735,000	800,000	7,357,837	9,370,000	966,145	115,228,982	3.11%	1,282

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

^aSee Table 13 for personal income and population data.

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

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property ^a	Per Capita ^b
	General Obligation Bonds	Certificates of Obligation	Total		
2004	\$ 85,833,921	\$ -	\$ 85,833,921	1.94%	1,278
2005	81,430,670	5,500,000	86,930,670	1.82%	1,244
2006	78,300,000	5,500,000	83,800,000	1.62%	1,107
2007	83,310,000	5,310,000	88,620,000	1.55%	1,125
2008	88,920,000	5,110,000	94,030,000	1.46%	1,142
2009	99,325,000	4,905,000	104,230,000	1.48%	1,242
2010	105,550,000	4,685,000	110,235,000	1.51%	1,292
2011	104,330,000	4,455,000	108,785,000	1.47%	1,256
2012	99,365,000	1,060,000	100,425,000	1.32%	1,140
2013	96,735,000	800,000	97,535,000	1.22%	1,087

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

^aSee Table 5 for property value data.

^bSee Table 13 for population data.

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2013
(Unaudited)**

<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.	\$ 484,983,037	90.67%	\$ 439,734,120
Plano I.S.D.	981,345,871	0.92%	9,028,382
McKinney I.S.D.	491,235,000	0.38%	1,866,693
Lovejoy I.S.D.	135,435,471	11.04%	14,952,076
Collin County	393,350,000	11.55%	45,431,925
Collin College	37,460,000	11.55%	4,326,630
Subtotal, overlapping debt			<u>515,339,826</u>
City of Allen (direct debt)	97,535,000	100.00%	<u>97,535,000</u>
Total direct and overlapping debt			<u><u>\$ 612,874,826</u></u>

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

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

Fiscal Year	Water and Sewer System Revenue Bonds				
	Total Revenues ^a	Less: Operating Expenses ^b	Net Available Revenue	Annual Requirement ^c	Times Coverage
2004	\$ 17,454,426	\$ 10,808,922	\$ 6,645,504	\$ 1,857,806	3.58
2005	20,684,765	11,682,618	9,002,147	2,136,150	4.21
2006	25,608,101	12,984,790	12,623,311	2,445,730	5.16
2007	22,414,193	14,313,605	8,100,588	2,442,758	3.32
2008	27,742,541	16,210,992	11,531,549	2,364,358	4.88
2009	25,075,813	17,202,595	7,873,218	1,659,529	4.74
2010	28,773,833	20,620,871	8,152,962	1,698,662	4.80
2011	32,088,556	19,752,880	12,335,676	1,703,356	7.24
2012	30,218,985	20,244,240	9,974,745	1,702,074	5.86
2013	32,199,528	23,061,918	9,137,610	1,588,049	5.75

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

^bIncludes operating expenses minus depreciation.

^cIncludes Principal and Interest.

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

<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>
2004	67,147	\$ 2,000,510,571	\$ 29,793	14,770	3.9%
2005	69,891	2,403,341,817	34,387	15,904	4.2%
2006	75,699	2,615,551,848	34,552	15,893	3.2%
2007	78,804	2,671,692,012	33,903	17,049	3.7%
2008	82,318	2,738,884,496	33,272	17,513	4.7%
2009	83,929	3,025,808,308	36,052	18,091	7.5%
2010	85,315	2,930,399,620	34,348	18,715	6.7%
2011	86,633	3,030,508,973	34,981	19,387	7.2%
2012	88,103	3,298,664,423	37,441	19,765	5.4%
2013	89,705	3,709,032,635	41,347	20,295	5.2%

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

^bEstimated Per Capita Income provided by DemographicsNow.

^cAllen Independent School District.

^dTexas Workforce Commission.

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

2013			2004		
Employer	Employees	Percentage of Total City Employment	Employer	Employees	Percentage of Total City Employment
Allen Independent School District	2,299	8.28%	Allen Independent School District	1,600	11.46%
Experian	784	2.82%	Experian	693	4.96%
City of Allen	746	2.69%	City of Allen	550	3.94%
Frontier Communications	700	2.52%	Sanmina SCI	525	3.76%
Presbyterian Hospital	670	2.41%	Sage Telecommunications	415	2.97%
PFSweb	450	1.62%	Mykrolis	330	2.36%
Andrew Distributing	450	1.62%	Presbyterian Hospital	255	1.83%
Jack Henry & Associates	422	1.52%	RCL Enterprises	239	1.71%
Cabela's	260	0.94%	Jack Henry & Associates	215	1.54%
Graphic Converting	215	0.77%	Photronics	175	1.25%
Total	<u>6,996</u>	<u>25.19%</u>		<u>4,997</u>	<u>35.78%</u>

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

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

Function/Program	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Government and Administration	42.25	41.75	43.75	46.75	52.75	55.50	55.50	56.00	57.50	62.00
Public Safety	202.50	210.00	233.00	239.00	251.00	255.00	255.00	257.50	276.50	284.50
Public Works	50.00	52.00	50.00	50.00	51.50	52.50	52.50	54.00	53.00	53.00
Culture and Recreational	130.10	144.96	157.64	161.04	162.14	162.92	213.87	215.36	214.86	214.50
Water and Sewer	50.50	53.50	56.50	57.00	60.00	60.50	60.50	63.50	63.50	66.50
Golf Course ^a	-	25.00	34.00	34.00	34.00	34.08	34.08	32.49	23.63	32.54
Community Development	25.00	26.00	26.00	28.50	30.00	31.00	29.00	28.00	28.00	26.00
Risk Management	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00
Economic Development	<u>3.00</u>	<u>3.00</u>	<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>
Total	<u>504.35</u>	<u>558.21</u>	<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>

Source: City Budget Book

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

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

Function/Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public Safety										
Police										
Number of Employees	117	123	142	148	154	157	157	160	172	174
Number of Violations (Citations)	20,282	16,970	20,749	18,562	21,462	18,251	17,504	17,925	13,812	13,902
Fire										
Number of Employees	86	87	91	91	97	98	98	98	104	110
Number of Fire/Other runs	1,477	1,618	1,844	1,298	2,144	2,045	1,362	1,468	1,325	1,377
Number of EMS runs	1,374	1,517	1,687	2,416	2,008	2,084	2,885	3,155	3,193	3,613
Development Services										
Streets paved (miles)	6	13	21	14	5	2	4	3	4	1
Building Permits Issued ^a	4,992	4,888	5,871	4,903	5,287	4,014	4,689	4,993	5,192	6,013
Cultural and Recreational										
Parks and Recreation										
Park maintained & operated per acre	\$ 5,885	\$ 4,741	\$ 5,796	\$ 5,093	\$ 5,959	\$ 5,772	\$ 5,121	\$ 5,393	\$ 5,117	\$ 4,372
Participants in Leisure Service Programs	306,501	307,469	308,699	351,931	385,376	501,626	581,535	624,643	683,645	666,452
Rounds of Golf ^c	N/A	35,868	35,919	33,685	39,886	43,527	37,857	38,775	-	33,615
Library										
Volumes in Collection ^b	115,683	119,241	128,799	138,063	135,879	131,048	127,665	122,522	124,471	124,226
Water and Sewer										
Number of Water Consumers	21,933	22,870	24,438	25,326	26,162	26,598	27,094	27,495	27,974	28,669
Average Daily Water Consumption (gallons)	10,579,183	11,021,534	14,308,342	9,377,466	13,131,057	14,019,701	14,542,980	17,115,783	14,336,000	14,479,000
Maximum Storage Capacity (million of gallons)	25.5	27.5	27.5	33.5	31.5	31.0	31.0	33.0	33.0	33.0
Sanitation										
Recyclables Collected (tons)	3,205	5,515	6,502	6,954	7,571	9,232	9,374	9,307	9,517	9,667
Solid Waste Collected (tons)	47,268	56,669	47,512	49,822	52,699	52,457	53,660	56,233	53,960	53,445

Source: City Departments

Notes: N/A - Data not Available.

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

^bInclude books and media.

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

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

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Patrol Units	17	17	17	18	23	24	23	23	27	27
Fire Stations	4	4	4	4	4	4	4	4	5	5
Police Motorcycle Units	4	4	4	4	4	4	4	4	4	4
Development Services										
Streets-Paved (miles)	259	272	293	307	312	314	318	321	325	326
Alleys-Paved (miles)	143	149	158	159	161	161	163	163	163	163
Cultural and Recreational										
Parks (acres)	525	554	573	578	578	578	576	576	597	597
Playgrounds	21	22	24	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
Golf Course	-	1	1	1	1	1	1	1	1	1
Event Center	-	-	-	-	-	-	1	1	1	1
Water and Sewer										
Water Mains (miles)	367	381	410	427	439	445	452	456	461	467
Fire Hydrants	2,733	3,444	3,748	3,894	3,941	3,954	3,981	4,022	4,144	4,210
Sanitary Sewers (miles)	283	296	316	329	334	336	339	342	346	352
Storm Sewer Lines (miles)	85	90	97	101	103	104	105	106	107	108

Source: City Departments