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**Certificate of
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Presented to

**City of Celina
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

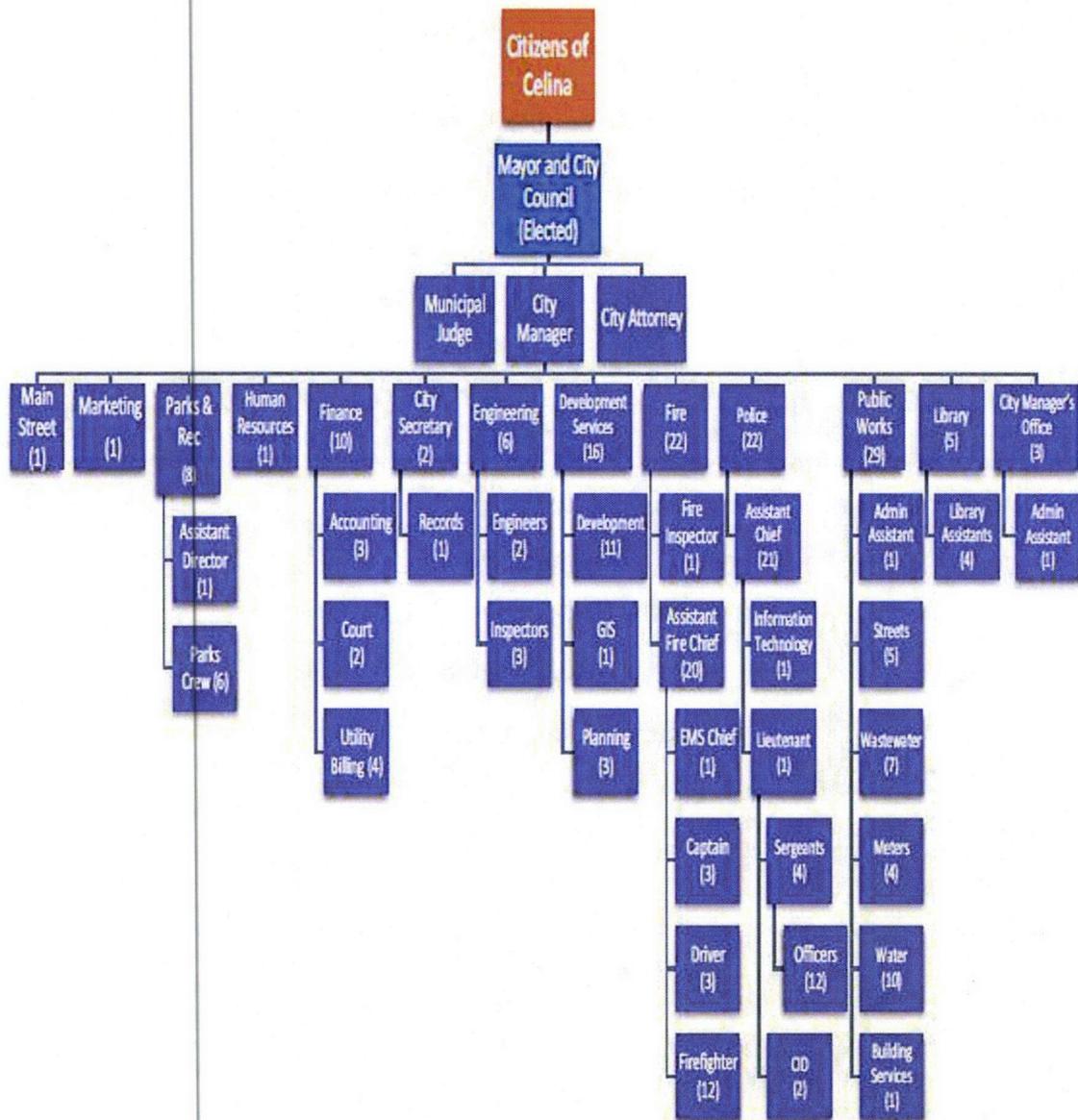
September 30, 2016

Christopher P. Morill

Executive Director/CEO

City of Celina

ORGANIZATION CHART





City of Celina, Texas
Comprehensive Annual Financial Report
Fiscal Year Ended September 30, 2017

ELECTED OFFICIALS

Sean Terry, Mayor

Chad Anderson Mayor Pro-Tem (Place # 6)

Bill Webber (Place # 1)

Wayne Nabors (Place # 2)

Andy Hopkins (Place # 3)

Carmen Roberts (Place # 4)

Mindy Koehne (Place # 5)

MANAGEMENT STAFF

Jason Laumer

City Manager

OFFICIAL ISSUING REPORT

Jay Toutouchian

Director of Finance

FINANCIAL SECTION

SCOTT, SINGLETON, FINCHER AND COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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GREENVILLE, TEXAS 75401

Tommy L. Nelson, CPA
Hannah C. Nelson-Rix, CPA

Members of:
American Institute of
Certified Public Accountants

Texas Society of
Certified Public Accountants

Independent Auditor's Report

To the City Council
City of Celina, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Celina, Texas ("City") as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Celina, Texas as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund 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 changes in net pension liability and related ratios, and schedule of contributions on pages 4 through 18, and pages 64 through 65, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Celina, Texas basic financial statements. The introductory section, combining and individual non-major fund financial statements and schedules, and statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic 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.

Respectfully submitted,

Scott, Singleton, Fincher and Company, PC

Scott, Singleton, Fincher and Company, PC
Certified Public Accountants
Greenville, Texas
March 23, 2018

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Management's Discussion and Analysis

The City of Celina presents the City's comprehensive annual financial report. This overview is an analysis of the financial activities of the City for the fiscal year ended September 30, 2017. This discussion should be read in conjunction with the financial statements and related notes. Comparative data is also presented for government-wide and fund financial statements at the end of this section.

FINANCIAL HIGHLIGHTS:

- Government-wide net position reported in the Statement of Net Position is \$46,859,066. Of this amount \$32,112,542 is invested in capital assets or restricted for debt service and capital projects, and the balance of \$14,746,524 is available as unrestricted net position.
- Government-wide net position increased by \$6,674,149 during 2017.
- The City's fund financial statements reported changes in equity as follows:

General Fund – \$566,380 decrease
Water & Sewer Fund - \$2,438,847 increase
Debt Service Fund - \$467,819 increase

USING THIS ANNUAL REPORT:

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These provide information about the activities of the City as a whole and present a long-term view of the City's financial condition. They reflect the *flow of total economic resources* in a manner similar to the financial reports of a business enterprise.

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

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

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

The Statement of Net Position and the Statement of Activities

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

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

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

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

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

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

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

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS:

Fund Financial Statements

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

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

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

CAPITAL ASSET AND DEBT ADMINISTRATION:

Capital Assets – the City's investment in capital assets reported in governmental activities and business-type activities was \$35,568,437 and \$37,693,768, respectively. This investment in capital assets includes land, buildings and improvements, equipment and vehicles. The change in the City's investment in capital assets for the current fiscal year was \$1,834,935 and \$7,264,944 in each of the respective activities. Additional information on capital asset activity can be found in note 5 to the financial statements.

Long-term Debt – at year-end the City had \$62,919,803 in bonds and capital leases outstanding – an increase of \$7,427,988. Additional information on long-term liabilities can be found in note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES:

The City of Celina continues to see strong population and economic growth. From 2010 to the projected population for 2018, the City of Celina has experienced a population growth of almost 17% over the past nine years. The leading driver of the City's population growth is a strong local housing market. The City issued 903 building permits, compared to 573 permits last year that represent an increase of 330 permits or 57.59%. Accordingly, permit fee collections have increased by \$1,597,410 or 68.42% for the same period. For the fiscal year 2016-2017, the City collected \$3,932,234 in permit fees compared with \$2,334,824 for the same period last year. The increase in building permits and fees is a result of a strategic plan that was put in place in 2011. Although cities have various tools at their disposal to generate growth, the City of Celina, pursuant to the Public Improvement District Act, Texas Local Government Code, Chapter 372, as amended (the "PID Act"), has used this tool with greater frequency and entered into a negotiation with several developers that were interested in developing large housing developments in the southern border of the City. The PID strategy necessitates a continual partnership between the City, the developer and subsequent home owners. Celina uses the PID to fund and maintain public infrastructure through assessments levied against each individual lot or parcel ultimately making the developer or home owner responsible for payment. In 2014, the City created the first PID and issued its first Special Assessment Bonds for the district. As of September 30, 2017 the City of Celina has created seven PIDs with a total bond principal outstanding of \$99,130,000. In addition to the PID strategy, the City has developed a Tax Increment Reinvestment Zone ("TIRZ"), that will assist with funding of infrastructure that is situated outside of PID boundaries and is a responsibility of the city.

The City is not obligated in any manner for this special assessment debt, but merely acts as the developer's agent in handling the debt service transactions by collecting any special assessment collections and forwarding them to the Trustee for payment to the bond holders.

The City understands that diversification of Celina's economy is a key to financial stability. The City of Celina's portion of sales tax collection increased from \$733,881 in FY 2016 to \$958,350 in FY 2017. This amounts to an increase of \$224,469 or 30.59%. The increase follows the trend through the state. The reduction in unemployment in conjunction with the sales tax collection from internet purchases has contributed to the increase. The opening of new retail shops and restaurants played a role in the increase of sales tax revenue as well. Management anticipates a moderate increase through FY 2018.

Total assessed property value for the City of Celina increased from \$660,868,270 in FY 2016 to \$872,961,920 in FY 2017. With the exception of FY 2011, the City of Celina has enjoyed an increase in its property values since FY 2001. This increase is a result of new construction in housing developments and annexation of new parcels of land. Reviewing the history of the City's assessed property values provides evidence of the City's measurable growth in the last decade. By introducing progressive strategies and policies such as PIDs and TIRZ, the City of Celina will expedite and sustain this growth for a foreseeable future.

Fiscal Year	Assessed Value	% Change
2008	\$ 418,824,688	
2009	\$ 463,326,983	10.63%
2010	\$ 464,198,797	0.19%
2011	\$ 454,064,487	-2.18%
2012	\$ 461,631,888	1.67%
2013	\$ 482,230,390	4.46%
2014	\$ 508,695,836	5.49%
2015	\$ 554,892,312	9.06%
2016	\$ 660,868,270	19.10%
2017	\$ 872,961,920	32.09%

Water

The City of Celina is currently experiencing a tremendous growth in its housing market. During FY 2017 the city has issued an average of 75 new water meters per month. This increase, coupled with climate changes, resulted in a water sales revenue increase of \$1,082,572 or 26.73% over FY 2016.

A review of the history of the City's water sales over the past several years indicates a healthy trend. Although the challenge at hand is complex, the city adopted several policies to ensure both the availability and affordability of water for its residents. The City uses a combination of well water and purchased water from Upper Trinity Regional Water District. The governing body is negotiating with a second provider in the region to increase its water source in response to future growth.

Fiscal Year	Water Sales	% Change
2007	\$ 1,298,932	
2008	\$ 1,598,567	23.07%
2009	\$ 1,602,364	0.24%
2010	\$ 1,944,348	21.34%
2011	\$ 2,549,933	31.15%
2012	\$ 2,548,942	-0.04%
2013	\$ 2,772,632	8.78%
2014	\$ 2,780,983	0.30%
2015	\$ 3,489,083	25.46%
2016	\$ 4,049,673	16.07%
2017	\$ 5,132,245	26.73%

Wastewater

Since the use of wastewater is parallel to water usage, increases in sewer sales revenue will follow water sales revenue trends. Total sewer revenue for FY 2017 increased by \$529,892 or 29.45% over FY 2016. Based on the number of new water meters installed monthly, sewer sales revenues will continue to increase. Unprecedented growth puts enormous pressure on the City's infrastructures in general and wastewater in particular. Despite increases in revenue, a number of challenges remain to fund projects necessary to service population growth. The City of Celina currently owns and operates its water reclamation system and is a member of a regional facility. The City has invested in the construction of phase I of this regional plant that will allow it to use an assigned capacity. Celina needs to expand its owned and operated plant and participate in a phase II expansion of the regional plant. The City has completed its Capital Improvement Plan (CIP) for the next five years and is working to secure funding for these projects for FY 2018.

Fiscal Year	Sewer Sales	% Change
2007	\$ 485,948	
2008	\$ 546,556	12.47%
2009	\$ 572,299	4.71%
2010	\$ 774,022	35.25%
2011	\$ 946,269	22.25%
2012	\$ 994,332	5.08%
2013	\$ 1,060,773	6.68%
2014	\$ 1,160,403	9.39%
2015	\$ 1,409,070	21.43%
2016	\$ 1,799,254	27.69%
2017	\$ 2,329,146	29.45%

The property tax rate for fiscal year 2017 remains unchanged at \$0.645 per \$100 of assessed value. Water and sewer rates remain unchanged. The City is currently conducting a rate study which will take into account the City's water and wastewater rates and if they are sufficient to cover necessary upgrades and additions to the City's water and sewer infrastructure.

Budget Highlights for FY 2018 Include:

- A balanced budget that provides for a financially sound city while maintaining high quality of services
- Property tax that remains unchanged at the current rate of \$0.645 per \$100 taxable value
- Water and sewer rates will experience a modest increase as the City concludes a water and wastewater rate study by the end of FY 2018
- Increase in the number of FTEs to 125 which includes 3 new police officers, 1 new firefighter and 8 new employees in Public Works, with the rest of the City's departments adding or eliminating positions to better serve the public and increase efficiency
- Upgrading the City's accounting system to improve accounting controls and provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived and (2) the evaluation of costs and benefits require estimates and judgments by management. All internal control evaluations occur within the above framework
- The City of Celina commissioned a compensation rate and classification study for the FY 2018 and is planning to implement the recommendations that have been provided by the study
- The creation of three new departments: Information Technology (IT), Geographic Information System (GIS) and Facilities Maintenance
- Increased and sustained funding for equipment, facilities and infrastructure improvements

Awards and Acknowledgements

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 Celina, Texas for its comprehensive annual financial report for the fiscal year ended September 30, 2016. This was the first year that the City has achieved this prestigious award. 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 comprehensive annual financial report 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.

In addition, the City of Celina also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning October 1, 2016. To qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide and a communications device.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT:

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. Questions concerning this report or need for additional information, including financial information for the City's two component units, should be addressed to Jason Laumer, City Manager, or Jay Toutouchian, Director of Finance, by phone at (972) 382-2682 or by e-mail at jlaumer@celina-tx.gov or jtoutouchian@celina-tx.gov.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Assets						
Current and other assets	\$ 26,496,615	\$ 20,375,508	\$ 22,276,646	\$ 20,881,007	\$ 48,773,261	\$ 41,256,515
Capital assets, net	<u>35,568,437</u>	<u>33,733,502</u>	<u>37,693,768</u>	<u>30,428,824</u>	<u>73,262,205</u>	<u>64,162,326</u>
Total Assets	<u>62,065,052</u>	<u>54,109,010</u>	<u>59,970,414</u>	<u>51,309,831</u>	<u>122,035,466</u>	<u>105,418,841</u>
Deferred Outflows of Resources						
Deferred outflows of resources	<u>480,335</u>	<u>488,575</u>	<u>68,329</u>	<u>69,438</u>	<u>548,664</u>	<u>558,013</u>
Total Deferred Outflows of Resources	<u>480,335</u>	<u>488,575</u>	<u>68,329</u>	<u>69,438</u>	<u>548,664</u>	<u>558,013</u>
Liabilities						
Other liabilities	5,598,924	5,371,246	6,967,266	4,604,645	12,566,190	9,975,891
Long-term debt	<u>26,284,924</u>	<u>22,828,040</u>	<u>36,813,467</u>	<u>32,959,219</u>	<u>63,098,391</u>	<u>55,787,259</u>
Total Liabilities	<u>31,883,848</u>	<u>28,199,286</u>	<u>43,780,733</u>	<u>37,563,864</u>	<u>75,664,581</u>	<u>65,763,150</u>
Deferred Inflows of Resources						
Deferred inflows of resources	<u>53,135</u>	<u>25,197</u>	<u>7,348</u>	<u>3,590</u>	<u>60,483</u>	<u>28,787</u>
Total Deferred Inflows of Resources	<u>53,135</u>	<u>25,197</u>	<u>7,348</u>	<u>3,590</u>	<u>60,483</u>	<u>28,787</u>
Net Position						
Net investment in capital assets	13,184,763	13,138,978	13,079,265	12,078,113	26,264,028	25,217,091
Restricted for debt service	1,374,295	901,524			1,374,295	901,524
Restricted for capital projects	4,474,219	4,438,649			4,474,219	4,438,649
Unrestricted	<u>11,575,127</u>	<u>7,893,951</u>	<u>3,171,397</u>	<u>1,733,702</u>	<u>14,746,524</u>	<u>9,627,653</u>
Total Net Position	<u>\$ 30,608,404</u>	<u>\$ 26,373,102</u>	<u>\$ 16,250,662</u>	<u>\$ 13,811,815</u>	<u>\$ 46,859,066</u>	<u>\$ 40,184,917</u>

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Program revenues:						
Charges for services	\$ 6,391,343	\$ 4,265,112	\$ 13,590,654	\$ 10,057,113	\$ 19,981,997	\$ 14,322,225
Operating grants/contributions	356,258	368,784			356,258	368,784
Capital grants/contributions	1,011,625	2,578,809	-	800,100	1,011,625	3,378,909
General revenues:						
Ad valorem taxes	5,362,919	4,458,401			5,362,919	4,458,401
Sales taxes	958,350	733,881			958,350	733,881
Franchise Taxes	370,949	429,102			370,949	429,102
Other	985,322	671,241	151,666	114,067	1,136,988	785,308
Total revenues	15,436,766	13,505,330	13,742,320	10,971,280	29,179,086	24,476,610
Expenses:						
Administration	2,550,349	1,592,794			2,550,349	1,592,794
Judicial	155,521	102,803			155,521	102,803
Fire and emergency services	2,414,778	1,957,077			2,414,778	1,957,077
Development services	887,990	683,599			887,990	683,599
Public works	1,104,523	1,080,661			1,104,523	1,080,661
Police department	1,877,574	1,532,829			1,877,574	1,532,829
Parks and recreation	1,263,538	1,084,077			1,263,538	1,084,077
Library	169,326	152,664			169,326	152,664
Infrastructure	353,119	211,300			353,119	211,300
Main street project	55,176	65,279			55,176	65,279
Bond issuance costs	74,569		89,126	514,633	163,695	514,633
Interest and fiscal charges	787,001	710,249			787,001	710,249
Water, Sewer and Sanitation Services			10,722,347	7,993,863	10,722,347	7,993,863
Total Expenses	11,693,464	9,173,332	10,811,473	8,508,496	22,504,937	17,681,828
Excess (deficiency) before transfers	3,743,302	4,331,998	2,930,847	2,462,784	6,674,149	6,794,782
Transfers	492,000	2,346,769	(492,000)	(2,346,769)	-	-
Change in Net Position	4,235,302	6,678,767	2,438,847	116,015	6,674,149	6,794,782
Net Position - October 1	26,373,102	19,694,335	13,811,815	13,695,800	40,184,917	33,390,135
Net Position - September 30	\$ 30,608,404	\$ 26,373,102	\$ 16,250,662	\$ 13,811,815	\$ 46,859,066	\$ 40,184,917

**CITY OF CELINA, TEXAS
COMPARATIVE BALANCE SHEETS
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017 and 2016**

	General Fund	Debt Service Fund	Street Construction Fund	Parkland Fees Fund	Facilities Improvement Fund	Other Governmental Funds	Total Governmental Funds	
							2017	2016
Assets								
Cash and cash equivalents	\$ 7,531,454	\$ 1,369,496	\$ -	\$ -	\$ -	\$ 170,856	\$ 9,071,806	\$ 9,136,808
Investment in Texpool	2,397						2,397	2,382
Cash and cash equivalents - restricted			6,189,975	4,449,577	808,594	5,402,155	16,850,301	10,615,734
Sales taxes receivable	166,159						166,159	146,963
Property taxes receivable, net	25,999	4,952					30,951	38,721
EMS receivable	30,586						30,586	97,300
Other receivables	120,429						120,429	179,085
Prepaid items	3,013						3,013	2,230
Due from component units	159,354						159,354	49,994
Due from other funds	879						879	-
Total Assets	\$ 8,040,270	\$ 1,374,448	\$ 6,189,975	\$ 4,449,577	\$ 808,594	\$ 5,573,011	\$ 26,435,875	\$ 20,269,217
Liabilities								
Accounts payable	324,401		57,345	18,000		83,455	483,201	442,819
Accrued salaries and benefits	309,092	153					309,245	227,873
Due to other funds						879	879	-
Escrowed funds	763,970						763,970	997,028
Unearned revenue	51,003		235,133	3,424,052			3,710,188	3,440,880
Total Liabilities	1,448,466	153	292,478	3,442,052	-	84,334	5,267,483	5,108,600
Deferred Inflows of Resources								
Unavailable property taxes receivable	25,949	4,952					30,901	42,870
Total Deferred Inflows of Resources	25,949	4,952	-	-	-	-	30,901	42,870
Fund Balances								
Nonspendable:								
Prepays	3,013						3,013	2,230
Restricted for:								
Capital improvements			5,897,497	1,007,525	808,594	5,320,335	13,033,951	7,083,988
Debt service		1,369,343					1,369,343	901,524
Assigned for use in specific funds						168,342	168,342	-
Assigned	6,562,842						6,562,842	7,130,005
Total Fund Balances	6,565,855	1,369,343	5,897,497	1,007,525	808,594	5,488,677	21,137,491	15,117,747
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 8,040,270	\$ 1,374,448	\$ 6,189,975	\$ 4,449,577	\$ 808,594	\$ 5,573,011	\$ 26,435,875	\$ 20,269,217

CITY OF CELINA, TEXAS
Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Years Ending September 30, 2017 and 2016

	General Fund	Debt Service Fund	Street Construction Fund	Parkland Fees Fund	Facilities Improvement Fund	Other Governmental Funds	Total Governmental Funds	
							2017	2016
REVENUES:								
Ad valorem taxes	\$ 3,486,892	\$ 1,887,996	\$ -	\$ -	\$ -	\$ -	\$ 5,374,888	\$ 4,453,862
Franchise taxes	370,949						370,949	429,102
Sales tax	958,350						958,350	733,881
Permits and inspection fees	3,959,914						3,959,914	2,357,289
Component unit contributions		200,000					200,000	200,000
Development fees	1,245,943						1,245,943	509,870
Developer park contributions				1,011,625			1,011,625	2,008,809
Fire department, EMS, and police revenues	817,691						817,691	910,360
Fines	209,806						209,806	283,758
Special events and donations	179,417					70,797	250,214	373,421
Park fees and donations	166,403						166,403	206,773
Other income	88,480	154,688				265,143	508,311	397,657
Interest	58,199	13,073	46,234	30,095	4,648	30,828	183,077	111,776
Federal, state and local grants						1,570	1,570	518,784
Total Revenues	11,542,044	2,255,757	46,234	1,041,720	4,648	368,338	15,258,741	13,495,342
EXPENDITURES:								
Administration	2,411,180				22,000		2,433,180	1,458,673
Judicial	153,213						153,213	99,803
Fire and emergency services	2,040,917					490	2,041,407	1,731,896
Development services	868,862						868,862	675,267
Public works	832,539				30,436	80,920	943,895	1,023,572
Police department	1,682,946					5,148	1,688,094	1,414,488
Parks and recreation	729,343			230,000			959,343	819,539
Library	165,768						165,768	153,752
Main street project						55,176	55,176	65,279
Capital outlay	175,927		1,827,998		348,227	1,304,566	3,656,718	8,542,536
Debt Service:								
Principal retirement		1,005,685					1,005,685	841,124
Interest and fiscal charges		782,253					782,253	724,025
Bond issuance cost	74,569						74,569	-
Total Expenditures	9,135,264	1,787,938	1,827,998	230,000	400,663	1,446,300	14,828,163	17,549,954
Excess (Deficiency) of Revenues Over Expenditures	2,406,780	467,819	(1,781,764)	811,720	(396,015)	(1,077,962)	430,578	(4,054,612)
OTHER FINANCING SOURCES (USES):								
Proceeds from sale of capital assets	39,165					595,432	634,597	41,825
Issuance of bonds	74,569		2,420,000		658,000	1,310,000	4,462,569	4,510,000
Transfers in (out)	(3,086,894)					3,578,894	492,000	2,346,769
Net Other Financing Sources (Uses)	(2,973,160)	-	2,420,000	-	658,000	5,484,326	5,589,166	6,898,594
Net change in fund balances	(566,380)	467,819	638,236	811,720	261,985	4,406,364	6,019,744	2,843,982
Fund balance, October 1	7,132,235	901,524	5,259,261	195,805.00	546,609	1,082,313	15,117,747	12,273,765
Fund balance, September 30	\$ 6,565,855	\$ 1,369,343	\$ 5,897,497	\$ 1,007,525	\$ 808,594	\$ 5,488,677	\$ 21,137,491	\$ 15,117,747

CITY OF CELINA, TEXAS
COMPARATIVE STATEMENTS OF FUND NET POSITION
PROPRIETARY FUND
September 30, 2017 and 2016

	2017 Enterprise Fund Water & Sewer Activities	2016 Enterprise Fund Water & Sewer Activities
Assets		
Cash and cash equivalents	\$ 7,303,543	\$ 2,850,035
Cash and cash equivalents - restricted for capital projects	830,443	1,272,139
Investment in TexPool	3,202	3,183
Accounts receivable, net	1,148,818	957,564
Prepaid UTRWD facilities charges	393,023	393,023
Total current assets	9,679,029	5,475,944
Noncurrent Assets:		
Cash and cash equivalents - restricted for capital projects	12,198,964	14,608,508
Prepaid UTRWD facilities charges	393,023	786,047
Net pension asset	5,630	10,507
Capital Assets:		
Non-depreciable land	1,328,043	304,115
Non-depreciable construction in progress	19,284,479	12,923,618
Depreciable capital assets, net	17,081,246	17,201,091
Capital Assets, net	37,693,768	30,428,824
Total noncurrent assets	50,291,385	45,833,886
Deferred outflows of resources:		
Deferred outflows - related to pensions	68,329	69,439
Total deferred outflows of resources	68,329	69,439
Total assets and deferred outflows of resources	\$ 60,038,743	\$ 51,379,269
Liabilities		
Accounts payable	715,066	403,116
Accounts payable for capital projects	830,443	1,272,139
Accrued expenses	61,679	42,412
Bonds payable - current	1,744,829	1,251,277
Infrastructure advance from CISD - current	113,953	106,270
Leases payable - current	-	18,704
Accrued interest payable	105,278	107,240
Meter deposits payable	454,695	403,003
Unearned revenue	4,800,105	2,250,762
Escrow deposits	-	125,973
Total current liabilities	8,826,048	5,980,896
Infrastructure advance from CISD - long-term	64,635	189,174
Bonds payable - long-term	34,890,050	31,393,794
Total non-current liabilities	34,954,685	31,582,968
Total liabilities	43,780,733	37,563,864
Deferred inflows of resources:		
Deferred inflows - related to pensions	7,348	3,590
Total deferred inflows of resources	7,348	3,590
Net Position		
Net investment in capital assets	13,079,265	12,078,113
Restricted for capital projects, net of related debt (\$12,198,964 each, 2017) (\$15,880,647 each, 2016)	-	-
Unrestricted	3,171,397	1,733,702
Total Net Position	\$ 16,250,662	\$ 13,811,815

CITY OF CELINA, TEXAS
Comparative Statements of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
Years Ended September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating Revenues:		
Water sales	\$ 5,132,245	\$ 4,049,673
Sewer sales	2,329,146	1,799,254
Garbage fees	539,881	462,390
Penalties	122,432	97,765
Tap and reconnect fees	1,680,010	1,094,505
Impact fees	2,244,287	1,366,400
Other revenues	1,542,653	1,187,126
Total Operating Revenues	<u>13,590,654</u>	<u>10,057,113</u>
Operating Expenses:		
Salaries and benefits	888,559	740,428
Garbage fees	483,403	415,983
Materials and supplies	767,419	472,414
Postage	38,723	34,827
Repairs and facility maintenance	300,479	284,682
General insurance	15,420	14,420
Utilities and telephone	293,716	296,418
Water purchases and related fees	2,970,312	1,943,073
UTRWD facilities charges	393,023	663,271
Impact fees expense	2,286,900	1,366,400
Depreciation & amortization	890,200	702,950
Bond issuance costs	89,126	514,633
Other expense	455,302	313,102
Total Operating Expenses	<u>9,872,582</u>	<u>7,762,601</u>
Operating Income	<u>\$ 3,718,072</u>	<u>\$ 2,294,512</u>

(Continued)

CITY OF CELINA, TEXAS
Comparative Statements of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
Years Ended September 30, 2017 and 2016

	2017	2016
Non-operating revenues (expenses):		
Interest income	\$ 151,666	\$ 114,067
Interest and fiscal charges	(938,891)	(745,895)
Total non-operating Revenues (Expenses)	(787,225)	(631,828)
Income before contributions and transfers	2,930,847	1,662,684
Capital contribution	-	800,100
Transfers out to other funds	(492,000)	(2,346,769)
	2,438,847	116,015
Change in net position		
Net position, October 1	13,811,815	13,695,800
Net position, September 30	\$ 16,250,662	\$ 13,811,815

BASIC FINANCIAL STATEMENTS

**GOVERNMENT WIDE
FINANCIAL STATEMENTS**

CITY OF CELINA, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 9,071,806	\$ 7,303,543	\$ 16,375,349	\$ 1,170,380
Investment in Texpool	2,397	3,202	5,599	
Property taxes receivable, net	25,999		25,999	
Sales taxes receivable	166,159		166,159	166,159
Accounts receivable, net	30,586	1,148,818	1,179,404	
Other receivables	140,193		140,193	
Due from component units	159,354		159,354	
Prepaid items	3,013	786,046	789,059	
Net pension asset	41,855	5,630	47,485	
Restricted assets:				
Cash and cash equivalents	16,850,301	13,029,407	29,879,708	
Property taxes receivable, net	4,952		4,952	
Capital assets:				
Land	3,627,345	1,328,043	4,955,388	
Construction in progress	292,982	19,284,479	19,577,461	484,660
Capital assets, net	31,648,110	17,081,246	48,729,356	
Total Assets	62,065,052	59,970,414	122,035,466	1,821,199
Deferred outflows of resources:				
Deferred outflows - related to pensions	480,335	68,329	548,664	
Total Assets and deferred outflows of resources	62,545,387	60,038,743	122,584,130	1,821,199
Liabilities				
Accounts payable	483,201	715,066	1,198,267	
Accrued salaries and benefits	565,621	61,679	627,300	
Unearned revenue	3,710,188	4,800,105	8,510,293	
Meter deposits payable		454,695	454,695	
Escrow deposits	763,970	-	763,970	
Due to primary government				159,354
Payable from restricted assets:				
Accounts payable for capital projects		830,443	830,443	
Accrued interest	75,944	105,278	181,222	
Long-term liabilities:				
Due within one year:				
Bonds payable	1,465,920	1,744,829	3,210,749	
Infrastructure advance from CISD		113,953	113,953	
Due in more than one year:				
Note Payable				978,061
Bonds payable	24,819,004	34,890,050	59,709,054	
Infrastructure advance from CISD		64,635	64,635	
Total Liabilities	31,883,848	43,780,733	75,664,581	1,137,415
Deferred inflows of resources:				
Deferred inflows - related to pensions	53,135	7,348	60,483	
Total deferred inflows of resources	53,135	7,348	60,483	-
Net Position				
Net investment in capital assets	13,184,763	13,079,265	26,264,028	
Restricted for debt service	1,374,295		1,374,295	
Restricted for capital projects (\$8,375,469) net of related debt (\$3,901,250)	4,474,219		4,474,219	
Restricted for capital projects (\$12,198,964) net of related debt (\$12,198,964)				
Unrestricted	11,575,127	3,171,397	14,746,524	683,784
Total Net Position	\$ 30,608,404	\$ 16,250,662	\$ 46,859,066	\$ 683,784

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

**CITY OF CELINA, TEXAS
STATEMENT OF ACTIVITIES
Year Ended September 30, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Aggregate Component Units
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total Primary Government	
Governmental activities:								
Administration	\$ 2,624,918	\$ -	\$ -	\$ -	\$ (2,624,918)		\$ (2,624,918)	\$ -
Judicial	155,521				(155,521)		(155,521)	
Fire and emergency services	2,414,778	817,691			(1,597,087)		(1,597,087)	
Development services	887,990	1,245,943			357,953		357,953	
Public works	1,104,523	3,959,914			2,855,391		2,855,391	
Police department	1,877,574	201,392	1,570		(1,674,612)		(1,674,612)	
Parks and recreation	1,263,538	166,403		1,011,625	(85,510)		(85,510)	
Library	169,326				(169,326)		(169,326)	
Infrastructure	353,119				(353,119)		(353,119)	
Main street project	55,176				(55,176)		(55,176)	
Economic development					-		-	(835,440)
Community development								(200,000)
Interest and fiscal charges	787,001		354,688		(432,313)		(432,313)	
Total governmental activities	11,693,464	6,391,343	356,258	1,011,625	(3,934,238)		(3,934,238)	(1,035,440)
Business-type activities:								
Water and sewer services	10,811,473	13,590,654				2,779,181	2,779,181	
Total business-type activities	10,811,473	13,590,654	-	-	-	2,779,181	2,779,181	
Total all activities	\$ 22,504,937	\$ 19,981,997	\$ 356,258	\$ 1,011,625	\$ (3,934,238)	\$ 2,779,181	\$ (1,155,057)	\$ (1,035,440)
General revenues:								
Ad valorem taxes					5,362,919		5,362,919	
Sales taxes					958,350		958,350	953,996
Franchise taxes					370,949		370,949	
Miscellaneous					802,245		802,245	
Unrestricted investment earnings					183,077	151,666	334,743	6,893
Transfers					492,000	(492,000)	-	
Total general revenues and transfers					8,169,540	(340,334)	7,829,206	960,889
Change in net position					4,235,302	2,438,847	6,674,149	(74,551)
Net Position-beginning of year					26,373,102	13,811,815	40,184,917	758,335
Net Position-end of year					\$ 30,608,404	\$ 16,250,662	\$ 46,859,066	\$ 683,784

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

**GOVERNMENTAL FUNDS
FINANCIAL STATEMENTS**

**CITY OF CELINA, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2017**

	General Fund	Debt Service Fund	Street Construction Fund	Parkland Fees Fund	Facilities Improvement Fund	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and cash equivalents	\$ 7,531,454	\$ 1,369,496	\$ -	\$ -	\$ -	\$ 170,856	\$ 9,071,806
Investment in Texpool	2,397						2,397
Cash and cash equivalents - restricted			6,189,975	4,449,577	808,594	5,402,155	16,850,301
Sales taxes receivable	166,159						166,159
Property taxes receivable, net	25,999	4,952					30,951
EMS receivable, net	30,586						30,586
Other receivables	120,429						120,429
Prepaid items	3,013						3,013
Due from component units	159,354						159,354
Due from other funds	879						879
Total Assets	\$ 8,040,270	\$ 1,374,448	\$ 6,189,975	\$ 4,449,577	\$ 808,594	\$ 5,573,011	\$ 26,435,875
Liabilities							
Accounts payable	324,401		57,345	18,000		83,455	483,201
Accrued salaries and benefits	309,092	153					309,245
Due to other funds						879	879
Escrowed funds	763,970						763,970
Unearned revenue	51,003		235,133	3,424,052			3,710,188
Total Liabilities	1,448,466	153	292,478	3,442,052	-	84,334	5,267,483
Deferred Inflows of Resources							
Unavailable property taxes receivable	25,949	4,952					30,901
Total Deferred Inflows of Resources	25,949	4,952	-	-	-	-	30,901
Fund Balances							
Nonspendable:							
Prepays	3,013						3,013
Restricted for:							
Capital Projects			5,897,497	1,007,525	808,594	5,320,335	13,033,951
Debt Service		1,369,343					1,369,343
Assigned for use in specific funds						168,342	168,342
Unassigned	6,562,842						6,562,842
Total Fund Balances	6,565,855	1,369,343	5,897,497	1,007,525	808,594	5,488,677	21,137,491
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 8,040,270	\$ 1,374,448	\$ 6,189,975	\$ 4,449,577	\$ 808,594	\$ 5,573,011	\$ 26,435,875

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

CITY OF CELINA, TEXAS
Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
Year Ended September 30, 2017

Amounts presented for governmental activities in the statement of net position are different because:	\$ 21,137,491
Capital assets reported in the statement of net position are not financial resources and are not reported in the fund balance sheet.	35,568,437
Other long-term assets (receivables) are not available to pay current-period expenditures and therefore are deferred in the funds. These include deferred property taxes of \$30,901 and fines receivable of \$19,764.	50,665
Net pension assets \$41,855 the related deferred outflows of resources \$480,335, the related deferred inflows of resources (\$53,135) are not available to pay current-period expenditures and therefore are not recorded in the funds.	469,055
Interest due on long-term debt is recorded as accrued interest payable in the statement of net position but does not become a liability on the fund statements until the date due.	(75,944)
Long-term liabilities are reported in the statement of net position but they are not due and payable in the current period and therefore are not reported as liabilities in the fund balance sheet.	<u>(26,541,300)</u>
Net Position of Governmental Activities	<u><u>\$ 30,608,404</u></u>

CITY OF CELINA, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2017

	General Fund	Debt Service Fund	Street Construction Fund	Parkland Fees Fund	Facilities Improvement Fund	Other Governmental Funds	Total Governmental Funds
Revenues:							
Ad valorem taxes	\$ 3,486,892	\$ 1,887,996	\$ -	\$ -	\$ -	\$ -	\$ 5,374,888
Franchise taxes	370,949						370,949
Sales tax	958,350						958,350
Permits and inspection fees	3,959,914						3,959,914
Component unit contributions		200,000					200,000
Development fees	1,245,943						1,245,943
Developer park contributions				1,011,625			1,011,625
Fire department, EMS, and police revenues	817,691						817,691
Fines	209,806						209,806
Special events and donations	179,417					70,797	250,214
Park fees and donations	166,403						166,403
Other income	88,480	154,688				265,143	508,311
Interest	58,199	13,073	46,234	30,095	4,648	30,828	183,077
Federal, state & local grants						1,570	1,570
Total Revenues	11,542,044	2,255,757	46,234	1,041,720	4,648	368,338	15,258,741
Expenditures:							
Current:							
Administration	2,411,180				22,000		2,433,180
Judicial	153,213						153,213
Fire and emergency services	2,040,917					490	2,041,407
Development services	868,862						868,862
Public works	832,539				30,436	80,920	943,895
Police department	1,682,946					5,148	1,688,094
Parks and recreation	729,343			230,000			959,343
Library	165,768						165,768
Main street project						55,176	55,176
Capital Outlay	175,927		1,827,998		348,227	1,304,566	3,656,718
Service:							
Principal		1,005,685					1,005,685
Interest and fiscal charges		782,253					782,253
Bond issuance cost	74,569						74,569
Total Expenditures	9,135,264	1,787,938	1,827,998	230,000	400,663	1,446,300	14,828,163
Excess (Deficiency) of Revenues Over Expenditures	2,406,780	467,819	(1,781,764)	811,720	(396,015)	(1,077,962)	430,578
Other Financing Sources (Uses):							
Proceeds from sale of assets	39,165					595,432	634,597
Issuance of bonds	74,569		2,420,000		658,000	1,310,000	4,462,569
Transfers in (out)	(3,086,894)					3,578,894	492,000
Net Other Financing Sources (Uses)	(2,973,160)	-	2,420,000	-	658,000	5,484,326	5,589,166
Net change in fund balances	(566,380)	467,819	638,236	811,720	261,985	4,406,364	6,019,744
Fund balance, October 1	7,132,235	901,524	5,259,261	195,805	546,609	1,082,313	15,117,747
Fund balance, September 30	\$ 6,565,855	\$ 1,369,343	\$ 5,897,497	\$ 1,007,525	\$ 808,594	\$ 5,488,677	\$ 21,137,491

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

CITY OF CELINA, TEXAS
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended September 30, 2017

Net change in fund balances - total governmental funds	\$ 6,019,744
 Amounts reported for governmental activities in the statement of net position are different because:	
Governmental funds report capital outlays as expenditures, while in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay of \$3,656,718 exceeded depreciation expense of \$(1,385,594).	2,271,124
In the statement of activities, the gain on the disposal of assets is reported, but in the governmental funds, proceeds from the sale increase current financial resources. The change in net position differs from the change in fund balance by the net book value of the assets disposed.	(436,189)
Proceeds from the issuance of long-term debt provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of debt retired for the year \$982,511, less new bonds issued (\$4,390,000) and deferred bond credits (\$72,569).	(3,480,058)
Changes in the liabilities for compensated absences do not require the use of current resources and therefore are not recorded in the funds.	(64,926)
Changes in long term amounts for net pension assets (\$36,258), the related deferred outflows of resources related to pensions (\$8,240), and the related deferred inflows of resources related to pensions (\$27,938) are not recorded in the funds.	(72,436)
Revenues in the statement of activities that do not provide current resources are not reported as revenues in the funds. This includes the change in deferred inflows from ad valorem taxes of (\$11,969) and the change in fines receivable (\$8,414) and EMS receivables \$(-0-).	(20,383)
Some expenses in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. These include the amortization of bond premiums, \$23,174; and the increase in accrued interest on debt (\$4,748).	18,426
Change in net position - governmental activities	<u>\$ 4,235,302</u>

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

CITY OF CELINA, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Ad valorem taxes	\$ 3,438,028	\$ 3,486,870	\$ 3,486,892	\$ 22
Franchise taxes	314,161	365,300	370,949	5,649
Sales tax	639,757	939,150	958,350	19,200
Permits and inspection fees	2,556,500	3,959,955	3,959,914	(41)
Development fees	125,000	1,245,940	1,245,943	3
Fire department and EMS revenues	259,200	817,638	817,691	53
Fines	309,185	203,280	209,806	6,526
Special events and donations	234,308	179,406	179,417	11
Park fees	171,000	166,440	166,403	(37)
Other income	40,137	52,632	88,480	35,848
Interest	45,500	58,200	58,199	(1)
Total Revenues	8,132,776	11,474,811	11,542,044	67,233
EXPENDITURES:				
Administration	2,388,009	2,411,218	2,411,180	38
Judicial	156,748	153,267	153,213	54
Fire and emergency services	2,059,979	2,032,168	2,040,917	(8,749)
Development services	1,149,608	869,200	868,862	338
Public works	851,546	806,001	832,539	(26,538)
Police department	1,786,966	1,687,532	1,687,946	4,586
Parks and recreation	821,568	729,513	729,343	170
Library	177,857	165,787	165,768	19
Capital outlay	198,290	175,935	175,927	8
Debt service:				
Bond issuance cost	-	-	74,569	(74,569)
Total Expenditures	9,590,571	9,030,621	9,135,264	(104,643)
Excess (deficiency) of revenues over (under) expenditures	(1,457,795)	2,444,190	2,406,780	(37,410)
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of assets	-	39,150	39,165	15
Issuance of bonds	-	-	74,569	74,569
Transfers in (out)	1,458,000	(17,000)	(3,086,894)	(3,069,894)
Total Other Financing Sources (Uses)	1,458,000	22,150	(2,973,160)	(2,995,310)
Net change in fund balance	205	2,466,340	(566,380)	(3,032,720)
Fund balance, October 1	7,132,235	7,132,235	7,132,235	-
Fund balance, September 30	\$ 7,132,440	\$ 9,598,575	\$ 6,565,855	\$ (3,032,720)

SCHEDULE NOTES:

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

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

**PROPRIETARY FUND
FINANCIAL STATEMENTS**

**CITY OF CELINA, TEXAS
STATEMENT OF FUND NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2017**

	Enterprise Fund Water & Sewer Activities
Assets	
Cash and cash equivalents	\$ 7,303,543
Cash and cash equivalents - restricted for capital projects	830,443
Investment in TexPool	3,202
Accounts receivable, net	1,148,818
Prepaid UTRWD facilities charges	393,023
Total current assets	9,679,029
Noncurrent Assets:	
Cash and cash equivalents - restricted for capital projects	12,198,964
Prepaid UTRWD facilities charges	393,023
Net pension asset	5,630
Capital Assets:	
Non-depreciable land	1,328,043
Non-depreciable construction in progress	19,284,479
Depreciable capital assets, net	17,081,246
Capital Assets, net	37,693,768
Total noncurrent assets	50,291,385
Deferred outflows of resources:	
Deferred outflows - related to pensions	68,329
Total deferred outflows of resources	68,329
Total assets and deferred outflows of resources	\$ 60,038,743
Liabilities	
Accounts payable	715,066
Accounts payable for capital projects	830,443
Accrued salaries and benefits	61,679
Bonds payable - current	1,744,829
Infrastructure advance from CISD - current	113,953
Accrued interest payable	105,278
Meter deposits payable	454,695
Unearned revenue	4,800,105
Total current liabilities	8,826,048
Infrastructure advance from CISD - long-term	64,635
Bonds payable - long-term	34,890,050
Total non-current liabilities	34,954,685
Total liabilities	43,780,733
Deferred inflows of resources:	
Deferred inflows - related to pensions	7,348
Total deferred inflows of resources	7,348
Net Position	
Net investment in capital assets	13,079,265
Restricted for capital projects (\$12,198,964), net of related debt (\$12,198,964)	-
Unrestricted	3,171,397
Total Net Position	\$ 16,250,662

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

City of Celina, Texas
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
Year Ended September 30, 2017

	Enterprise Fund
	Water & Sewer
	Activities
Operating revenues:	
Water sales	\$ 5,132,245
Sewer sales	2,329,146
Garbage fees	539,881
Penalties	122,432
Tap and reconnect fees	1,680,010
Impact fees	2,244,287
Other revenues	1,542,653
Total Operating Revenues	13,590,654
Operating expenses:	
Salaries and benefits	888,559
Garbage fees	483,403
Materials and supplies	767,419
Postage	38,723
Repairs and facility maintenance	300,479
General insurance	15,420
Utilities and telephone	293,716
Water purchases and related fees	2,970,312
UTRWD facilities charges	393,023
Impact fees expense	2,286,900
Depreciation & amortization	890,200
Bond issuance costs	89,126
Other expense	455,302
Total Operating Expenses	9,872,582
Operating Income	\$ 3,718,072
Non-operating revenues (expenses):	
Interest income	\$ 151,666
Interest and fiscal charges	(938,891)
Total non-operating revenues (expenses)	(787,225)
Income (loss) before contributions and transfers	2,930,847
Transfers in (out)	(492,000)
Change in net position	2,438,847
Net position, October 1	13,811,815
Net position, September 30	\$ 16,250,662

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

CITY OF CELINA, TEXAS
Statement of Cash Flows
Proprietary Fund
Year Ended September 30, 2017

	Enterprise Fund
	Water & Sewer
	Activities
Cash flows from operating activities:	
Cash received from customers and users	\$ 15,948,743
Cash paid to suppliers	(7,830,545)
Cash paid to employees	(859,547)
Net cash provided (used) by operating activities	7,258,651
Cash flows from noncapital financing activities:	
Change in customer deposits	51,692
Transfers to other funds	(492,000)
Net cash provided (used) by noncapital financing activities	(440,308)
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(8,155,144)
Change in escrow deposits	(125,973)
Bond proceeds	5,241,085
Principal payments - bonds payable	(1,032,490)
Principal payments - other obligations	(116,856)
Principal payments - capital leases	(18,704)
Interest paid on bonds payable and other long-term obligations	(1,159,640)
Net cash provided (used) by capital and related financing activities	(5,367,722)
Cash flows from investing activities:	
Net redemptions (purchases) of investments	(19)
Investment income	151,666
Net cash provided (used) by investing activities	151,647
Net increase (decrease) in cash and cash equivalents	1,602,268
Cash and cash equivalents, October 1	18,730,682
Cash and cash equivalents, September 30	\$ 20,332,950

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

CITY OF CELINA, TEXAS
Statement of Cash Flows
Proprietary Fund
Year Ended September 30, 2017

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

	Enterprise Fund
	Water & Sewer
	Activities
Operating income	\$ 3,718,072
Adjustments to reconcile net income to net cash provided (used) by operating activities:	
Depreciation and amortization	890,200
(Increase) decrease in accounts receivable (net)	(191,254)
(Increase) decrease in prepaid expenses	393,024
(Increase) decrease in net pension asset	4,877
(Increase) decrease in deferred outflows of resources	1,110
Increase (decrease) in accounts payable	(129,746)
Increase (decrease) in accrued expenses	19,267
Increase (decrease) in unearned revenues	2,549,343
Increase (decrease) in deferred inflows of resources	3,758
	3,540,579
Total Adjustments	3,540,579
Net cash provided by operating activities	\$ 7,258,651

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

**FIDUCIARY FUND
FINANCIAL STATEMENTS**

CITY OF CELINA, TEXAS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITES
AGENCY FUND
SEPTEMBER 30, 2017

Assets	
Cash and cash equivalents	\$ 90
Total current assets	<u>90</u>
Total assets	<u><u>\$ 90</u></u>
Liabilities	
Due to tax collection agency	90
Total current liabilities	<u>90</u>
Total liabilities	<u>\$ 90</u>

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

**NOTES TO
FINANCIAL STATEMENTS**

City of Celina, Texas
Notes to Financial Statements
September 30, 2017

1. Introduction and Summary of Significant Accounting Policies

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

The accounting and reporting framework and the more significant accounting principles and practices of the City are discussed in subsequent sections of this note. The remaining notes are organized to provide explanations, including required disclosures, of the City's financial activities for the fiscal year ending September 30, 2017.

(A) Reporting Entity and Related Organizations

The City is a municipal corporation governed by an elected mayor and six member City Council. The City provides general administration, public works, police and judicial, and fire and emergency services to its residents. The Council hires a City Manager for day to day operations.

The City Council has the authority to make decisions, appoint administrators and managers, significantly influence operations; and has the primary accountability for fiscal matters. The City is not included in any other governmental "reporting entity" as defined by Governmental Accounting and Financial Reporting Standards.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in GASB Statements No. 14 and 39 as amended by GASB Statement 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*. These statements define the reporting entity as the primary government and those component units for which the primary government is financially accountable. In addition, component units may be included in the reporting entity based on the nature and significance of the relationship with the primary government, or based on being closely related or financially integrated with the primary government. Based on these criteria, the City has the following component units at September 30, 2017:

Discretely Presented Component Units:

Celina Economic Development Corporation (CEDC) - CEDC serves all citizens of the government and is governed by a board appointed by the City Council. The City Council may remove the CEDC board for cause. The City has the ability to impose its will on CEDC and the potential for financial benefit or burden from CEDC's operations. CEDC is a nonprofit corporation governed by Section 4A of the Texas Development Corporation Act of 1979 and organized for the public purpose of aiding, promoting and furthering economic development within the City of Celina, Texas.

1. Introduction and Summary of Significant Accounting Policies - continued

Celina Community Development Corporation (CCDC) - CCDC serves all citizens of the government and is governed by a board appointed by the City Council. The City Council may remove the CCDC board for cause. The City has the ability to impose its will on CCDC and the potential for financial benefit or burden from CCDC's operations. CCDC is a nonprofit corporation governed by Section 4B of the Texas Development Corporation Act of 1979 and organized for the public purpose of the promotion and development of industrial and manufacturing enterprises to promote and encourage employment and the public welfare of the City of Celina, Texas.

Neither CEDC nor CCDC prepare separate financial statements.

(B) Government-Wide and Fund Financial Statements

Government-wide financial statements

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

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

Fund financial statements

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

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

The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

1. Introduction and Summary of Significant Accounting Policies - continued

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

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

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

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

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

(D) Fund Types and Major Funds

Governmental Funds

The City reports the following major governmental funds:

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

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

Street Construction Fund – accounts for the financing and acquisition of major capital street projects. Fund resources are provided primarily through bond sales and interest earnings.

1. Introduction and Summary of Significant Accounting Policies - continued

Parkland Fees Fund – accounts for the financing and acquisition of major capital park projects. Fund resources are provided primarily through developer park contributions and grants.

Facilities Improvement Fund – accounts for the financing and acquisition of major capital facilities improvement projects. Fund resources are provided primarily through bond sales and interest earnings.

Additionally, the City maintains the following non-major governmental funds:

Fire Improvement Fund – accounts for the financing and acquisition of capital fire improvement projects. Fund resources are provided primarily through bond sales and interest earnings.

Roadway Impact Fees Fund – accounts for the receipt and expenditure of roadway fees paid to the City.

Capital Equipment Replacement Fund – accounts for the financing and acquisition of capital public safety projects. Fund resources are provided primarily through fire and police fees.

Park Construction Fund – accounts for the financing and acquisition of capital park projects. Fund resources are provided primarily through bond sales and interest earnings.

Main Street Fund – accounts for the receipt and expenditure of main street project funds. Fund resources are provided primarily through special events and donations.

Grants Fund – accounts for the receipt and expenditure of grants funds. Fund resources are provided primarily through grants.

Law Enforcement Fund – accounts for the receipt and expenditure of law enforcement funds. Fund resources are provided primarily through police seizures.

Contributions/Donations Fund – accounts for the receipt and expenditure of contributions and donations. Fund resources are provided primarily through contributions and donations.

Court Security Fund – accounts for the receipt and expenditure of court security funds. Fund resources are provided primarily through court security fees.

Court Technology Fund – accounts for the receipt and expenditure of court technology funds. Fund resources are provided primarily through court technology fees.

Capital Acquisition Fund – accounts for the financing and acquisition of capital projects. Fund resources are provided primarily through bond sales and interest earnings.

The following are non-budgeted funds: Grants Fund, Law Enforcement Fund, Contributions/Donations Fund, Court Security Fund, Court Technology Fund, and Capital Acquisition Fund as those are new funds for the city.

1. Introduction and Summary of Significant Accounting Policies - continued

Proprietary Funds

The City reports the following major Proprietary fund:

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

The City reports the following fiduciary fund:

Agency Fund – accounts for property taxes collected as agent for the obligors of Tax Increment Reinvestment Zone (TIRZ) bonds. These funds are then transferred to the bond paying agent on behalf of the obligors. This fund is purely custodial (assets equal liabilities) and does not involve the measurement of the results of operations.

(E) Assets, Liabilities and Net Position or Equity

Cash and Investments

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

Investments are stated at fair value within the fair value hierarchy established by generally accepted accounting principles.

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

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

Inventories and Prepaids

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

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

Deferred Inflows and Outflows of Resources

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

I. Introduction and Summary of Significant Accounting Policies – continued

Capital Assets, Depreciation, and Amortization

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

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

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

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

Long-term Debt, Deferred Bond Credits, and Bond Discounts/Premiums

In the government-wide, proprietary, and component unit financial statements, outstanding debt is reported as liabilities. Bond discounts or premiums are capitalized and amortized over the terms of the respective bonds using a method that approximates the straight-line method.

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

Pensions

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

1. Introduction and Summary of Significant Accounting Policies – continued

Compensated Absences

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

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

Fund Equity

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

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

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

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

Assigned - amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or through the City Council's delegation of this responsibility to City management through the budgetary process.

Unassigned - all other spendable amounts in the general fund. The General Fund is the only fund that reports a positive unassigned fund balance amount.

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

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

1. Introduction and Summary of Significant Accounting Policies – continued

(F) Risk Management

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

(G) Estimates

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

2. Stewardship, Compliance, and Accountability

Budgetary Information

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

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

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

3. Deposits and Investments

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

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

Investments

Investments, when applicable, are stated at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. At year-end, the City had no investments subject to the fair value hierarchy established by generally accepted accounting principles. For investments in local government pools, the reported value of the pool is the same as the fair value of the pool shares.

	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
TexPool	\$ 5,599	37 days
Total Investments	<u>\$ 5,599</u>	

TexPool is a public funds investment pool overseen by the Texas State Comptroller of Public Accounts acting by and through its full service provider, Federated Investors is empowered to invest funds and act as custodian of investments purchased with local investment funds. Authorized investments of TexPool include obligations of the United States of America or its agencies, direct obligations of the State of Texas or its agencies, certificates of deposit and repurchase agreements. TexPool is rated for credit risk as AAAM.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the City's investing activities are managed under the custody of the Treasurer (in his absence the City Manager). Investing is performed in accordance with investment policies adopted by the City Council in compliance with the Public Funds Investment Act (PFIA). City investment policy and the PFIA generally permit the City to invest in FDIC insured or fully collateralized certificates of deposit, fully collateralized repurchase agreements, public funds investment pools, obligations of the United States of America or its agencies, direct obligations of the State of Texas, and obligations of agencies, counties, cities and other political subdivisions of Texas having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent. During the year ended September 30, 2017, the City did not own any types of securities other than those permitted by the City investment policy or the Public Funds Investment Act.

3. **Deposits and Investments – continued**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. City policy generally requires investment maturities to correspond to anticipated cash flow needs. City policy further states that volatile investment instruments shall be avoided and that nonmarketable instruments with maturities beyond one month shall not exceed 30 percent of the portfolio. In addition, investment maturities shall not exceed the following limits:

- Operating funds - 30 days
- Capital project funds - corresponding draw schedules
- Debt service funds - corresponding payment dates, not to exceed (6) six months
- Bond reserve funds - (5) five years

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

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

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

Proprietary Fund Receivables, Uncollectible Accounts and Unearned Revenue

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

Accounts receivable, gross	\$1,215,655
Less: allowance for uncollectible accounts	(66,837)
Net accounts receivable	<u>\$1,148,818</u>

The City has recorded unearned revenue of \$4,800,105 water and sewer impact fees and sewer capacity fees that have been collected, but are awaiting expenditure for the designated purpose.

Property Taxes Receivable, Unearned Revenues, and the Property Tax Calendar

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real property located within the City. Appraised values are established by the Collin County Central Appraisal District at 100% of market value.

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

The property tax rate for the year ended September 30, 2017 was .645 per \$100 of the assessed valuation on taxable property. Following is a summary of the overall tax rate as levied by fund:

Maintenance and operations-General Fund	.4233
Debt Service Fund	<u>.2217</u>
Total tax rate	<u>.6450</u>

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

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

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

October 1-Full year tax levy assessed for the current fiscal year-taxes are due and payable.

January 1-Tax lien is attached to property to secure the payment of taxes, and penalty and interest as applicable.

February 1-Penalty and interest charges begin to accrue on unpaid past due taxes.

July 1-Taxes become delinquent and are subject to attorney fees incurred for collection.

Allowance for Uncollectible Taxes

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

Fines and Court Costs Receivable and Related Allowances

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

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

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

Grants Receivable

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

5. Capital Assets

The following tables provide a summary of changes in capital assets, including assets recorded under capital leases:

	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>
Governmental Activities:				
Nondepreciable capital assets:				
Land	\$ 3,646,797	\$ 416,737	\$ 436,189	\$ 3,627,345
Construction in progress	3,299,139	292,982	3,299,139	292,982
Total nondepreciable capital assets	<u>6,945,936</u>	<u>709,719</u>	<u>3,735,328</u>	<u>3,920,327</u>
Depreciable capital assets:				
Buildings and improvements	6,153,429	744,010		6,897,439
Parks	12,240,281			12,240,281
Road infrastructure	12,697,523	2,908,076		15,605,599
Furniture and equipment	1,629,224	897,426	23,896	2,502,754
Vehicles	1,574,702	1,696,626	174,798	3,096,530
Total depreciable capital assets	<u>34,295,159</u>	<u>6,246,138</u>	<u>198,694</u>	<u>40,342,603</u>
Total capital assets	41,241,095	6,955,857	3,934,022	44,262,930
Less: accumulated depreciation				
Buildings and improvements	338,047	177,488		515,535
Parks	1,791,035	245,515		2,036,550
Road infrastructure	3,735,149	353,119		4,088,268
Furniture and equipment	771,387	266,434	23,896	1,013,925
Vehicles	871,975	343,038	174,798	1,040,215
Total accumulated depreciation	<u>7,507,593</u>	<u>1,385,594</u>	<u>198,694</u>	<u>8,694,493</u>
Capital assets, net	<u>\$ 33,733,502</u>	<u>\$ 5,570,263</u>	<u>\$ 3,735,328</u>	<u>\$ 35,568,437</u>

5. Capital Assets – continued

	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>
Business-Type Activities:				
Nondepreciable capital assets:				
Land	\$ 304,115	\$ 1,023,928	\$ -	\$ 1,328,043
Construction in progress	12,923,619	6,360,860		19,284,479
Total nondepreciable capital assets	13,227,734	7,384,788	-	20,612,522
Depreciable capital assets:				
Buildings and improvements	43,769			43,769
Water & sewer infrastructure	23,304,974		566,056	22,738,918
Vehicles	274,850	770,356		1,045,206
Equipment	1,393,328			1,393,328
Total depreciable capital assets	25,016,921	770,356	566,056	25,221,221
Total capital assets	38,244,655	8,155,144	566,056	45,833,743
Less: accumulated depreciation				
Buildings and improvements	25,714	1,094		26,808
Water & sewer infrastructure	7,474,580	691,764	542,280	7,624,064
Vehicles	134,601	83,413		218,014
Equipment	180,936	113,929	23,776	271,089
Total accumulated depreciation	7,815,831	890,200	566,056	8,139,975
Capital assets, net	<u>\$ 30,428,824</u>	<u>\$ 7,264,944</u>	<u>\$ -</u>	<u>\$ 37,693,768</u>
Component Units:				
Nondepreciable capital assets:				
Construction in progress	\$ -	\$ 484,660	\$ -	\$ 484,660
Total nondepreciable capital assets	-	484,660	-	484,660
Capital assets, net	<u>\$ -</u>	<u>\$ 484,660</u>	<u>\$ -</u>	<u>\$ 484,660</u>

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

Administration	\$ 83,976
Fire and emergency services	331,526
Road infrastructure	353,119
Public works	146,530
Parks	298,794
Police department	159,066
Development services	12,209
Court	374
Total	<u>\$1,385,594</u>

Depreciation expense recorded in business-type activities and the Proprietary Fund was \$890,200.

6. Long-Term Obligations

Long-term Obligations Supporting Governmental Activities

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

Interest expense for governmental activities was \$787,001 and is reported as a separate line item in the statement of activities.

Business-type Activities - Revenue Bonds

Revenue bonds consist of debt issued to support activities of the Proprietary (water and sewer) Fund. In addition to being backed by the full faith and credit of the City, revenue bonds are secured by a lien on and a pledge of the surplus revenues of the water and sewer system.

Interest expense for business-type activities and the Proprietary (water and sewer) Fund was \$938,891 for the year.

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

6. Long-Term Obligations -- continued

<i>Governmental Activities:</i>	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>	<u>Due in One Year</u>
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2004, 4.625%-5.0%, 2004-2029	\$ 1,097,025	\$ -	\$ 3,452	\$ 1,093,573	\$ 2,890
General Obligation Refunding Bonds Series 2007, 4.0%-4.25%, 2008-2021	374,490		79,059	295,431	83,220
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2011, 3.0%-4.125%, 2012-2031	1,250,000		60,000	1,190,000	65,000
General Obligation Refunding Bonds Series 2012, 2.0%-3.0%, 2013-2023	95,000		15,000	80,000	10,000
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2012, 2.0%-4.0%, 2013-2032	3,395,000		155,000	3,240,000	155,000
General Obligation Refunding Bonds Series 2013, 2.0%-3.5%, 2015-2027	3,780,000		275,000	3,505,000	330,000
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2013, 2.0%-4.0%, 2015-2033	5,225,000		40,000	5,185,000	125,000
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2014, 2.0%-4.0%, 2015-2034	2,850,000		140,000	2,710,000	130,000
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2015, 2.0%-5.0%, 2015-2035	2,170,000		80,000	2,090,000	80,000
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2016, 2.0%-4.0%, 2016-2036	2,250,000		135,000	2,115,000	165,000
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2017, 2.25%-3.25%, 2018-2037		4,390,000		4,390,000	290,000
Unamortized Bond Premiums	341,525	72,569	23,174	390,920	29,810
Capital Lease Obligations	-		-	-	-
Total Governmental Activities	<u>\$22,828,040</u>	<u>\$ 4,462,569</u>	<u>\$ 1,005,685</u>	<u>\$26,284,924</u>	<u>\$ 1,465,920</u>

6. Long-Term Obligations – continued

<i>Business-type Activities:</i>	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>	<u>Due in One Year</u>
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2004, 4.625%-5.0%, 2004-2029	\$ 277,975		\$ 16,550	\$ 261,425	\$ 17,110
General Obligation Refunding Bonds Series 2007, 4.0%-4.25%, 2008-2021	975,510		205,940	769,570	216,780
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2007, 2.60%-3.60%, 2009-2028	705,000		210,000	495,000	215,000
General Obligation Refunding Bonds Series 2012, 2.0%-3.0%, 2013-2023	2,990,000		400,000	2,590,000	405,000
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2012, 2.0%-4.0%, 2013-2032	605,000		30,000	575,000	30,000
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2014, 2.0%-4.0%, 2015-2034	2,310,000		10,000	2,300,000	15,000
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2014A, 2.65%, 2017-2024	1,645,000		20,000	1,625,000	95,000
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2015, 2.0% -5.0%, 2015-2035	13,020,000		140,000	12,880,000	275,000
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2016, 2.0%-4.0%, 2016-2036	7,485,000		-	7,485,000	70,000
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2017, 2.25%-3.25%, 2018-2037	-	5,110,000	-	5,110,000	180,000
Unamortized Bond Premiums	2,631,586	131,085	218,787	2,543,884	225,939
Capital Lease Obligations	18,704		18,704	-	-
Total Business-type Activities	\$32,663,775	\$ 5,241,085	\$ 1,269,981	\$36,634,879	\$ 1,744,829

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

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

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

6. Long-Term Obligations - continued

Debt Service Requirements to Maturity

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

Year ending September 30	<u>Governmental Activities</u>		Total Required
	Bond principal	Bond interest	
2018	\$ 1,436,110	\$ 908,017	\$ 2,344,127
2019	1,398,333	873,676	2,272,009
2020	1,438,320	836,726	2,275,046
2021	1,479,738	796,923	2,276,661
2022	1,474,804	752,172	2,226,976
2023-2027	7,680,275	2,963,628	10,643,903
2028-2032	7,941,424	1,489,301	9,430,725
2033-2037	3,045,000	233,950	3,278,950
Totals	<u>\$ 25,894,004</u>	<u>\$ 8,854,393</u>	<u>\$ 34,748,397</u>

Year ending September 30	<u>Business-type Activities</u>		Total Required
	Bond principal	Bond interest	
2018	\$ 1,518,890	\$ 1,257,279	\$ 2,776,169
2019	1,566,667	1,218,527	2,785,194
2020	1,626,680	1,170,011	2,796,691
2021	1,670,262	1,119,497	2,789,759
2022	1,730,196	1,065,793	2,795,989
2023-2027	8,634,725	4,381,391	13,016,116
2028-2032	9,653,575	2,663,737	12,317,312
2033-2037	7,690,000	692,731	8,382,731
Totals	<u>\$ 34,090,995</u>	<u>\$ 13,568,966</u>	<u>\$ 47,659,961</u>

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

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Compensated absences	\$ 191,450	\$ 256,376	\$ 191,450	\$ 256,376	\$ 256,376

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

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type Activities:					
Obligation due to Celina ISD	\$ 295,444	\$ -	\$ 116,856	\$ 178,588	\$ 113,953

The obligation due to Celina ISD is a result of the school district funding the cost for the installation of a new water line that provides service to school facilities. The obligation is non-interest bearing however, the City has discounted the debt to estimated present value using the assumption of a 5.5% annual interest rate. The agreement with Celina ISD is that the City will not bill the school for water use until such time as the cumulative billings are equal to the cost of installing the water line. At the current rate of water use by Celina ISD, City management estimates approximately \$120,000 of gross billings for annual water use will be credited to this obligation over each of the next two years.

6. Long-Term Obligations - continued

Special Assessment Revenue Bonds

In 2014, the City issued Special Assessment Revenue Bonds, Series 2014 (Creeks of Legacy Public Improvement District Phase #1 Project) in the amount of \$8,750,000 and Special Assessment Revenue Bonds, Series 2014 (Creeks of Legacy Public Improvement District Phases #2-3 Major Improvement Project) in the amount of \$6,575,000. In 2015, the City issued Special Assessment Revenue Bonds, Series 2015 (The Lakes at Mustang Ranch Public Improvement District Phase #1 Project) in the amount of \$9,000,000 and Special Assessment Revenue Bonds, Series 2015 (The Lakes at Mustang Ranch Public Improvement District Phases #2-9 Major Improvement Project) in the amount of \$13,150,000. In 2015, the City issued Special Assessment Revenue Bonds, Series 2015 (Wells South Public Improvement District Neighborhood Improvement Area #1 Project) in the amount of \$5,790,000 and Special Assessment Revenue Bonds, Series 2015 (Wells South Public Improvement District Major Improvement Area Project) in the amount of \$8,040,000. In 2015, the City issued Special Assessment Revenue Bonds, Series 2015 (Sutton Fields II Public Improvement District Neighborhood Improvement Area #1 Project) in the amount of \$11,560,000 and Special Assessment Revenue Bonds, Series 2015 (Sutton Fields II Public Improvement District Major Improvement Areas #2-5 Major Improvement Project) in the amount of \$16,825,000. In 2016, the City issued Special Assessment Revenue Bonds, Series 2016 (Glen Crossing Public Improvement District Phase #1 Project) in the amount of \$3,550,000, Special Assessment Revenue Bonds, Series 2016 (Wells North Public Improvement District Major Improvement Area Project) in the amount of \$3,235,000, and Special Assessment Revenue Bonds, Series 2016 (Wells North Public Improvement District Neighborhood Improvement Area #1 Project) in the amount of \$6,425,000. In 2017, the City issued Special Assessment Revenue Bonds, Series 2017 (Ownsby Farms Public Improvement District Phase #1 Project) in the amount of \$4,465,000 and Special Assessment Revenue Bonds, Series 2017 (Ownsby Farms Public Improvement District Phases #2 Major Improvement Project) in the amount of \$1,765,000. Total bond principal outstanding for these issues is \$99,130,000 at year-end.

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

The City is not obligated in any manner for this special assessment debt, but merely acts as the property owner's agent in handling the debt service transactions by collecting any special assessment tax collections and forwarding them to the bondholders. These collections have begun. Assessment collections for all of the City's Special Assessment Revenue Bonds are on time and complete at year-end.

7. Component Unit Debt Obligations

CEDC has the following debt obligations:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Component Units:					
Note Payable	\$ -	\$ 978,061	\$ -	\$ 978,061	\$ -

In February 2017, CEDC entered into a note payable agreement with Independent Bank not to exceed the principal amount of \$1,700,000 with a fixed rate of interest equal to 3.75% to provide funds for engineering and other predevelopment costs related to the Gigabit City project. Interest only payments are due monthly with 10% principal reductions in month 24 and month 36. The remaining principal balance is due in four years. The note payable is secured by the sales and use taxes that will be levied and collected by the City of Celina, Collin County, Texas pursuant to the Development Corporation Act, Chapter 501, 502, and 504 of the Texas Local Government Code. At September 30, 2017, CEDC had drawn \$978,061 of the note payable. Based on the year end note payable balance, following is the estimated annual debt service requirements to maturity for the note payable:

<u>Year ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Required</u>
2018	\$ -	\$ 36,677	\$ 36,677
2019	97,806	34,538	132,344
2020	88,025	31,084	119,109
2021	792,230	12,379	804,609
Totals	\$ 978,061	\$ 114,678	\$ 1,092,739

8. Defined Benefit Pension Plans

Plan Description

The City of Celina, Texas participates as one of 872 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

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

8. Defined Benefit Pension Plans - continued

Benefits Provided

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

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

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

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

Employees covered by benefit terms

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	42
Active employees	<u>91</u>
	<u>137</u>

Contributions

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

Employees for the City of Celina, Texas were required to contribute 7.0% of their annual gross earnings during the fiscal year. The contribution rates for the City of Celina, Texas were 5.32% and 6.51% in calendar years 2016 and 2017, respectively. The City's contributions to TMRS for the year ended September 30, 2017, were \$324,728, and were equal to the required contributions.

8. Defined Benefit Pension Plans – continued

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2016, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2016, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2017 are summarized in the table on the following page:

8. Defined Benefit Pension Plans – continued

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.50%	4.55%
International Equity	17.50%	6.35%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	4.15%
Real Return	10.00%	4.15%
Real Estate	10.00%	4.75%
Absolute Return	10.00%	4.00%
Private Equity	5.00%	7.75%
Total	100.00%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balance at 12/31/2015	\$ 4,133,894	\$ 4,222,514	\$ (88,620)
Changes for the year:			
Service cost	634,724		634,724
Interest	297,354		297,354
Change of benefit terms	-		-
Difference between expected and actual experience	(42,188)		(42,188)
Changes of assumptions			-
Contributions - employer		241,159	(241,159)
Contributions - employee		325,261	(325,261)
Net investment income		285,732	(285,732)
Benefit payments, including refunds of employee contributions	(92,022)	(92,022)	-
Administrative expense		(3,223)	3,223
Other changes		(174)	174
Net changes	\$ 797,868	\$ 756,733	\$ 41,135
Balance at 12/31/2016	\$ 4,931,762	\$ 4,979,247	\$ (47,485)

8. Defined Benefit Pension Plans – continued

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

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1 % Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 842,335	\$ (47,485)	\$ (759,328)

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2017, the City recognized pension expense of \$400,868.

At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience (net of current year amortization)	\$ 6,221	\$ 59,913
Changes in actuarial assumptions	115,430	
Difference between projected and actual investment earnings (net of current year amortization)	172,822	570
Contributions subsequent to the measurement date	254,191	
Total	\$ 548,664	\$ 60,483

\$254,191 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended Dec 31:	
2017	\$ 75,674
2018	75,673
2019	67,165
2020	14,793
2021	7,017
Thereafter	(6,332)
Total	\$233,990

9. Balances and Transfers/Payments Within the Reporting Entity

Receivables and Payables

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

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 160,233	\$ -0-
Main Street Fund		879
Component units		<u>159,354</u>
	<u>\$ 160,233</u>	<u>\$ 160,233</u>

Transfers and Payments

Transfers and payments within the reporting entity are substantially for the purposes of funding capital projects and asset acquisitions, transferring bond proceeds between funds, or maintaining debt service on a routine basis. Resources are accumulated in a fund to support and simplify the administration of various projects or programs. The following schedule reports transfers and payments within the reporting entity:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 492,000	\$ 3,578,894
Capital Equipment Replacement Fund	509,046	
Main Street Fund	14,568	
Grants Fund	8,940	
Law Enforcement Fund	12,225	
Court Security Fund	59,404	
Court Technology Fund	58,606	
Capital Acquisition Fund	2,916,105	
Proprietary Fund		<u>492,000</u>
	<u>\$ 4,070,894</u>	<u>\$ 4,070,894</u>

The transfer out from the Proprietary Fund provided the General Fund with supplementary revenue for the year. There were one time transfers in the amount of \$3,069,848 from the General Fund to establish new funds. In addition to the above transfers, the component units contributed \$200,000 to the debt service fund in order to supplement debt service payments for the year.

10. Contingencies

The City participates in various state and federal grant programs and contracts which are subject to financial and compliance audits by the grantors or their representatives. Audits of these programs for the year ended September 30, 2017 have not been conducted. Accordingly, the City's compliance with applicable grant and contract requirements will be established at some future date. The City expects that costs disallowed by these various awarding agencies, if any, would be minimal.

11. Litigation

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

12. Operating Leases

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

<u>Year ending 9/30</u>	<u>Annual lease requirement</u>
2018	\$ 16,944
2019	14,345
2020	<u>5,589</u>
Total required	<u>\$ 36,878</u>

Lease expense for the year ending September 30, 2017 was \$42,052.

13. UTRWD Facilities Charges

The City has entered into a Participating Member Contract with Upper Trinity Regional Water District (UTRWD) for the use of sewer capacity in the Northeast Regional Water Reclamation System (Doe Branch Plant). Following is a summary of these contractual agreements:

- 1) In return for the utilization of 600,000 gallons of capacity in the Northeast Regional Water Reclamation System (Doe Branch Plant) the City will pay annual facilities charges to UTRWD ranging from \$550,209 to \$837,728 beginning in FY 2016 and continuing through FY 2038.
- 2) In return for the utilization of Doe Branch Interceptor Project in the Northeast Regional Water Reclamation System (Doe Branch Plant) the City will pay annual facilities charges to UTRWD in the amount of \$347,496 over five years beginning in FY 2017 and ending in FY 2022.
- 3) In return for the utilization of 65,000 gallons of capacity in the Northeast Regional Water Reclamation System (Doe Branch Plant) the City paid UTRWD \$1,310,078 during FY 2016. This payment represented the facilities charges for the use of this capacity through FY 2019. These costs are being amortized by the City over the period ending in FY 2019.

Following is a summary of the City's contractual requirements for future payments under the agreements with UTRWD by year for the first five years and in total thereafter:

<u>Year ending 9/30</u>	<u>Annual requirement</u>
2018	\$ 1,182,363
2019	1,186,333
2020	1,184,229
2021	1,185,062
2022	837,728
Thereafter	<u>12,618,925</u>
Total required	<u>\$18,194,640</u>

14. Economic Dependence

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

15. Post-Employment Benefits

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

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

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. The City's contributions to the TMRS SDBF for the years ended 2017, 2016 and 2015 were \$7,190, \$5,833, and \$4,405, respectively, which equaled the required contributions each year.

**REQUIRED SUPPLEMENTARY
INFORMATION**

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability			
Service cost	\$ 634,724	\$ 477,763	\$ 349,532
Interest (on the Total Pension Liability)	297,354	246,793	204,236
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(42,188)	(33,873)	11,213
Change of assumptions	-	164,970	-
Benefit payments, including refunds of employee contributions	(92,022)	(16,986)	(25,289)
Net Change in Total Pension Liability	<u>797,868</u>	<u>838,667</u>	<u>539,692</u>
Total Pension Liability - Beginning	<u>4,133,894</u>	<u>3,295,227</u>	<u>2,755,535</u>
Total Pension Liability - Ending	<u>\$ 4,931,762</u>	<u>\$ 4,133,894</u>	<u>\$ 3,295,227</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 241,159	\$ 188,960	\$ 96,209
Contributions - employee	325,261	258,850	201,034
Net investment income	285,732	5,594	190,520
Benefit payments, including refunds of employee contributions	(92,022)	(16,986)	(25,289)
Administrative expense	(3,223)	(3,406)	(1,988)
Other	(174)	(168)	(163)
Net Change in Plan Fiduciary Net Position	<u>756,733</u>	<u>432,844</u>	<u>460,323</u>
Plan Fiduciary Net Position - Beginning	<u>4,222,514</u>	<u>3,789,670</u>	<u>3,329,347</u>
Plan Fiduciary Net Position - Ending	<u>\$ 4,979,247</u>	<u>\$ 4,222,514</u>	<u>\$ 3,789,670</u>
Net Pension Liability (Asset) - Ending	<u>\$ (47,485)</u>	<u>\$ (88,620)</u>	<u>\$ (494,443)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	100.96%	102.14%	115.00%
Covered Employee Payroll	\$ 4,646,591	\$ 3,697,854	\$ 2,871,910
Net Pension Liability as a Percentage of Covered Employee Payroll	-1.02%	-2.40%	-17.22%

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 324,728	\$ 237,763	\$ 162,349
Contributions in relation to the actuarially determined	324,728	237,763	162,349
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered employee payroll	\$ 5,230,520	\$ 4,486,771	\$ 3,388,197
Contributions as a percentage of covered employee payroll	6.21%	5.30%	4.79%

Schedule Notes:

Valuation Dates:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method Entry Age Normal
Amortization Method Level Percentage of Payroll, Closed
Remaining Amortization Period 25 years
Asset Valuation Method 10 Year smoothed market; 15% soft corridor
Inflation 2.50%
Salary Increases 3.50% to 10.50% including inflation
Investment Rate of Return 6.75%
Retirement Age Experience-based table on rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014.
Mortality RP2000 Combined Mortality Table with Blue Collar Adjustment with males rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information:

Notes There were no benefit changes during the year.

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

MAJOR GOVERNMENTAL FUNDS

MAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUND

CAPITAL PROJECTS FUNDS

STREET CONSTRUCTION FUND – to account for the acquisition or construction of streets projects being financed through bond proceeds, grants or transfers from other funds.

PARKLAND FEES FUND – to account for any developer contributions and other non-recurring revenues sources for the use of related park projects.

FACILITIES IMPROVEMENT FUND – to account for the financing and renovation or construction of City buildings. Proceeds are primarily from the sale of General Obligation bonds, Certificates of Obligation Bonds, and non-recurring revenue sources.

CITY OF CELINA, TEXAS
 BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
 DEBT SERVICE FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Property Tax	1,587,931	1,887,995	1,887,996	1
Component Unit Contributions	200,000	200,000	200,000	-
Other Income		154,690	154,688	(2)
Interest	5,000	13,075	13,073	(2)
Total Revenues	1,792,931	2,255,760	2,255,757	(3)
EXPENDITURES				
Principal Retirement	1,005,685	1,005,685	1,005,685	-
Interest and Fiscal Charges	782,253	782,253	782,253	-
Total Expenditures	1,787,938	1,787,938	1,787,938	-
Excess (deficiency) of revenues over (under) expenditures	4,993	467,822	467,819	(3)
OTHER FINANCING SOURCES (USES)				
Transfers in				-
Total Other Financing Sources (Uses)				-
Net change in fund balance	4,993	467,822	467,819	(3)
Fund balance, beginning of year	901,524	901,524	901,524	-
Fund balance, end of year	906,517	1,369,346	1,369,343	(3)

CITY OF CELINA, TEXAS
 BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
 STREET CONSTRUCTION FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Intergovernmental				
Investment Income	25,000	46,235	46,234	(1)
Other Income				
Total Revenues	25,000	46,235	46,234	(1)
EXPENDITURES				
Public Works	951,893	1,799,372	1,827,998	(28,626)
Total Expenditures	951,893	1,799,372	1,827,998	(28,626)
Excess (deficiency) of revenues over (under) expenditures	(926,893)	(1,753,137)	(1,781,764)	(28,627)
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt		2,420,000	2,420,000	-
Operating Transfers In (out)				-
Issuance cost of long-term debt				
Total other financing sources (uses)	-	2,420,000	2,420,000	-
Net change in fund balance	(926,893)	666,863	638,236	(28,627)
Fund balance, beginning of year	5,259,261	5,259,261	5,259,261	-
Fund balance, end of year	<u>4,332,368</u>	<u>5,926,124</u>	<u>5,897,497</u>	<u>(28,627)</u>

CITY OF CELINA, TEXAS
 BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
 PARKLAND FEES FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Investment Income		30,095	30,095	-
Intergovernmental Contributions		1,011,625	1,011,625	-
Total Revenues	-	1,041,720	1,041,720	-
EXPENDITURES				
Parks and Recreation		230,000	230,000	-
Total Expenditures	-	230,000	230,000	-
Excess (deficiency) of revenues over (under) expenditures	-	811,720	811,720	-
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt				
Premium on long-term debt				
Issuance cost of long-term debt				
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	811,720	811,720	-
Fund balance, beginning of year	195,805	195,805	195,805	-
Fund balance, end of year	195,805	1,007,525	1,007,525	-

The City takes a conservative approach and does not budget for Park Fees.

CITY OF CELINA, TEXAS
 BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
 FACILITIES IMPROVEMENT FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Investment Income	200	4,650	4,648	(2)
Contributions				-
Total Revenues	200	4,650	4,648	(2)
EXPENDITURES				
Facilities	106,000	400,667	400,663	4
Total Expenditures	106,000	400,667	400,663	4
Excess (deficiency) of revenues over (under) expenditures	<u>(105,800)</u>	<u>(396,017)</u>	<u>(396,015)</u>	<u>2</u>
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt		658,000	658,000	-
Premium on long-term debt				
Operating Transfers In (out)				
Total other financing sources (uses)	-	658,000	658,000	-
Net change in fund balance	(105,800)	261,983	261,985	2
Fund balance, beginning of year	546,609	546,609	546,609	-
Fund balance, end of year	<u>440,809</u>	<u>808,592</u>	<u>808,594</u>	<u>2</u>

NON-MAJOR GOVERNMENTAL FUNDS

NON-MAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS

FIRE IMPROVEMENT FUND – to account for land acquisition, construction, renovation, and equipping of fire facilities. Proceeds from bonds and other non-recurring revenues are allocated to this fund.

ROADWAY IMPACT FEES FUND – is used to account for fees paid by developers for construction of streets under the Roadway Impact Fees ordinance.

CAPITAL EQUIPMENT REPLACEMENT FUND – to account for public safety capital replacements including vehicles and equipment.

PARK CONSTRUCTION FUND – is used to account for the acquisition of park land or construction of park projects.

MAIN STREET FUND – is used to account for the Main Street Program.

**CITY OF CELINA, TEXAS
Combining Balance Sheet
Other Governmental Funds
September 30, 2017**

	<u>Fire Improvement</u>	<u>Roadway Impact Fees</u>	<u>Capital Equipment Replacement</u>	<u>Park Construction</u>	<u>Main Street</u>
<u>Assets</u>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 28,692
Cash and cash equivalents - restricted	964,970	288,682	811,826	411,930	
Total Assets	\$ 964,970	\$ 288,682	\$ 811,826	\$ 411,930	\$ 28,692
<u>Liabilities</u>					
Accounts payable	\$ -	\$ 80,920	\$ 900	\$ -	\$ 1,635
Due to other funds					879
Total Liabilities	-	80,920	900	-	2,514
<u>Fund Balances</u>					
Restricted for:					
Capital Projects	964,970	207,762	810,926	411,930	
Assigned					26,178
Total Fund Balances	964,970	207,762	810,926	411,930	26,178
Total Liabilities and Fund Balances	\$ 964,970	\$ 288,682	\$ 811,826	\$ 411,930	\$ 28,692

See auditor's report on supplementary information.

CITY OF CELINA, TEXAS
Combining Balance Sheet
Other Governmental Funds
September 30, 2017

<u>Grants</u>	<u>Law Enforcement</u>	<u>Contributions/ Donations</u>	<u>Court Security</u>	<u>Court Technology</u>	<u>Capital Acquisition</u>	<u>Total</u>
\$ 8,177	\$ 14,558	\$ 1,419	\$ 59,404	\$ 58,606	\$ -	\$ 170,856
					2,924,747	5,402,155
<u>\$ 8,177</u>	<u>\$ 14,558</u>	<u>\$ 1,419</u>	<u>\$ 59,404</u>	<u>\$ 58,606</u>	<u>\$ 2,924,747</u>	<u>\$ 5,573,011</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 83,455
						879
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>84,334</u>
8,177	14,558	1,419	59,404	58,606	2,924,747	5,320,335
<u>8,177</u>	<u>14,558</u>	<u>1,419</u>	<u>59,404</u>	<u>58,606</u>	<u>2,924,747</u>	<u>168,342</u>
<u>\$ 8,177</u>	<u>\$ 14,558</u>	<u>\$ 1,419</u>	<u>\$ 59,404</u>	<u>\$ 58,606</u>	<u>\$ 2,924,747</u>	<u>\$ 5,573,011</u>

See auditor's report on supplementary information.

CITY OF CELINA, TEXAS
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Other Governmental Funds
Year Ended September 30, 2017

	<u>Fire Improvement</u>	<u>Roadway Impact Fees</u>	<u>Capital Equipment Replacement</u>	<u>Park Construction</u>	<u>Main Street</u>
Revenues:					
Special events and donations	\$ -	\$ -	\$ -	\$ -	\$ 66,626
Other income		262,901			
Interest	14,395	1,024	6,163	290	160
Federal, state & local grants					
Total Revenues	<u>14,395</u>	<u>263,925</u>	<u>6,163</u>	<u>290</u>	<u>66,786</u>
Expenditures:					
Current:					
Fire and emergency services			490		
Public works		80,920			
Police department					
Main street project					55,176
Capital Outlay	873,143		368,063	63,360	
Total Expenditures	<u>873,143</u>	<u>80,920</u>	<u>368,553</u>	<u>63,360</u>	<u>55,176</u>
Excess of Revenues Over Expenditures	<u>(858,748)</u>	<u>183,005</u>	<u>(362,390)</u>	<u>(63,070)</u>	<u>11,610</u>
Other Financing Sources (Uses):					
Proceeds from sale of assets	595,432				
Issuance of bonds	835,000			475,000	
Transfers in (out)			509,046		14,568
Net Other Financing Sources (Uses)	<u>1,430,432</u>	<u>-</u>	<u>509,046</u>	<u>475,000</u>	<u>14,568</u>
Net change in fund balances	<u>571,684</u>	<u>183,005</u>	<u>146,656</u>	<u>411,930</u>	<u>26,178</u>
Fund balance, October 1	<u>393,286</u>	<u>24,757</u>	<u>664,270</u>	<u>-</u>	<u>-</u>
Fund balance, September 30	<u>\$ 964,970</u>	<u>\$ 207,762</u>	<u>\$ 810,926</u>	<u>\$ 411,930</u>	<u>\$ 26,178</u>

See auditor's report on supplementary information.

CITY OF CELINA, TEXAS
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Other Governmental Funds
Year Ended September 30, 2017

Grants	Law Enforcement	Contributions/ Donations	Court Security	Court Technology	Capital Acquisition	Total
\$ -	\$ -	\$ 4,171	\$ -	\$ -	\$ -	\$ 70,797
	2,242					265,143
63	91				8,642	30,828
1,570						1,570
<u>1,633</u>	<u>2,333</u>	<u>4,171</u>	<u>-</u>	<u>-</u>	<u>8,642</u>	<u>368,338</u>
						490
						80,920
2,396		2,752				5,148
						55,176
						1,304,566
<u>2,396</u>	<u>-</u>	<u>2,752</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,446,300</u>
						595,432
						1,310,000
8,940	12,225		59,404	58,606	2,916,105	3,578,894
<u>8,940</u>	<u>12,225</u>	<u>-</u>	<u>59,404</u>	<u>58,606</u>	<u>2,916,105</u>	<u>5,484,326</u>
8,177	14,558	1,419	59,404	58,606	2,924,747	4,406,364
-	-	-	-	-	-	1,082,313
<u>\$ 8,177</u>	<u>\$ 14,558</u>	<u>\$ 1,419</u>	<u>\$ 59,404</u>	<u>\$ 58,606</u>	<u>\$ 2,924,747</u>	<u>\$ 5,488,677</u>

See auditor's report on supplementary information.

CITY OF CELINA, TEXAS
 BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
 FIRE IMPROVEMENT FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Interest		14,395	14,395	-
Total Revenues	-	14,395	14,395	-
EXPENDITURES				
Fire and emergency services				
Capital Outlay		873,348	873,143	205
Total Expenditures	-	873,348	873,143	205
Excess (deficiency) of revenues over (under) expenditures	-	(858,953)	(858,748)	205
OTHER FINANCING SOURCES (USES)				
Sale of fixed assets		595,432	595,432	-
Proceeds from issuance of bonds		835,000	835,000	-
Total other financing sources (uses)	-	1,430,432	1,430,432	-
Net change in fund balance	-	571,479	571,684	205
Fund balance, beginning of year	393,286	393,286	393,286	-
Fund balance, end of year	393,286	964,765	964,970	205

CITY OF CELINA, TEXAS
 BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
 ROADWAY IMPACT FEES
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Interest	-		1,024	1,024
Other income	-	262,900	262,901	1
Total Revenues	-	262,900	263,925	1,025
EXPENDITURES				
Public Works	-	80,920	80,920	-
Total Expenditures	-	80,920	80,920	-
Excess (deficiency) of revenues over (under) expenditures	-	181,980	183,005	1,025
Net change in fund balance	-	181,980	183,005	1,025
Fund balance, beginning of year	24,757	24,757	24,757	-
Fund balance, end of year	24,757	206,737	207,762	1,025

The City takes a conservative approach and does not budget for Roadway Impact Fees.

CITY OF CELINA, TEXAS
 BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
 CAPITAL EQUIPMENT REPLACEMENT FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Fire department, EMS, and police revenues				
Interest		6,162	6,163	1
Total Revenues	-	6,162	6,163	1
EXPENDITURES				
Capital Outlay	405,000	368,562	368,063	499
Fire and emergency services			490	(490)
Total Expenditures	405,000	368,562	368,553	9
Excess (deficiency) of revenues over (under) expenditures	<u>(405,000)</u>	<u>(362,400)</u>	<u>(362,390)</u>	<u>10</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)		509,046	509,046	-
Total other financing sources (uses)	-	509,046	509,046	-
Net change in fund balance	(405,000)	146,646	146,656	10
Fund balance, beginning of year	<u>664,270</u>	<u>664,270</u>	<u>664,270</u>	-
Fund balance, end of year	<u>259,270</u>	<u>810,916</u>	<u>810,926</u>	<u>10</u>

CITY OF CELINA, TEXAS
 BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
 PARK CONSTRUCTION FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Investment Income		290	290	-
Contributions				
Total Revenues	-	290	290	-
EXPENDITURES				
Capital Outlay		63,360	63,360	-
Total Expenditures	-	63,360	63,360	-
Excess (deficiency) of revenues over (under) expenditures	-	(63,070)	(63,070)	-
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt		475,000	475,000	-
Total other financing sources (uses)	-	475,000	475,000	-
Net change in fund balance	-	(63,070)	411,930	475,000
Fund balance, beginning of year		-	-	-
Fund balance, end of year	-	411,930	411,930	-

CITY OF CELINA, TEXAS
 BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
 MAIN STREET FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Interest	100	160	160	-
Special Events/Donations	66,593	66,626	66,626	-
Total Revenues	66,693	66,786	66,786	-
EXPENDITURES				
Main Street Projects	66,593	55,192	55,176	16
Total Expenditures	66,593	55,192	55,176	16
Excess (deficiency) of revenues over (under) expenditures	100	11,594	11,610	16
OTHER FINANCING SOURCES (USES)				
Transfers in (out)		880	14,568	13,688
Total other financing sources (uses)	-	880	14,568	13,688
Net change in fund balance	100	11,594	26,178	14,584
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	100	11,594	26,178	14,584

**DISCRETELY PRESENTED
COMPONENT UNITS**

DISCRETELY PRESENTED COMPONENT UNITS

CELINA ECONOMIC DEVELOPMENT CORPORATION – purpose is to aid, promote and further the economic development of the City.

CELINA COMMUNITY DEVELOPMENT CORPORATION – purpose is to identify and fund public projects to maintain or enhance the quality of life in the City.

CITY OF CELINA, TEXAS
 STATEMENT OF NET POSITION
 CELINA ECONOMIC DEVELOPMENT CORPORATION
 SEPTEMBER 30, 2017

	Celina Economic Development Corporation
Assets	
Cash and cash equivalents	\$ 606,125
Sales taxes receivable	83,080
Construction in progress	484,660
Total Assets	<u>1,173,865</u>
Liabilities	
Due to primary government	159,354
Note payable	978,061
Total Liabilities	<u>1,137,415</u>
Net Position	
Unrestricted	36,450
Total Net Position	<u>\$ 36,450</u>

CITY OF CELINA, TEXAS
 STATEMENT OF ACTIVITIES
 CELINA ECONOMIC DEVELOPMENT CORPORATION
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Celina Economic Development Corporation
Revenues	
Sales taxes	\$ 476,998
Unrestricted investment earnings	2,363
Total Revenues	<u>479,361</u>
Expenses	
Economic Development	<u>835,440</u>
Total Expenses	<u>835,440</u>
Change in Net Position	<u>(356,079)</u>
Net Position, Beginning of Year	<u>392,529</u>
Net Position, End of Year	<u>\$ 36,450</u>

CITY OF CELINA, TEXAS
 STATEMENT OF NET POSITION
 CELINA COMMUNITY DEVELOPMENT CORPORATION
 SEPTEMBER 30, 2017

	Celina Community Development Corporation
Assets	
Cash and cash equivalents	\$ 564,255
Sales taxes receivable	83,079
Construction in progress	-
Total Assets	<u>647,334</u>
Liabilities	
Due to primary government	-
Note payable	-
Total Liabilities	<u>-</u>
Net Position	
Unrestricted	<u>647,334</u>
Total Net Position	<u>\$ 647,334</u>

CITY OF CELINA, TEXAS
 STATEMENT OF ACTIVITIES
 CELINA COMMUNITY DEVELOPMENT CORPORATION
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Celina Community Development Corporation
Revenues	
Sales taxes	\$ 476,998
Unrestricted investment earnings	4,530
Total Revenues	<u>481,528</u>
Expenses	
Community Development	<u>200,000</u>
Total Expenses	<u>200,000</u>
Change in Net Position	<u>281,528</u>
Net Position, Beginning of Year	<u>365,806</u>
Net Position, End of Year	<u>\$ 647,334</u>

CITY OF CELINA, TEXAS
 COMBINING STATEMENT OF NET POSITION
 DISCRETELY PRESENTED COMPONENT UNITS
 SEPTEMBER 30, 2017

	Celina Economic Development Corporation	Celina Community Development Corporation	Total
Assets			
Cash and cash equivalents	\$ 606,125	\$ 564,255	\$ 1,170,380
Sales taxes receivable	83,080	83,079	166,159
Construction in progress	484,660	-	484,660
Total Assets	<u>1,173,865</u>	<u>647,334</u>	<u>1,821,199</u>
Liabilities			
Due to primary government	159,354	-	159,354
Note payable	978,061	-	978,061
Total Liabilities	<u>1,137,415</u>	<u>-</u>	<u>1,137,415</u>
Net Position			
Unrestricted	36,450	647,334	683,784
Total Net Position	<u>\$ 36,450</u>	<u>\$ 647,334</u>	<u>\$ 683,784</u>

CITY OF CELINA, TEXAS
 COMBINING STATEMENT OF ACTIVITIES
 DISCRETELY PRESENTED COMPONENT UNITS
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

Functions/Programs	Celina Economic Development Corporation	Celina Community Development Corporation	Total
Economic development	\$ (835,440)	\$ -	\$ (835,440)
Community development	-	(200,000)	(200,000)
Total Expenses	<u>\$ (835,440)</u>	<u>\$ (200,000)</u>	<u>\$ (1,035,440)</u>
General Revenues			
Sales taxes	476,998	476,998	953,996
Unrestricted investment earnings	2,363	4,530	6,893
Total general revenues	<u>479,361</u>	<u>481,528</u>	<u>960,889</u>
Change in Net Position	(356,079)	281,528	(74,551)
Net Position, beginning of year	<u>392,529</u>	<u>365,806</u>	<u>758,335</u>
Net Position, end of year	<u>\$ 36,450</u>	<u>\$ 647,334</u>	<u>\$ 683,784</u>

CITY OF CELINA, TEXAS
 BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
 CELINA ECONOMIC DEVELOPMENT CORPORATION
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Sales taxes	319,848	319,848	476,998	157,150
Unrestricted investment earnings	1,500	1,500	2,363	863
Total Revenues	321,348	321,348	479,361	158,013
EXPENSES				
Personnel Costs	157,839	157,839	160,197	(2,358)
Legal & Professional	17,500	17,500	15,014	2,486
Materials & Supplies	725	725	3,194	(2,469)
Maintenance	2,500	2,500	2,978	(478)
Other Expenses	97,425	97,425	650,961	(553,536)
Utilities	6,075	6,075	3,096	2,979
Total Expenses	282,064	282,064	835,440	(553,376)
Change in Net Position	39,284	39,284	(356,079)	(395,363)
Net Position, beginning of year	392,529	392,529	392,529	-
Net Position, end of year	431,813	431,813	36,450	(395,363)

CITY OF CELINA, TEXAS
 BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
 CELINA COMMUNITY DEVELOPMENT CORPORATION
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Sales taxes	319,879	319,879	476,998	157,119
Unrestricted investment earnings	1,200	1,200	4,530	3,330
Total Revenues	321,079	321,079	481,528	160,449
EXPENSES				
Contribution	-	-	200,000	(200,000)
Total Expenses	-	-	200,000	(200,000)
Change in Net Position	321,079	321,079	281,528	(39,551)
Net Position, beginning of year	356,806	365,806	365,806	-
Net Position, end of year	<u>677,885</u>	<u>686,885</u>	<u>647,334</u>	<u>(39,551)</u>

CITY OF CELINA, TEXAS
STATEMENT OF CHANGES IN ASSETS AND LIABILITES
AGENCY FUND
SEPTEMBER 30, 2017

	<u>Balance</u> <u>October 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>September 30, 2017</u>
Assets				
Cash and cash equivalents	\$ -	\$ 15,931	\$ 15,841	\$ 90
Total current assets	<u>-</u>	<u>15,931</u>	<u>15,841</u>	<u>90</u>
Total assets	<u>\$ -</u>	<u>\$ 15,931</u>	<u>\$ 15,841</u>	<u>\$ 90</u>
Liabilities				
Due to tax collection agency	\$ -	\$ 15,931	\$ 15,841	\$ 90
Total current liabilities	<u>-</u>	<u>15,931</u>	<u>15,841</u>	<u>90</u>
Total liabilities	<u>\$ -</u>	<u>\$ 15,931</u>	<u>\$ 15,841</u>	<u>\$ 90</u>

See auditor's report on supplementary information.



**STATISTICAL SECTION
(UNAUDITED)**

STATISTICAL SECTION
(Unaudited)

Table I

This section of the City of Celina'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.

Contents	Table Numbers
<i>Financial Trends</i>	
These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	2-6
<i>Revenue Capacity</i>	
These tables contain information to help the reader assess the City's two most significant revenue sources-property and sales taxes.	7-10
<i>Debt Capacity</i>	
These tables present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.	11-15
<i>Economic and Demographic Information</i>	
These tables offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	16-17
<i>Operating Information</i>	
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.	18-20

Source: Unless otherwise noted, the information in these tables is derived from the City's past audit reports for the relevant year.