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## **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, 2018, 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, 2018, 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, schedule of contributions, and schedule of changes in total OPEB liability and related ratios on pages 4 through 18, and pages 69 through 71, 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 27, 2019

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

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## 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, 2018. 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 \$73,494,193. Of this amount \$57,412,824 is invested in capital assets or restricted for debt service and capital projects, and the balance of \$16,081,369 is available as unrestricted net position.
- Government-wide net position increased by \$26,635,127 after implementation of GASB 75 which required a prior period adjustment of (\$43,223).
- The City's fund financial statements reported changes in equity as follows:

General Fund – \$2,345,321 increase  
Debt Service Fund - \$444,187 increase  
Fire Improvement Fund - \$6,634,630 increase  
Street Construction Fund - \$1,619,750 increase  
Facilities Improvement Fund - \$7,041,919 increase  
Other Governmental Funds - \$1,188,428 increase  
Water & Sewer Fund - \$8,286,871 increase

### ***Changes in fund balances and explanation for original budget versus actuals:***

The following details the increases in fund balances for each fund listed below:

- General Fund-increases in permit fees revenues and property tax revenues are a major contributing factor in an increase in General Fund balance. The City takes a conservative approach in budgeting for General Fund revenues, especially permitting fees and this explains the original budget versus the actuals.
- Debt Service Fund-an increase in assessed values contributed to an increase in revenues in this fund and thus an increase in fund balance. The City takes a conservative approach as it prepares to issue additional long-term debt, and thus plans for an adequate fund balance.
- Fire Improvement Fund-the City issued Certificates of Obligation during FY 2018 and this contributed to an increase in fund balance. The Fund will show Capital Project Expenditures during FY 2019.
- Street Construction Fund- the City issued Certificates of Obligation during FY 2018 and this contributed to an increase in fund balance. The Fund will show Capital Project Expenditures during FY 2019.
- Facilities Improvement Fund- the City issued Certificates of Obligation during FY 2018 and this contributed to an increase in fund balance. The Fund will show Capital Project Expenditures during FY 2019.

- Other Governmental Funds-an increase in fund balances is mostly due to increased building permits which include park fees, roadway impact fees, roadway capital recovery fees and an increase in other source contributions.
- Water & Sewer Fund-increases in fund equity are mostly due to increases in charges for services and conservative budgeting.

### **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 \$56,265,220 and \$50,073,801, 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 \$20,696,783 and \$12,380,033 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 \$114,483,748 in bonds and capital leases outstanding – an increase of \$51,385,357. 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 1,154 building permits, compared to 903 permits last year that represent an increase of 251 permits or 27.80%. Accordingly, permit fee collections have increased by \$931,730 or 23.69% for the same period. For the fiscal year 2017-2018, the City collected \$4,863,964 in permit fees compared with \$3,932,234 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 homeowners. Celina uses the PID to fund and maintain public infrastructure through assessments levied against each individual lot or parcel ultimately making the developer or homeowner 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, 2018, the City of Celina has created eleven PIDs with a total bond principal outstanding of \$147,590,000. 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 bondholders.

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 \$958,350 in FY 2017 to \$1,150,663 in FY 2018. This amounts to an increase of \$192,313 or 20.07%. 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 2019.

Total assessed property value for the City of Celina increased from \$1,101,528,213 in FY 2017 to \$1,455,531,761 in FY 2018. 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.

<b>Fiscal Year</b>	<b>Assessed Value</b>	<b>% Change</b>
2008	\$ 418,824,688	
2009	\$ 463,300,493	10.62%
2010	\$ 455,200,487	-1.75%
2011	\$ 461,849,745	1.46%
2012	\$ 482,062,285	4.38%
2013	\$ 507,835,848	5.35%
2014	\$ 561,671,666	10.60%
2015	\$ 660,868,270	17.66%
2016	\$ 806,351,310	22.01%
2017	\$ 1,101,528,213	36.61%
2018	\$ 1,455,531,761	32.14%

### Water

The City of Celina is currently experiencing a tremendous growth in its housing market. During FY 2018 the city has issued an average of 96 new water meters per month. This increase, coupled with climate changes, resulted in a water sales revenue increase of \$1,304,908 or 25.43% over FY 2017.

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 purchases 100% of its 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.

<b>Fiscal Year</b>	<b>Water Sales</b>	<b>% Change</b>
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%
2018	\$ 6,437,153	25.43%

## Wastewater

Since the use of wastewater is parallel to water usage, increases in revenue will follow the same trends. Total sewer revenue for FY 2018 increased by \$748,626 or 32.14% over FY 2017. 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 the 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 secured the funding for these projects for FY 2018.

<b>Fiscal Year</b>	<b>Sewer Sales</b>	<b>% Change</b>
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%
2018	\$ 3,077,772	32.14%

The property tax rate for fiscal year 2018 remains unchanged at \$0.645 per \$100 of assessed value. The City of Celina implemented a modest water and wastewater rate increase for fiscal year 2018. 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 2019 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 147 which includes 4 new police officers, 4 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 derive 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 implementing several plans in FY 2019. Comprehensive plan, Parks Master plan and Downtown Master plan schedule for completion in FY 2019 and 2020.
- The creation of two new departments: Finance and Human Resources (HR).
- 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, 2017. This was the second year that the City has achieved this prestigious award. In order for the City to receive 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 second year beginning October 1, 2017. To qualify for the Distinguished Budget Presentation Award, the government's budget document had to be proficient as a policy document, a financial plan, an operations guide and a communications device.

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

This financial report 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 Toutounchian, Director of Finance, by phone at (972) 382-2682 or by e-mail at [jlaumer@celina-tx.gov](mailto:jlaumer@celina-tx.gov) or [jtoutounchian@celina-tx.gov](mailto:jtoutounchian@celina-tx.gov).

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Assets</b>						
Current and other assets	\$ 51,174,147	\$ 26,496,615	\$ 52,272,997	\$ 22,276,646	\$ 103,447,144	\$ 48,773,261
Capital assets, net	56,265,220	35,568,437	50,073,801	37,693,768	106,339,021	73,262,205
<b>Total Assets</b>	<b>107,439,367</b>	<b>62,065,052</b>	<b>102,346,798</b>	<b>59,970,414</b>	<b>209,786,165</b>	<b>122,035,466</b>
<b>Deferred Outflows of Resources</b>						
Deferred outflows of resources	401,603	480,335	57,788	68,329	459,391	548,664
<b>Total Deferred Outflows of Resources</b>	<b>401,603</b>	<b>480,335</b>	<b>57,788</b>	<b>68,329</b>	<b>459,391</b>	<b>548,664</b>
<b>Liabilities</b>						
Other liabilities	10,930,349	5,598,924	11,113,090	6,967,266	22,043,439	12,566,190
Long-term debt	47,756,541	26,284,924	66,727,207	36,813,467	114,483,748	63,098,391
<b>Total Liabilities</b>	<b>58,686,890</b>	<b>31,883,848</b>	<b>77,840,297</b>	<b>43,780,733</b>	<b>136,527,187</b>	<b>75,664,581</b>
<b>Deferred Inflows of Resources</b>						
Deferred inflows of resources	197,420	53,135	26,756	7,348	224,176	60,483
<b>Total Deferred Inflows of Resources</b>	<b>197,420</b>	<b>53,135</b>	<b>26,756</b>	<b>7,348</b>	<b>224,176</b>	<b>60,483</b>
<b>Net Position</b>						
Net investment in capital assets	32,376,605	13,184,763	18,675,162	13,079,265	51,051,767	26,264,028
Restricted for debt service	1,825,333	1,374,295			1,825,333	1,374,295
Restricted for capital projects	4,535,724	4,474,219	-	-	4,535,724	4,474,219
Unrestricted	10,218,998	11,575,127	5,862,371	3,171,397	16,081,369	14,746,524
<b>Total Net Position</b>	<b>\$ 48,956,660</b>	<b>\$ 30,608,404</b>	<b>\$ 24,537,533</b>	<b>\$ 16,250,662</b>	<b>\$ 73,494,193</b>	<b>\$ 46,859,066</b>

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Program revenues:</b>						
Charges for services	\$ 7,865,830	\$ 6,391,343	\$ 16,506,407	\$ 13,590,654	\$ 24,372,237	\$ 19,981,997
Operating grants/contributions	201,610	356,258			201,610	356,258
Capital grants/contributions	20,365,689	1,011,625	3,432,870		23,798,559	1,011,625
<b>General revenues:</b>						
Ad valorem taxes	7,464,462	5,362,919			7,464,462	5,362,919
Sales taxes	1,150,663	958,350			1,150,663	958,350
Franchise Taxes	420,352	370,949			420,352	370,949
Other	1,613,911	985,322	332,227	151,666	1,946,138	1,136,988
<b>Total revenues</b>	<b>39,082,517</b>	<b>15,436,766</b>	<b>20,271,504</b>	<b>13,742,320</b>	<b>59,354,021</b>	<b>29,179,086</b>
<b>Expenses:</b>						
Administration	3,305,724	2,550,349			3,305,724	2,550,349
Judicial	173,809	155,521			173,809	155,521
Fire and emergency services	2,898,525	2,414,778			2,898,525	2,414,778
Development services	1,812,852	887,990			1,812,852	887,990
Public works	5,760,436	1,104,523			5,760,436	1,104,523
Police department	2,598,590	1,877,574			2,598,590	1,877,574
Parks and recreation	1,284,123	1,263,538			1,284,123	1,263,538
Library	230,781	169,326			230,781	169,326
Infrastructure	823,826	353,119			823,826	353,119
Main street project	59,285	55,176			59,285	55,176
Bond issuance costs	-	74,569	600,022	89,126	600,022	163,695
Interest and fiscal charges	840,645	787,001			840,645	787,001
Water, Sewer and Sanitation Services			12,287,053	10,722,347	12,287,053	10,722,347
<b>Total Expenses</b>	<b>19,788,596</b>	<b>11,693,464</b>	<b>12,887,075</b>	<b>10,811,473</b>	<b>32,675,671</b>	<b>22,504,937</b>
Excess (deficiency) before transfers	19,293,921	3,743,302	7,384,429	2,930,847	26,678,350	6,674,149
Transfers	(907,706)	492,000	907,706	(492,000)	-	-
<b>Change in Net Position</b>	<b>18,386,215</b>	<b>4,235,302</b>	<b>8,292,135</b>	<b>2,438,847</b>	<b>26,678,350</b>	<b>6,674,149</b>
<b>Net Position - October 1</b>	<b>30,608,404</b>	<b>26,373,102</b>	<b>16,250,662</b>	<b>13,811,815</b>	<b>46,859,066</b>	<b>40,184,917</b>
<b>Prior period adjustment</b>	<b>(37,959)</b>	<b>-</b>	<b>(5,264)</b>	<b>-</b>	<b>(43,223)</b>	<b>-</b>
<b>Net Position - September 30</b>	<b>\$ 48,956,660</b>	<b>\$ 30,608,404</b>	<b>\$ 24,537,533</b>	<b>\$ 16,250,662</b>	<b>\$ 73,494,193</b>	<b>\$ 46,859,066</b>

CITY OF CELINA, TEXAS  
COMPARATIVE BALANCE SHEETS  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2018 and 2017

	General Fund	Debt Service Fund	Street Construction Fund	Parkland Fees Fund	Facilities Improvement Fund	Other Governmental Funds	Total Governmental Funds	
							2018	2017
<b>Assets</b>								
Cash and cash equivalents	\$ 10,254,515	\$ 1,730,308	\$ -	\$ -	\$ -	\$ 624,099	\$ 12,608,922	\$ 9,071,806
Investment in Texpool	2,436						2,436	2,397
Cash and cash equivalents - restricted			7,777,105	12,233,501	7,978,823	9,706,630	37,696,059	16,850,301
Sales taxes receivable	203,665						203,665	166,159
Property taxes receivable, net	29,082	11,803					40,885	30,951
EMS receivable	44,906						44,906	30,586
Other receivables	131,368						131,368	120,429
Prepaid items	7,322						7,322	3,013
Due from component units	96,768						96,768	159,354
Due from other funds		83,375					83,375	879
<b>Total Assets</b>	<b>\$ 10,770,062</b>	<b>\$ 1,825,486</b>	<b>\$ 7,777,105</b>	<b>\$ 12,233,501</b>	<b>\$ 7,978,823</b>	<b>\$ 10,330,729</b>	<b>\$ 50,915,706</b>	<b>\$ 26,435,875</b>
<b>Liabilities</b>								
Accounts payable	298,083		177,505	126,944	128,310	77,138	807,980	483,201
Accrued salaries and benefits	312,335	153					312,488	309,245
Due to other funds	82,724					879	83,603	879
Escrowed funds	1,122,392						1,122,392	763,970
Unearned revenue	14,320			4,589,310		3,533,052	8,136,682	3,710,188
<b>Total Liabilities</b>	<b>1,829,854</b>	<b>153</b>	<b>177,505</b>	<b>4,716,254</b>	<b>128,310</b>	<b>3,611,069</b>	<b>10,463,145</b>	<b>5,267,483</b>
<b>Deferred Inflows of Resources</b>								
Unavailable property taxes receivable	29,032	11,803					40,835	30,901
<b>Total Deferred Inflows of Resources</b>	<b>29,032</b>	<b>11,803</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,835</b>	<b>30,901</b>
<b>Fund Balances</b>								
Nonspendable								
Prepays	7,322						7,322	3,013
Restricted for:								
Capital improvements			7,599,600	7,517,247	7,850,513	6,096,504	29,063,864	13,033,951
Debt service		1,813,530					1,813,530	1,369,343
Assigned for use in specific funds						623,156	623,156	168,342
Unassigned	8,903,854						8,903,854	6,562,842
<b>Total Fund Balances</b>	<b>8,911,176</b>	<b>1,813,530</b>	<b>7,599,600</b>	<b>7,517,247</b>	<b>7,850,513</b>	<b>6,719,660</b>	<b>40,411,726</b>	<b>21,137,491</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 10,770,062</b>	<b>\$ 1,825,486</b>	<b>\$ 7,777,105</b>	<b>\$ 12,233,501</b>	<b>\$ 7,978,823</b>	<b>\$ 10,330,729</b>	<b>\$ 50,915,706</b>	<b>\$ 26,435,875</b>



**CITY OF CELINA, TEXAS**  
**Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Years Ending September 30, 2018 and 2017**

	General Fund	Debt Service Fund	Street Construction Fund	Parkland Fees Fund	Facilities Improvement Fund	Other Governmental Funds	Total Governmental Funds	
							2018	2017
<b>REVENUES:</b>								
Ad valorem taxes	\$ 4,899,354	\$ 2,555,174	\$ -	\$ -	\$ -	\$ -	\$ 7,454,528	\$ 5,374,888
Franchise taxes	420,352						420,352	370,949
Sales tax	1,150,663						1,150,663	958,350
Permits and inspection fees	5,982,027						5,982,027	3,959,914
Component unit contributions		200,000					200,000	200,000
Development fees	119,344						119,344	1,245,943
Developer park contributions						1,441,125	1,441,125	1,011,625
Fire department, EMS, and police revenues	1,031,818						1,031,818	817,691
Fines	142,332						142,332	209,806
Special events and donations	81,695					83,493	165,188	250,214
Park fees and donations	183,034						183,034	166,403
Other income	155,777				25,000	1,246,240	1,427,017	508,311
Interest	142,169	33,139	23,692	93,568	18,205	125,244	436,017	183,077
Federal, state and local grants						1,610	1,610	1,570
<b>Total Revenues</b>	<b>14,308,565</b>	<b>2,788,313</b>	<b>23,692</b>	<b>93,568</b>	<b>43,205</b>	<b>2,897,712</b>	<b>20,155,055</b>	<b>15,258,741</b>
<b>EXPENDITURES:</b>								
Administration	3,029,913					6,288	3,036,201	2,433,180
Judicial	172,610						172,610	153,213
Fire and emergency services	2,435,746					9,467	2,445,213	2,041,407
Development services	1,787,306						1,787,306	868,862
Public works	1,120,923			4,355,918	10,152	117,037	5,604,030	943,895
Police department	2,367,180					6,857	2,374,037	1,688,094
Parks and recreation	802,479					176,000	978,479	959,343
Library	230,090						230,090	165,768
Main street project						59,285	59,285	55,176
Capital outlay			889,062	536,960	346,134	2,065,746	3,837,902	3,656,718
Debt Service								
Principal retirement		1,436,110					1,436,110	1,005,685
Interest and fiscal charges		908,016					908,016	782,253
Bond issuance cost		146,002					146,002	74,569
<b>Total Expenditures</b>	<b>11,946,247</b>	<b>2,490,128</b>	<b>889,062</b>	<b>4,892,878</b>	<b>356,286</b>	<b>2,440,680</b>	<b>23,015,281</b>	<b>14,828,163</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>2,362,318</b>	<b>298,185</b>	<b>(865,370)</b>	<b>(4,799,310)</b>	<b>(313,081)</b>	<b>457,032</b>	<b>(2,860,226)</b>	<b>430,578</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Proceeds from sale of capital assets							-	634,597
Issuance of bonds		1,684,910	7,500,000	6,419,060	7,355,000	-	22,958,970	4,462,569
Proceeds of refunding bonds		6,105,287					6,105,287	-
Payment to bond refunding agent		(6,022,090)					(6,022,090)	-
Transfers in (out)	(16,997)	(1,622,105)				731,396	(907,706)	492,000
<b>Net Other Financing Sources (Uses)</b>	<b>(16,997)</b>	<b>146,002</b>	<b>7,500,000</b>	<b>6,419,060</b>	<b>7,355,000</b>	<b>731,396</b>	<b>22,134,461</b>	<b>5,589,166</b>
<b>Net change in fund balances</b>	<b>2,345,321</b>	<b>444,187</b>	<b>6,634,630</b>	<b>1,619,750</b>	<b>7,041,919</b>	<b>1,188,428</b>	<b>19,274,235</b>	<b>6,019,744</b>
<b>Fund balance, October 1</b>	<b>6,565,855</b>	<b>1,369,343</b>	<b>964,970</b>	<b>5,897,497</b>	<b>808,594</b>	<b>5,531,232</b>	<b>21,137,491</b>	<b>15,117,747</b>
<b>Fund balance, September 30</b>	<b>\$ 8,911,176</b>	<b>\$ 1,813,530</b>	<b>\$ 7,599,600</b>	<b>\$ 7,517,247</b>	<b>\$ 7,850,513</b>	<b>\$ 6,719,660</b>	<b>\$ 40,411,726</b>	<b>\$ 21,137,491</b>

**CITY OF CELINA, TEXAS**  
**COMPARATIVE STATEMENTS OF FUND NET POSITION**  
**PROPRIETARY FUND**  
**September 30, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
	<b>Enterprise Fund</b>	<b>Enterprise Fund</b>
	<b>Water &amp; Sewer</b>	<b>Water &amp; Sewer</b>
	<b>Activities</b>	<b>Activities</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 12,912,649	\$ 7,303,543
Cash and cash equivalents - restricted for capital projects	1,733,621	830,443
Investment in TexPool	3,255	3,202
Accounts receivable, net	1,501,039	1,148,818
Prepaid UTRWD facilities charges	393,023	393,023
<b>Total current assets</b>	<b>16,543,587</b>	<b>9,679,029</b>
<b>Noncurrent Assets:</b>		
Cash and cash equivalents - restricted for capital projects	35,685,113	12,198,964
Prepaid UTRWD facilities charges	-	393,023
Net pension asset	44,297	5,630
<b>Capital Assets:</b>		
Non-depreciable land	1,328,043	1,328,043
Non-depreciable construction in progress	11,570,190	19,284,479
Depreciable capital assets, net	37,175,568	17,081,246
<b>Capital Assets, net</b>	<b>50,073,801</b>	<b>37,693,768</b>
<b>Total noncurrent assets</b>	<b>85,803,211</b>	<b>50,291,385</b>
<b>Deferred outflows of resources:</b>		
Deferred outflows - related to pensions	56,159	68,329
Deferred outflows - related to OPEB	1,629	-
<b>Total deferred outflows of resources</b>	<b>57,788</b>	<b>68,329</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 102,404,586</b>	<b>\$ 60,038,743</b>
<b>Liabilities</b>		
Accounts payable	643,517	715,066
Accounts payable for capital projects	1,733,621	830,443
Accrued expenses	81,598	61,679
Bonds payable - current	1,520,733	1,744,829
Infrastructure advance from CISD - current	72,503	113,953
Accrued interest payable	105,278	105,278
Meter deposits payable	622,234	454,695
Total OPEB liability	8,533	-
Unearned revenue	7,918,309	4,800,105
<b>Total current liabilities</b>	<b>12,706,326</b>	<b>8,826,048</b>
Infrastructure advance from CISD - long-term	-	64,635
Bonds payable - long-term	65,133,971	34,890,050
<b>Total non-current liabilities</b>	<b>65,133,971</b>	<b>34,954,685</b>
<b>Total liabilities</b>	<b>77,840,297</b>	<b>43,780,733</b>
<b>Deferred inflows of resources:</b>		
Deferred inflows - related to pensions	26,756	7,348
<b>Total deferred inflows of resources</b>	<b>26,756</b>	<b>7,348</b>
<b>Net Position</b>		
Net investment in capital assets	18,675,162	13,079,265
Restricted for capital projects, net of related debt (\$35,328,568 each, 2018) (\$12,198,964 each, 2017)	-	-
Unrestricted	5,862,371	3,171,397
<b>Total Net Position</b>	<b>\$ 24,537,533</b>	<b>\$ 16,250,662</b>

**CITY OF CELINA, TEXAS**  
**Comparative Statements of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Fund**  
**Years Ended September 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Operating Revenues:</b>		
Water sales	\$ 6,437,153	\$ 5,132,245
Sewer sales	3,077,772	2,329,146
Garbage fees	687,200	539,881
Penalties	171,515	122,432
Tap and reconnect fees	1,829,970	1,680,010
Impact fees	1,558,580	2,244,287
Other revenues	2,744,217	1,542,653
<b>Total Operating Revenues</b>	<u>16,506,407</u>	<u>13,590,654</u>
<b>Operating Expenses:</b>		
Salaries and benefits	1,143,707	888,559
Garbage fees	617,144	483,403
Materials and supplies	855,742	767,419
Postage	47,055	38,723
Repairs and facility maintenance	329,156	300,479
General insurance	27,809	15,420
Utilities and telephone	259,098	293,716
Water purchases and related fees	2,800,976	2,970,312
UTRWD facilities charges	1,642,099	393,023
Impact fees expense	1,654,656	2,286,900
Depreciation & amortization	1,263,446	890,200
Bond issuance costs	600,022	89,126
Other expense	626,591	455,302
<b>Total Operating Expenses</b>	<u>11,867,501</u>	<u>9,872,582</u>
<b>Operating Income</b>	<u>\$ 4,638,906</u>	<u>\$ 3,718,072</u>

(Continued)

**CITY OF CELINA, TEXAS**  
**Comparative Statements of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Fund**  
**Years Ended September 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Non-operating revenues (expenses):</b>		
Interest income	\$ 332,227	\$ 151,666
Interest and fiscal charges	(1,019,574)	(938,891)
<b>Total non-operating Revenues (Expenses)</b>	<u>(687,347)</u>	<u>(787,225)</u>
 <b>Income before contributions and transfers</b>	 <b>3,951,559</b>	 <b>2,930,847</b>
 Capital contributions	 3,432,870	 -
Transfers out to other funds	907,706	(492,000)
 <b>Change in net position</b>	 <b>8,292,135</b>	 <b>2,438,847</b>
 <b>Net position, October 1</b>	 <b>16,250,662</b>	 <b>13,811,815</b>
<b>Prior period adjustment</b>	<b>(5,264)</b>	<b>-</b>
<b>Net position, September 30</b>	<u><b>\$ 24,537,533</b></u>	<u><b>\$ 16,250,662</b></u>

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# **BASIC FINANCIAL STATEMENTS**

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# **GOVERNMENT WIDE FINANCIAL STATEMENTS**



**CITY OF CELINA, TEXAS**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2018**

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Assets				
Cash and cash equivalents	\$ 12,608,922	\$ 12,912,649	\$ 25,521,571	\$ 1,686,224
Investment in Texpool	2,436	3,255	5,691	
Property taxes receivable, net	29,082		29,082	
Sales taxes receivable	203,665		203,665	203,665
Accounts receivable, net	44,906	1,501,039	1,545,945	
Other receivables	144,096		144,096	
Due from component units	96,540		96,540	
Prepaid items	7,322	393,023	400,345	
Net pension asset	329,316	44,297	373,613	
Restricted assets:				
Cash and cash equivalents	37,696,059	37,418,734	75,114,793	
Property taxes receivable, net	11,803		11,803	
Capital assets:				
Land	3,637,345	1,328,043	4,965,388	
Construction in progress	2,864,975	11,570,190	14,435,165	
Capital assets, net	49,762,900	37,175,568	86,938,468	
Total Assets	107,439,367	102,346,798	209,786,165	1,889,889
Deferred outflows of resources:				
Deferred outflows - related to pensions	389,858	56,159	446,017	
Deferred outflows - related to OPEB	11,745	1,629	13,374	
Total Assets and deferred outflows of resources	107,840,970	102,404,586	210,245,556	1,889,889
Liabilities				
Accounts payable	807,980	643,517	1,451,497	
Accrued salaries and benefits	658,758	81,598	740,356	
Accrued interest				3,371
Unearned revenue	8,136,682	7,918,309	16,054,991	
Meter deposits payable		622,234	622,234	
Escrow deposits	1,122,392		1,122,392	
Total OPEB liability	61,524	8,533	70,057	
Due to primary government				96,540
Payable from restricted assets:				
Accounts payable for capital projects		1,733,621	1,733,621	
Accrued interest	143,013	105,278	248,291	
Long-term liabilities:				
Due within one year:				
Bonds payable	2,126,055	1,520,733	3,646,788	
Infrastructure advance from CISD		72,503	72,503	
Due in more than one year:				
Note Payable				1,044,263
Bonds payable	45,630,486	65,133,971	110,764,457	
Total Liabilities	58,686,890	77,840,297	136,527,187	1,144,174
Deferred inflows of resources:				
Deferred inflows - related to pensions	197,420	26,756	224,176	
Total deferred inflows of resources	197,420	26,756	224,176	-
Net Position				
Net investment in capital assets	32,376,605	18,675,162	51,051,767	
Restricted for debt service	1,825,333		1,825,333	
Restricted for capital projects (\$28,403,650) net of related debt (\$23,867,926)	4,535,724		4,535,724	
Restricted for capital projects (\$35,328,568) net of related debt (\$35,328,568)		-		
Unrestricted	10,218,998	5,862,371	16,081,369	745,715
Total Net Position	\$ 48,956,660	\$ 24,537,533	\$ 73,494,193	\$ 745,715

The accompanying notes are an integral part of these financial statements.  
Celina Response to Staff 3-5

**CITY OF CELINA, TEXAS  
STATEMENT OF ACTIVITIES  
Year Ended September 30, 2018**

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	
<b>Governmental activities:</b>								
Administration	\$ 3,305,724	\$ -	\$ -	\$ -	\$ (3,305,724)		\$ (3,305,724)	\$ -
Judicial	173,809				(173,809)		(173,809)	
Fire and emergency services	2,898,525	1,031,818			(1,866,707)		(1,866,707)	
Development services	1,812,852	119,344			(1,693,508)		(1,693,508)	
Public works	5,760,436	5,982,027			221,591		221,591	
Police department	2,598,590	141,900	1,610		(2,455,080)		(2,455,080)	
Parks and recreation	1,284,123	183,034		1,441,125	340,036		340,036	
Library	230,781				(230,781)		(230,781)	
Infrastructure	823,826	407,707		18,924,564	18,508,445		18,508,445	
Main street project	59,285				(59,285)		(59,285)	
Economic development					-		-	(912,979)
Community development								(200,000)
Interest and fiscal charges	840,645		200,000		(640,645)		(640,645)	
<b>Total governmental activities</b>	<b>19,788,596</b>	<b>7,865,830</b>	<b>201,610</b>	<b>20,365,689</b>	<b>8,644,533</b>		<b>8,644,533</b>	<b>(1,112,979)</b>
<b>Business-type activities:</b>								
Water and sewer services	12,887,075	16,506,407		3,432,870		7,052,202	7,052,202	
<b>Total business-type activities</b>	<b>12,887,075</b>	<b>16,506,407</b>	<b>-</b>	<b>3,432,870</b>	<b>-</b>	<b>7,052,202</b>	<b>7,052,202</b>	
<b>Total all activities</b>	<b>\$ 32,675,671</b>	<b>\$ 24,372,237</b>	<b>\$ 201,610</b>	<b>\$ 23,798,559</b>	<b>\$ 8,644,533</b>	<b>\$ 7,052,202</b>	<b>\$ 15,696,735</b>	<b>\$ (1,112,979)</b>
<b>General revenues:</b>								
Ad valorem taxes					7,464,462		7,464,462	
Sales taxes					1,150,663		1,150,663	1,146,290
Franchise taxes					420,352		420,352	
Miscellaneous					1,177,894		1,177,894	14,850
Unrestricted investment earnings					436,017	332,227	768,244	13,770
Transfers					(907,706)	907,706	-	
<b>Total general revenues and transfers</b>					<b>9,741,682</b>	<b>1,239,933</b>	<b>10,981,615</b>	<b>1,174,910</b>
<b>Change in net position</b>					<b>18,386,215</b>	<b>8,292,135</b>	<b>26,678,350</b>	<b>61,931</b>
<b>Net Position-beginning of year</b>					<b>30,608,404</b>	<b>16,250,662</b>	<b>46,859,066</b>	<b>683,784</b>
<b>Prior period adjustment</b>					<b>(37,959)</b>	<b>(5,264)</b>	<b>(43,223)</b>	<b>-</b>
<b>Net Position-end of year</b>					<b>\$ 48,956,660</b>	<b>\$ 24,537,533</b>	<b>\$ 73,494,193</b>	<b>\$ 745,715</b>

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

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# **GOVERNMENTAL FUNDS FINANCIAL STATEMENTS**

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**CITY OF CELINA, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
September 30, 2018**

	General Fund	Debt Service Fund	Fire Improvement Fund	Street Construction Fund	Facilities Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b><u>Assets</u></b>							
Cash and cash equivalents	\$ 10,254,515	\$ 1,730,308	\$ -	\$ -	\$ -	\$ 624,099	\$ 12,608,922
Investment in Texpool	2,436						2,436
Cash and cash equivalents - restricted			7,777,105	12,233,501	7,978,823	9,706,630	37,696,059
Sales taxes receivable	203,665						203,665
Property taxes receivable, net	29,082	11,803					40,885
EMS receivable, net	44,906						44,906
Other receivables	131,368						131,368
Prepaid items	7,322						7,322
Due from component units	96,768						96,768
Due from other funds		83,375					83,375
<b>Total Assets</b>	<b>\$ 10,770,062</b>	<b>\$ 1,825,486</b>	<b>\$ 7,777,105</b>	<b>\$ 12,233,501</b>	<b>\$ 7,978,823</b>	<b>\$ 10,330,729</b>	<b>\$ 50,915,706</b>
<b><u>Liabilities</u></b>							
Accounts payable	298,083		177,505	126,944	128,310	77,138	807,980
Accrued salaries and benefits	312,335	153					312,488
Due to other funds	82,724					879	83,603
Escrowed funds	1,122,392						1,122,392
Unearned revenue	14,320			4,589,310		3,533,052	8,136,682
<b>Total Liabilities</b>	<b>1,829,854</b>	<b>153</b>	<b>177,505</b>	<b>4,716,254</b>	<b>128,310</b>	<b>3,611,069</b>	<b>10,463,145</b>
<b><u>Deferred Inflows of Resources</u></b>							
Unavailable property taxes receivable	29,032	11,803					40,835
<b>Total Deferred Inflows of Resources</b>	<b>29,032</b>	<b>11,803</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,835</b>
<b><u>Fund Balances</u></b>							
Nonspendable:							
Prepays	7,322						7,322
Restricted for:							
Capital Projects			7,599,600	7,517,247	7,850,513	6,096,504	29,063,864
Debt Service		1,813,530					1,813,530
Assigned for use in specific funds						623,156	623,156
Unassigned	8,903,854						8,903,854
<b>Total Fund Balances</b>	<b>8,911,176</b>	<b>1,813,530</b>	<b>7,599,600</b>	<b>7,517,247</b>	<b>7,850,513</b>	<b>6,719,660</b>	<b>40,411,726</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 10,770,062</b>	<b>\$ 1,825,486</b>	<b>\$ 7,777,105</b>	<b>\$ 12,233,501</b>	<b>\$ 7,978,823</b>	<b>\$ 10,330,729</b>	<b>\$ 50,915,706</b>

**CITY OF CELINA, TEXAS**  
**Reconciliation of the Governmental Fund Balance Sheet**  
**to the Statement of Net Position**  
**Year Ended September 30, 2018**

<b>Amounts presented for governmental activities in the statement of net position are different because:</b>	<b>\$ 40,411,726</b>
Capital assets reported in the statement of net position are not financial resources and are not reported in the fund balance sheet.	56,265,220
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 \$40,835 and fines receivable of \$12,728.	53,563
Net pension assets \$329,316, the related deferred outflows of resources \$389,858, the related deferred inflows of resources (\$197,420) are not available to pay current-period expenditures and therefore are not recorded in the funds.	521,754
Total OBEP liability (\$61,524) and the related deferred outflows of resources \$11,745 are not available to pay current-period expenditures and therefore are not recorded in the funds.	(49,779)
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.	(143,013)
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.	(48,102,811)
<b>Net Position of Governmental Activities</b>	<b><u>\$ 48,956,660</u></b>

**CITY OF CELINA, TEXAS**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended September 30, 2018**

	General Fund	Debt Service Fund	Fire Improvement Fund	Street Construction Fund	Facilities Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>							
Ad valorem taxes	\$ 4,899,354	\$ 2,555,174	\$ -	\$ -	\$ -	\$ -	\$ 7,454,528
Franchise taxes	420,352						420,352
Sales tax	1,150,663						1,150,663
Permits and inspection fees	5,982,027						5,982,027
Component unit contributions		200,000					200,000
Development fees	119,344						119,344
Developer park contributions						1,441,125	1,441,125
Fire department, EMS, and police revenues	1,031,818						1,031,818
Fines	142,332						142,332
Special events and donations	81,695					83,493	165,188
Park fees and donations	183,034						183,034
Other income	155,777				25,000	1,246,240	1,427,017
Interest	142,169	33,139	23,692	93,568	18,205	125,244	436,017
Federal, state & local grants						1,610	1,610
<b>Total Revenues</b>	<b>14,308,565</b>	<b>2,788,313</b>	<b>23,692</b>	<b>93,568</b>	<b>43,205</b>	<b>2,897,712</b>	<b>20,155,055</b>
<b>Expenditures:</b>							
<b>Current:</b>							
Administration	3,029,913					6,288	3,036,201
Judicial	172,610						172,610
Fire and emergency services	2,435,746					9,467	2,445,213
Development services	1,787,306						1,787,306
Public works	1,120,923			4,355,918	10,152	117,037	5,604,030
Police department	2,367,180					6,857	2,374,037
Parks and recreation	802,479					176,000	978,479
Library	230,090						230,090
Main street project						59,285	59,285
Capital Outlay			889,062	536,960	346,134	2,065,746	3,837,902
<b>Debt Service:</b>							
Principal		1,436,110					1,436,110
Interest and fiscal charges		908,016					908,016
Bond issuance cost		146,002					146,002
<b>Total Expenditures</b>	<b>11,946,247</b>	<b>2,490,128</b>	<b>889,062</b>	<b>4,892,878</b>	<b>356,286</b>	<b>2,440,680</b>	<b>23,015,281</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>2,362,318</b>	<b>298,185</b>	<b>(865,370)</b>	<b>(4,799,310)</b>	<b>(313,081)</b>	<b>457,032</b>	<b>(2,860,226)</b>
<b>Other Financing Sources (Uses):</b>							
Issuance of bonds		1,684,910	7,500,000	6,419,060	7,355,000		22,958,970
Proceeds of refunding bonds		6,105,287					6,105,287
Payment to bond refunding agent		(6,022,090)					(6,022,090)
Transfers in (out)	(16,997)	(1,622,105)				731,396	(907,706)
<b>Net Other Financing Sources (Uses)</b>	<b>(16,997)</b>	<b>146,002</b>	<b>7,500,000</b>	<b>6,419,060</b>	<b>7,355,000</b>	<b>731,396</b>	<b>22,134,461</b>
<b>Net change in fund balances</b>	<b>2,345,321</b>	<b>444,187</b>	<b>6,634,630</b>	<b>1,619,750</b>	<b>7,041,919</b>	<b>1,188,428</b>	<b>19,274,235</b>
<b>Fund balance, October 1</b>	<b>6,565,855</b>	<b>1,369,343</b>	<b>964,970</b>	<b>5,897,497</b>	<b>808,594</b>	<b>5,531,232</b>	<b>21,137,491</b>
<b>Fund balance, September 30</b>	<b>\$ 8,911,176</b>	<b>\$ 1,813,530</b>	<b>\$ 7,599,600</b>	<b>\$ 7,517,247</b>	<b>\$ 7,850,513</b>	<b>\$ 6,719,660</b>	<b>\$ 40,411,726</b>



**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, 2018**

**Net change in fund balances - total governmental funds** **\$ 19,274,235**

**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 \$3,837,902 exceeded depreciation expense of \$(2,065,683).	1,772,219
Infrastructure contributed to the City does not provide current resources and therefore is not recorded in the funds.	18,924,564
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 \$1,436,110 plus debt refunded \$4,387,894, less new bonds issued (\$25,820,000) and deferred bond credits (\$1,610,061).	(21,606,057)
Changes in the liabilities for compensated absences do not require the use of current resources and therefore are not recorded in the funds.	(89,894)
Changes in long term amounts for net pension assets \$287,461, the related deferred outflows of resources related to pensions (\$90,477), and the related deferred inflows of resources related to pensions (\$144,285) are not recorded in the funds.	52,699
Changes in long term amounts for total OPEB liability (\$18,764), the related deferred outflows of resources \$6,944 are not recorded in the funds.	(11,820)
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 \$9,934 and the change in fines receivable of (\$7,036).	2,898
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, \$134,440; and the increase in accrued interest on debt (\$67,069).	67,371

**Change in net position - governmental activities** **\$ 18,386,215**

**CITY OF CELINA, TEXAS**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - General Fund**  
**Year Ended September 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>				
Ad valorem taxes	\$ 4,519,779	\$ 4,877,691	\$ 4,899,354	\$ 21,663
Franchise taxes	326,261	328,090	420,352	92,262
Sales tax	1,045,352	1,062,748	1,150,663	87,915
Permits and inspection fees	3,989,700	6,040,964	5,982,027	(58,937)
Development fees	150,000	123,288	119,344	(3,944)
Fire department and EMS revenues	684,000	941,365	1,031,818	90,453
Fines	222,000	155,534	142,332	(13,202)
Special events and donations	89,308	72,933	81,695	8,762
Park fees	163,500	159,141	183,034	23,893
Other income	43,054	185,719	155,777	(29,942)
Interest	75,725	92,810	142,169	49,359
<b>Total Revenues</b>	<b>11,308,679</b>	<b>14,040,283</b>	<b>14,308,565</b>	<b>268,282</b>
<b>EXPENDITURES:</b>				
Administration	3,228,635	3,298,816	3,029,913	268,903
Judicial	183,125	187,390	172,610	14,780
Fire and emergency services	2,550,164	2,555,842	2,435,746	120,096
Development services	1,635,240	1,835,168	1,787,306	47,862
Public works	1,014,067	1,165,383	1,120,923	44,460
Police department	2,513,424	2,515,102	2,367,180	147,922
Parks and recreation	903,907	904,407	802,479	101,928
Library	263,569	263,919	230,090	33,829
<b>Total Expenditures</b>	<b>12,292,131</b>	<b>12,726,027</b>	<b>11,946,247</b>	<b>779,780</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(983,452)</b>	<b>1,314,256</b>	<b>2,362,318</b>	<b>1,048,062</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in (out)	983,003	(16,997)	(16,997)	-
<b>Total Other Financing Sources (Uses)</b>	<b>983,003</b>	<b>(16,997)</b>	<b>(16,997)</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>(449)</b>	<b>1,297,259</b>	<b>2,345,321</b>	<b>1,048,062</b>
<b>Fund balance, October 1</b>	<b>6,565,855</b>	<b>6,565,855</b>	<b>6,565,855</b>	<b>-</b>
<b>Fund balance, September 30</b>	<b>\$ 6,565,406</b>	<b>\$ 7,863,114</b>	<b>\$ 8,911,176</b>	<b>\$ 1,048,062</b>

**SCHEDULE NOTES:**

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

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# **PROPRIETARY FUND FINANCIAL STATEMENTS**

**CITY OF CELINA, TEXAS  
STATEMENT OF FUND NET POSITION  
PROPRIETARY FUND  
SEPTEMBER 30, 2018**

	<b>Enterprise Fund Water &amp; Sewer Activities</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 12,912,649
Cash and cash equivalents - restricted for capital projects	1,733,621
Investment in TexPool	3,255
Accounts receivable, net	1,501,039
Prepaid UTRWD facilities charges	393,023
<b>Total current assets</b>	<b>16,543,587</b>
<b>Noncurrent Assets:</b>	
Cash and cash equivalents - restricted for capital projects	35,685,113
Net pension asset	44,297
<b>Capital Assets:</b>	
Non-depreciable land	1,328,043
Non-depreciable construction in progress	11,570,190
Depreciable capital assets, net	37,175,568
<b>Capital Assets, net</b>	<b>50,073,801</b>
<b>Total noncurrent assets</b>	<b>85,803,211</b>
<b>Deferred outflows of resources:</b>	
Deferred outflows - related to pensions	56,159
Deferred outflows - related to OPEB	1,629
<b>Total deferred outflows of resources</b>	<b>57,788</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 102,404,586</b>
<b>Liabilities</b>	
Accounts payable	643,517
Accounts payable for capital projects	1,733,621
Accrued salaries and benefits	81,598
Bonds payable - current	1,520,733
Infrastructure advance from CISD - current	72,503
Accrued interest payable	105,278
Meter deposits payable	622,234
Total OPEB liability	8,533
Unearned revenue	7,918,309
<b>Total current liabilities</b>	<b>12,706,326</b>
Bonds payable - long-term	65,133,971
<b>Total non-current liabilities</b>	<b>65,133,971</b>
<b>Total liabilities</b>	<b>77,840,297</b>
<b>Deferred inflows of resources:</b>	
Deferred inflows - related to pensions	26,756
<b>Total deferred inflows of resources</b>	<b>26,756</b>
<b>Net Position</b>	
Net investment in capital assets	18,675,162
Restricted for capital projects (\$35,328,568), net of related debt (\$35,328,568)	-
Unrestricted	5,862,371
<b>Total Net Position</b>	<b>\$ 24,537,533</b>

City of Celina, Texas  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Fund  
Year Ended September 30, 2018

	<u>Enterprise Fund</u> <u>Water &amp; Sewer</u> <u>Activities</u>
<b>Operating revenues:</b>	
Water sales	\$ 6,437,153
Sewer sales	3,077,772
Garbage fees	687,200
Penalties	171,515
Tap and reconnect fees	1,829,970
Impact fees	1,558,580
Other revenues	2,744,217
<b>Total Operating Revenues</b>	<u><b>16,506,407</b></u>
<b>Operating expenses:</b>	
Salaries and benefits	1,143,707
Garbage fees	617,144
Materials and supplies	855,742
Postage	47,055
Repairs and facility maintenance	329,156
General insurance	27,809
Utilities and telephone	259,098
Water purchases and related fees	2,800,976
UTRWD facilities charges	1,642,099
Impact fees expense	1,654,656
Depreciation & amortization	1,263,446
Bond issuance costs	600,022
Other expense	626,591
<b>Total Operating Expenses</b>	<u><b>11,867,501</b></u>
<b>Operating Income</b>	<u><b>\$ 4,638,906</b></u>
<b>Non-operating revenues (expenses):</b>	
Interest income	\$ 332,227
Interest and fiscal charges	(1,019,574)
<b>Total non-operating revenues (expenses)</b>	<u><b>(687,347)</b></u>
<b>Income (loss) before contributions and transfers</b>	<b>3,951,559</b>
Capital contributions	3,432,870
Transfers in (out)	907,706
<b>Change in net position</b>	<b>8,292,135</b>
<b>Net position, October 1</b>	<b>16,250,662</b>
<b>Prior period adjustment</b>	<b>(5,264)</b>
<b>Net position, September 30</b>	<u><b>\$ 24,537,533</b></u>

The accompanying notes are an integral part of these financial statements.  
Celina Response to Staff 3-5

**CITY OF CELINA, TEXAS**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**Year Ended September 30, 2018**

	<b>Enterprise Fund Water &amp; Sewer Activities</b>
<b>Cash flows from operating activities:</b>	
Cash received from customers and users	\$ 19,272,390
Cash paid to suppliers	(8,235,486)
Cash paid to employees	(1,129,447)
<b>Net cash provided (used) by operating activities</b>	<b>9,907,457</b>
<b>Cash flows from noncapital financing activities:</b>	
Change in customer deposits	167,539
Transfers from other funds	907,706
<b>Net cash provided (used) by noncapital financing activities</b>	<b>1,075,245</b>
<b>Cash flows from capital and related financing activities:</b>	
Acquisition of capital assets	(10,210,609)
Bond proceeds	33,398,517
Principal payments - bonds payable	(3,140,995)
Principal payments - other obligations	(106,085)
Interest paid on bonds payable and other long-term obligations	(1,257,271)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>18,683,557</b>
<b>Cash flows from investing activities:</b>	
Net redemptions (purchases) of investments	(53)
Investment income	332,227
<b>Net cash provided (used) by investing activities</b>	<b>332,174</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>29,998,433</b>
<b>Cash and cash equivalents, October 1</b>	<b>20,332,950</b>
<b>Cash and cash equivalents, September 30</b>	<b>\$ 50,331,383</b>

**CITY OF CELINA, TEXAS**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**Year Ended September 30, 2018**

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

	<u>Enterprise Fund</u> <u>Water &amp; Sewer</u> <u>Activities</u>
<b>Operating income</b>	<b>\$ 4,638,906</b>
<b>Adjustments to reconcile net income to net cash provided (used)</b> <b>by operating activities:</b>	
Depreciation and amortization	1,263,446
(Increase) decrease in accounts receivable (net)	(352,221)
(Increase) decrease in prepaid expenses	393,023
(Increase) decrease in net pension asset	(38,667)
(Increase) decrease in deferred outflows of resources - related to pensions	12,170
(Increase) decrease in deferred outflows of resources - related to OPEB	(963)
Increase (decrease) in accounts payable	831,629
Increase (decrease) in accrued expenses	19,919
Increase (decrease) in total OPEB liability	2,603
Increase (decrease) in unearned revenues	3,118,204
Increase (decrease) in deferred inflows of resources - related to pensions	19,408
<b>Total Adjustments</b>	<b>5,268,551</b>
<b>Net cash provided by operating activities</b>	<b>\$ 9,907,457</b>
<b>Noncash capital and related financing activities</b>	
Acquisition of capital assets from developers through capital contributions	3,432,870



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**COMBINING DISCRETELY PRESENTED  
COMPONENT UNITS  
FINANCIAL STATEMENTS**

**CITY OF CELINA, TEXAS**  
**COMBINING STATEMENT OF NET POSITION**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**SEPTEMBER 30, 2018**

	<b>Celina Economic Development Corporation</b>	<b>Celina Community Development Corporation</b>	<b>Total Aggregate Component Units</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 757,233	\$ 928,991	\$ 1,686,224
Sales taxes receivable	101,833	101,832	203,665
Due from primary government		114	114
<b>Total Assets</b>	<b>859,066</b>	<b>1,030,937</b>	<b>1,890,003</b>
<b>Liabilities</b>			
Accrued interest	3,371		3,371
Due to primary government	96,654		96,654
<b>Due in more than one year:</b>			
Note Payable	1,044,263		1,044,263
<b>Total Liabilities</b>	<b>1,144,288</b>	<b>-</b>	<b>1,144,288</b>
<b>Net Position</b>			
Unrestricted	(285,222)	1,030,937	745,715
<b>Total Net Position</b>	<b>\$ (285,222)</b>	<b>\$ 1,030,937</b>	<b>\$ 745,715</b>

**CITY OF CELINA, TEXAS**  
**COMBINING STATEMENT OF ACTIVITIES**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**Year Ended September 30, 2018**

	<b>Celina Economic Development Corporation</b>	<b>Celina Community Development Corporation</b>	<b>Total Aggregate Component Units</b>
<b>Functions/Programs</b>			
Economic development	\$ (912,979)	\$ -	\$ (912,979)
Community development		(200,000)	(200,000)
<b>Total expenses</b>	<b>(912,979)</b>	<b>(200,000)</b>	<b>(1,112,979)</b>
<b>General revenues</b>			
Sales taxes	573,145	573,145	1,146,290
Miscellaneous	14,850		14,850
Unrestricted investment earnings	3,312	10,458	13,770
<b>Total general revenues</b>	<b>591,307</b>	<b>583,603</b>	<b>1,174,910</b>
<b>Change in net position</b>	<b>(321,672)</b>	<b>383,603</b>	<b>61,931</b>
<b>Net Position-beginning of year</b>	<b>36,450</b>	<b>647,334</b>	<b>683,784</b>
<b>Net Position-end of year</b>	<b>\$ (285,222)</b>	<b>\$ 1,030,937</b>	<b>\$ 745,715</b>

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# **NOTES TO FINANCIAL STATEMENTS**

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**City of Celina, Texas**  
**Notes to Financial Statements**  
**September 30, 2018**

**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, 2018.

**(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, 2018:

**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.

*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.

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

*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.

*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:

*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.

*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.

*Roadway Capital Recovery Fees Fund* – accounts for the receipt and expenditure of road capital recovery fees paid to the City.

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

## 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.

### **(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.

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

### Capital Assets, Depreciation, and Amortization

The City's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost, or if historical cost is not available, they are stated at estimated historical cost. These assets are comprehensively reported in the government-wide financial statements. The City maintains infrastructure asset records consistent with all other capital assets. Donated assets are 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 CCDC were fully insured or collateralized with securities held by the City, CCDC, its agent, or by the pledging financial institution's trust department or agent in the name of the City or CCDC, respectively. Deposits of CEDC were not fully insured or collateralized with securities held by CEDC, its agent, or by the pledging financial institution's trust department or agent in the name of CEDC throughout the year. Deposits of the CEDC were under secured by \$195,834 as of September 30, 2018.

#### 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	\$ 5,691	28 days
Total Investments	<u>\$ 5,691</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, 2018, 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	\$1,612,876
Less: allowance for uncollectible accounts	( 111,837)
Net accounts receivable	<u>\$1,501,039</u>

The City has recorded unearned revenue of \$7,918,309 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, 2018 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	.4278
Debt Service Fund	<u>.2172</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>
<b>Governmental Activities:</b>				
Nondepreciable capital assets:				
Land	\$ 3,627,345	\$ 10,000	\$ -	\$ 3,637,345
Construction in progress	292,982	2,571,993		2,864,975
Total nondepreciable capital assets	3,920,327	2,581,993	-	6,502,320
Depreciable capital assets:				
Buildings and improvements	6,897,439	82,695		6,980,134
Parks	12,240,281			12,240,281
Road infrastructure	15,605,599	18,943,285		34,548,884
Furniture and equipment	2,502,754	561,441		3,064,195
Vehicles	3,096,530	593,052		3,689,582
Total depreciable capital assets	40,342,603	20,180,473	-	60,523,076
Total capital assets	44,262,930	22,762,466	-	67,025,396
Less: accumulated depreciation				
Buildings and improvements	515,535	202,002		717,537
Parks	2,036,550	244,531		2,281,081
Road infrastructure	4,088,268	805,324		4,893,592
Furniture and equipment	1,013,925	429,967		1,443,892
Vehicles	1,040,215	383,859		1,424,074
Total accumulated depreciation	8,694,493	2,065,683	-	10,760,176
Capital assets, net	<u>\$ 35,568,437</u>	<u>\$ 20,696,783</u>	<u>\$ -</u>	<u>\$ 56,265,220</u>

Current year increases include contributed infrastructure in the amount of \$18,924,564.

## 5. Capital Assets – continued

	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>
<b>Business-Type Activities:</b>				
Nondepreciable capital assets:				
Land	\$ 1,328,043	\$ -	\$ -	\$ 1,328,043
Construction in progress	4,158,965	10,082,227	2,671,002	11,570,190
Total nondepreciable capital assets	5,487,008	10,082,227	2,671,002	12,898,233
Depreciable capital assets:				
Buildings and improvements	43,769			43,769
Water & sewer infrastructure	37,804,384	6,164,722		43,969,106
Vehicles	827,912	32,335		860,247
Equipment	1,670,670	35,197		1,705,867
Total depreciable capital assets	40,346,735	6,232,254	-	46,578,989
Total capital assets	45,833,743	16,314,481	2,671,002	59,477,222
Less: accumulated depreciation				
Buildings and improvements	26,808	1,094		27,902
Water & sewer infrastructure	7,624,064	1,012,212		8,636,276
Vehicles	218,014	128,546		346,560
Equipment	271,089	121,594		392,683
Total accumulated depreciation	8,139,975	1,263,446	-	9,403,421
Capital assets, net	<u>\$ 37,693,768</u>	<u>\$ 15,051,035</u>	<u>\$ 2,671,002</u>	<u>\$ 50,073,801</u>

Current year increases include capital contributions in the amount of \$3,432,870.

### Component Units:

Nondepreciable capital assets:				
Construction in progress	\$ 484,660		\$ 484,660	\$ -
Total nondepreciable capital assets	484,660	-	484,660	-
Capital assets, net	<u>\$ 484,660</u>	<u>\$ -</u>	<u>\$ 484,660</u>	<u>\$ -</u>

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

Administration	\$ 106,266
Fire and emergency services	437,934
Road infrastructure	823,826
Public works	166,249
Parks	300,035
Police department	205,512
Development services	24,140
Court	1,721
Total	<u>\$2,065,683</u>

Depreciation expense recorded in business-type activities and the Proprietary Fund was \$1,263,446.

## 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 \$840,645 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 \$1,019,574 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	\$ 1,093,573	\$ -	\$ 1,093,573	\$ -	\$ -
General Obligation Refunding Bonds Series 2007, 4.0%-4.25%, 2008-2021	295,431		295,431	-	-
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2011, 3.0%-4.125%, 2012-2031	1,190,000		65,000	1,125,000	65,000
General Obligation Refunding Bonds Series 2012, 2.0%-3.0%, 2013-2023	80,000		10,000	70,000	25,000
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2012, 2.0%-4.0%, 2013-2032	3,240,000		3,240,000	-	-
General Obligation Refunding Bonds Series 2013, 2.0%-3.5%, 2015-2027	3,505,000		330,000	3,175,000	340,000
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2013, 2.0%-4.0%, 2015-2033	5,185,000		125,000	5,060,000	120,000
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2014, 2.0%-4.0%, 2015-2034	2,710,000		130,000	2,580,000	130,000
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2015, 2.0%-5.0%, 2015-2035	2,090,000		80,000	2,010,000	80,000
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2016, 2.0%-4.0%, 2016-2036	2,115,000		165,000	1,950,000	240,000
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2017, 2.25%-3.25%, 2018-2037	4,390,000		290,000	4,100,000	160,000
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2018, 3.375%-5.0%, 2019-2038	-	20,035,000		20,035,000	125,000
General Obligation Refunding Bonds Series 2018, 3.0%-5.0%, 2019-2032	-	5,785,000		5,785,000	670,000
Unamortized Bond Premiums	390,920	1,610,061	134,440	1,866,541	171,055
Total Governmental Activities	<u>\$26,284,924</u>	<u>\$27,430,061</u>	<u>\$ 5,958,444</u>	<u>\$47,756,541</u>	<u>\$ 2,126,055</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	\$ 261,425		\$ 261,425	\$ -	\$ -
General Obligation Refunding Bonds Series 2007, 4.0%-4.25%, 2008-2021	769,570		769,570	-	-
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2007, 2.60%-3.60%, 2009-2028	495,000		495,000	-	-
General Obligation Refunding Bonds Series 2012, 2.0%-3.0%, 2013-2023	2,590,000		405,000	2,185,000	435,000
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2012, 2.0%-4.0%, 2013-2032	575,000		575,000	-	-
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2014, 2.0%-4.0%, 2015-2034	2,300,000		15,000	2,285,000	15,000
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2014A, 2.65%, 2017-2024	1,625,000		95,000	1,530,000	105,000
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2015, 2.0%-5.0%, 2015-2035	12,880,000		275,000	12,605,000	275,000
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2016, 2.0%-4.0%, 2016-2036	7,485,000		70,000	7,415,000	75,000
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2017, 2.25%-3.25%, 2018-2037	5,110,000		180,000	4,930,000	190,000
Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2018, 3.375%-5.0%, 2019-2038	-	30,855,000		30,855,000	-
Unamortized Bond Premiums	<u>2,543,884</u>	<u>2,543,517</u>	<u>237,697</u>	<u>4,849,704</u>	<u>425,733</u>
Total Business-type Activities	<u>\$36,634,879</u>	<u>\$33,398,517</u>	<u>\$ 1,269,981</u>	<u>\$66,654,704</u>	<u>\$ 1,520,733</u>

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:

<b><u>Governmental Activities</u></b>			
Year ending September 30	Bond principal	Bond interest	Total Required
2019	\$ 1,955,000	\$ 1,752,204	\$ 3,707,204
2020	2,345,000	1,719,604	4,064,604
2021	2,250,000	1,630,541	3,880,541
2022	2,150,000	1,543,066	3,693,066
2023	2,240,000	1,455,066	3,695,066
2024-2028	12,630,000	5,751,818	18,381,818
2029-2033	13,670,000	3,070,364	16,740,364
2034-2038	8,650,000	892,450	9,542,450
Totals	<u>\$ 45,890,000</u>	<u>\$ 17,815,113</u>	<u>\$ 63,705,113</u>

<b><u>Business-type Activities</u></b>			
Year ending September 30	Bond principal	Bond interest	Total Required
2019	\$ 1,095,000	\$ 2,411,702	\$ 3,506,702
2020	2,355,000	2,423,557	4,778,557
2021	2,570,000	2,333,316	4,903,316
2022	2,825,000	2,232,724	5,057,724
2023	2,925,000	2,121,611	5,046,611
2024-2028	15,365,000	8,665,492	24,030,492
2029-2033	18,550,000	5,180,188	23,730,188
2034-2038	16,120,000	1,560,361	17,680,361
Totals	<u>\$ 61,805,000</u>	<u>\$ 26,928,951</u>	<u>\$ 88,733,951</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>
<b><i>Governmental Activities:</i></b>					
Compensated absences	\$ 256,376	\$ 346,270	\$ 256,376	\$ 346,270	\$ 346,270

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

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 the gross billings for annual water use will payoff this obligation in the next year.

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b><i>Business-type Activities:</i></b>					
Obligation due to Celina ISD	\$ 178,588	\$ -	\$ 106,085	\$ 72,503	\$ 72,503
Celina Response to Staff 3-5					



## 6. Long-Term Obligations - continued

### Special Assessment Revenue Bonds

From time to time the City issues Special Assessment Revenue Bonds. Below is a schedule of the Special Assessment Revenue Bonds the City has issued with their original issue value. Total bond principal outstanding for these issues is \$147,590,000 at year-end.

	<u>Original Issue</u>
Special Assessment Revenue Bonds, Series 2014 (Creeks of Legacy Public Improvement District Phase #1 Project)	\$ 8,750,000
Special Assessment Revenue Bonds, Series 2014 (Creeks of Legacy Public Improvement District Phases #2-3 Major Improvement Project)	6,575,000
Special Assessment Revenue Bonds, Series 2015 (The Lakes at Mustang Ranch Public Improvement District Phase #1 Project)	9,000,000
Special Assessment Revenue Bonds, Series 2015 (The Lakes at Mustang Ranch Public Improvement District Phases #2-9 Major Improvement Project)	13,150,000
Special Assessment Revenue Bonds, Series 2015 (Wells South Public Improvement District Neighborhood Improvement Area #1 Project)	5,790,000
Special Assessment Revenue Bonds, Series 2015 (Wells South Public Improvement District Major Improvement Area Project)	8,040,000
Special Assessment Revenue Bonds, Series 2015 (Sutton Fields II Public Improvement District Neighborhood Improvement Area #1 Project)	11,560,000
Special Assessment Revenue Bonds, Series 2015 (Sutton Fields II Public Improvement District Major Improvement Areas #2-5 Major Improvement Project)	16,825,000
Special Assessment Revenue Bonds, Series 2016 (Glen Crossing Public Improvement District Phase #1 Project)	3,550,000
Special Assessment Revenue Bonds, Series 2016 (Wells North Public Improvement District Major Improvement Area Project)	3,235,000
Special Assessment Revenue Bonds, Series 2016 (Wells North Public Improvement District Neighborhood Improvement Area #1 Project)	6,425,000
Special Assessment Revenue Bonds, Series 2017 (Ownsby Farms Public Improvement District Phase #1 Project)	4,465,000
Special Assessment Revenue Bonds, Series 2017 (Ownsby Farms Public Improvement District Phase #2 Major Improvement Project)	1,765,000
Special Assessment Revenue Bonds, Series 2018 (The Columns Public Improvement District Project)	6,470,000
Special Assessment Revenue Bonds, Series 2018 (Chalk Hill Public Improvement District No. 2 Phase #1 Project)	4,325,000
Special Assessment Revenue Bonds, Series 2018 (Chalk Hill Public Improvement District No. 2 Phases #2-3 Major Improvement Project)	3,690,000
Special Assessment Revenue Bonds, Series 2018 (Cambridge Crossing Public Improvement District Phase #1 Project)	9,555,000
Special Assessment Revenue Bonds, Series 2018 (Cambridge Crossing Public Improvement District Phases #2-7 Major Improvement Project)	13,795,000
Special Assessment Revenue Bonds, Series 2018 (Creeks of Legacy Public Improvement District Phase #1B Project)	3,750,000
Special Assessment Revenue Bonds, Series 2018 (Creeks of Legacy Public Improvement District Phase #2 Project)	6,875,000
Celina Response to Staff 3-5	<b>564</b>

## 6. Long-Term Obligations - continued

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 obligation:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Component Units:</b>					
Note Payable	\$ 978,601	\$1,044,263	\$ 978,601	\$1,044,263	\$ -0-

In March, 2018, CEDC entered into a note payable agreement with Lamar National Bank in the principal amount of \$1,044,263 with a fixed rate of interest equal to 3.75% to refinance a loan with a predecessor bank. Interest only payments are due monthly until March 22, 2020 when the entire principal balance is due. The note payable is unsecured but is expected to be paid out of 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, 2018, CEDC the outstanding note balance was \$1,044,263. Following is the 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>
2019	\$ -	\$ 39,160	\$ 39,160
2020	1,044,263	18,493	1,062,756
subsequent			-
Totals	<u>\$ 1,044,263</u>	<u>\$ 57,653</u>	<u>\$ 1,101,916</u>

## 8. Defined Benefit Pension Plans

### Plan Description

The City of Celina, Texas participates as one of 883 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](http://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, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	8
Inactive employees entitled to but not yet receiving benefits	56
Active employees	<u>105</u>
	<u>169</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 6.51% and 6.34% in calendar years 2017 and 2018, respectively. The City's contributions to TMRS for the year ended September 30, 2018, were \$459,895, 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, 2017, 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, 2017 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.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. 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 2018 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%	3.90%
Real Return	10.00%	3.80%
Real Estate	10.00%	4.50%
Absolute Return	10.00%	3.75%
Private Equity	5.00%	7.50%
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)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset)
Balance at 12/31/2016	\$ 4,931,762	\$ 4,979,247	\$ (47,485)
Changes for the year:			
Service cost	760,238		760,238
Interest	356,068		356,068
Change of benefit terms	-		-
Difference between expected and actual experience	(3,776)		(3,776)
Changes of assumptions	-		-
Contributions - employer		357,923	(357,923)
Contributions - employee		393,323	(393,323)
Net investment income		691,169	(691,169)
Benefit payments, including refunds of employee contributions	(73,590)	(73,590)	-
Administrative expense		(3,576)	3,576
Other changes		(181)	181
Net changes	\$ 1,038,940	\$ 1,365,068	\$ (326,128)
Balance at 12/31/2017	\$ 5,970,702	\$ 6,344,315	\$ (373,613)

## 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	\$ 667,616	\$ (373,613)	\$ (1,209,047)

### 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.thmfs.com](http://www.thmfs.com).

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

For the year ended September 30, 2018, the City recognized pension expense of \$394,744.

At September 30, 2018, 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)	\$ 4,557	\$ 52,070
Changes in actuarial assumptions	90,660	
Difference between projected and actual investment earnings (net of current year amortization)	-	172,106
Contributions subsequent to the measurement date	350,800	
Total	\$ 446,017	\$ 224,176

\$350,800 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, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending September 30.	
2019	\$ 4,102
2020	(4,406)
2021	(56,778)
2022	(64,554)
2023	(6,533)
Thereafter	(790)
Total	\$ (128,959)

**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	\$ 96,768	\$ 82,724
Debt Service Fund	83,375	
Main Street Fund		879
Component units		96,540
	<u>\$ 180,143</u>	<u>\$ 180,143</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	\$ 527,000	\$ 543,997
Debt Service		1,622,105
Capital Equipment Replacement Fund	731,396	
Proprietary Fund	1,479,440	571,734
	<u>\$ 2,737,836</u>	<u>\$ 2,737,836</u>

The transfer out from the General Fund and the Proprietary Fund provided the Capital Equipment Replacement Fund with supplementary revenue for the year. The transfer out of the Debt Service Fund was made to transfer a portion of the 2018 bond proceeds to the Proprietary Fund. 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, 2018 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>
2019	\$ 31,867
2020	17,715
2021	13,360
2022	881
Total required	<u>\$ 62,823</u>

Lease expense for the year ending September 30, 2018 was \$48,659.

## 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>
2019	\$ 1,186,333
2020	1,184,229
2021	1,185,062
2022	837,728
2023	835,698
Thereafter	<u>11,783,227</u>
Total required	<u>\$17,012,277</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. Postemployment Benefits Other Than Pensions (OPEB)

*Plan description* - The City maintains a single-employer defined benefit group-term life insurance plan known as the TMRS Supplemental Death Benefits Fund ("SDBF"). The plan is administered by the Texas Municipal Retirement System ("TMRS"). This is a voluntary program in which the City elected, by ordinance, to provide group-term life insurance coverage for their active members, including retirees. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*).

*Benefits provided* - 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). The death benefit for retirees is considered an other postemployment benefit ("OPEB") and is a fixed amount of \$7,500.

##### *Employees Covered by Benefit Terms*

At the December 31, 2017 actuarial valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	6
Inactive employees entitled to but not yet receiving benefits	8
Active employees	<u>105</u>
Total	<u>119</u>

##### *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 SDBF contribution rates for all covered employees of the City in calendar years 2018 and 2017 were .13% and .14% respectively. The City's contributions for all covered employees to the TMRS SDBF for the fiscal years ended September 30, 2018 and September 30, 2017 were \$9,591 and \$7,190, respectively, which equaled the required contributions for each year. The retiree portion of this contribution rate (OPEB portion) was 0.00% and 0.00% of covered payroll in calendar years 2018 and 2017 respectively.

## 15. Postemployment Benefits Other Than Pensions (OPEB) – continued

### *Total OPEB Liability*

The City's total OPEB liability (TOL) of \$70,057 was measured as of December 31, 2017 and was determined by an actuarial valuation as of that date.

### *Actuarial Assumptions and other inputs:*

The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Inflation	2.5% per year
Salary Increase	3.5% to 10.5% per year, including inflation
Discount Rate	3.31%
Retirees Share of Benefit Costs	\$ none

Salary increases are assumed to occur once a year and are assumed to increase by a graduated service-based scale ranging from 10.50% for employees with one year of service to 3.50% for employees with 25 or more years of service.

Mortality rates for service retirees 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 service retiree rates were projected on a fully generational basis by scale BB to account for future mortality improvements.

For disabled retirees, the gender-distinct RP2000 Combined Mortality Tables with Blue Collar Adjustment were used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. The disabled retiree rates were projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013.

The applicable discount rate for an unfunded OPEB plan under GASB No. 75 is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of the measurement date.

**15. Postemployment Benefits Other Than Pensions (OPEB) – continued**

***Changes in the Total OPEB Liability***

	<b>Total OPEB Liability</b>
Balance at 12/31/16	\$ 48,690
Changes for the year:	
Service cost	12,362
Interest on total OPEB liability	2,074
Change in benefit terms	-
Differences between expected & actual experience	-
Changes in assumptions and other inputs	6,931
Benefit payments*	-
Other charges	-
Net changes	\$ 21,367
<b>Balance at 12/31/17</b>	<b>\$ 70,057</b>

\*Due to the SBDF being considered an unfunded OPEB plan under GASB Statement No. 75, benefit payments are treated as being equal to the employer's yearly contribution for retirees.

The SDBF does not incur TMRS Administrative Expenses. The City is charged and the administrative expenses are paid through the TMRS Defined Benefit Pension Plan recorded under GASB Statement No. 68.

***Sensitivity of the Total OPEB Liability to Changes in the Discount Rate***

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.31%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.31%) or 1-percentage-point higher (4.31%) than the current rate:

	1 % Decrease (2.31%)	Discount Rate (3.31%)	1% Increase (4.31%)
Total OPEB liability	\$ 87,830	\$ 70,057	\$ 56,514

**15. Postemployment Benefits Other Than Pensions (OPEB) – continued**

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

For the year ended September 30, 2018, the City recognized pension expense of \$15,184. At year-end, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ -
Changes in assumptions and other inputs	6,183
Contributions made subsequent to measurement date	7,191
Total	<u>\$ 13,374</u>

\$7,191 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2019. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in pension expense as follows:

Year ended September 30:		
2019	\$	748
2020		748
2021		748
2022		748
2023		748
Thereafter		2,443
Total	\$	<u>6,183</u>

**16. Accounting Changes**

In accordance with new OPEB reporting guidance established by the Governmental Accounting Standards Board (GASB), the City adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The adoption of this new standard required a prior period adjustment to opening equity in business-type activities and the water and sewer fund in the amount of (\$5,264). It also required an adjustment to opening equity in governmental activities in amount of (\$37,959).

In accordance with new reporting guidance established by the Governmental Accounting Standards Board (GASB), the City adopted the provisions of GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The adoption of this new standard had no effect on opening equity.

**17. General Obligation Refunding Bonds, Series 2018**

During 2018, the City issued general obligation refunding bonds in the amount of \$5,785,000 (par value) with coupon interest rates ranging from 3.0% to 5.0%. These bonds were issued as a current refunding of 2007 general obligation bonds; along with Series 2004, Series 2007 and Series 2012 tax and waterworks and sewer system revenue certificates of obligation with coupon interest rates ranging from 2.0% to 4.25%, and combined par values of \$6,010,000. The refunded bonds were scheduled to mature in 2032. The 2018 general obligation refunding bonds were issued at a premium and, after paying issuance costs of \$50,715, the net proceeds were \$6,105,286. As a result of this current refunding, the City reduced its total debt service (cash flow) requirements by \$388,209, which resulted in an economic gain (difference between the present value of the debt service requirements on the old and new debt) of \$322,416.

**18. Commitments**

The City has issued approximately \$50 million in capital improvement bonds that will be used to fund various projects over the next few years.

## **REQUIRED SUPPLEMENTARY INFORMATION**

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

	2017	2016	2015	2014
<b>Total Pension Liability</b>				
Service cost	\$ 760,238	\$ 634,724	\$ 477,763	\$ 349,532
Interest (on the Total Pension Liability)	356,068	297,354	246,793	204,236
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(3,776)	(42,188)	(33,873)	11,213
Change of assumptions	-	-	164,970	-
Benefit payments, including refunds of employee contributions	(73,590)	(92,022)	(16,986)	(25,289)
<b>Net Change in Total Pension Liability</b>	<b>1,038,940</b>	<b>797,868</b>	<b>838,667</b>	<b>539,692</b>
<b>Total Pension Liability - Beginning</b>	<b>4,931,762</b>	<b>4,133,894</b>	<b>3,295,227</b>	<b>2,755,535</b>
<b>Total Pension Liability - Ending</b>	<b>\$ 5,970,702</b>	<b>\$ 4,931,762</b>	<b>\$ 4,133,894</b>	<b>\$ 3,295,227</b>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	\$ 357,923	\$ 241,159	\$ 188,960	\$ 96,209
Contributions - employee	393,323	325,261	258,850	201,034
Net investment income	691,169	285,732	5,594	190,520
Benefit payments, including refunds of employee contributions	(73,590)	(92,022)	(16,986)	(25,289)
Administrative expense	(3,576)	(3,223)	(3,406)	(1,988)
Other	(181)	(174)	(168)	(163)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>1,365,068</b>	<b>756,733</b>	<b>432,844</b>	<b>460,323</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>4,979,247</b>	<b>4,222,514</b>	<b>3,789,670</b>	<b>3,329,347</b>
<b>Plan Fiduciary Net Position - Ending</b>	<b>\$ 6,344,315</b>	<b>\$ 4,979,247</b>	<b>\$ 4,222,514</b>	<b>\$ 3,789,670</b>
<b>Net Pension Liability (Asset) - Ending</b>	<b>\$ (373,613)</b>	<b>\$ (47,485)</b>	<b>\$ (88,620)</b>	<b>\$ (494,443)</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>106.26%</b>	<b>100.96%</b>	<b>102.14%</b>	<b>115.00%</b>
<b>Covered Payroll</b>	<b>\$ 5,618,903</b>	<b>\$ 4,646,591</b>	<b>\$ 3,697,854</b>	<b>\$ 2,871,910</b>
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	<b>-6.65%</b>	<b>-1.02%</b>	<b>-2.40%</b>	<b>-17.22%</b>



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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 459,895	\$ 324,728	\$ 237,763	\$ 162,349
Contributions in relation to the actuarially determined contribution	459,895	324,728	237,763	162,349
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 7,245,746	\$ 5,230,520	\$ 4,486,771	\$ 3,388,197
Contributions as a percentage of covered payroll	6.35%	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.

**City of Commerce, Texas**  
**Schedule of Changes in Total OPEB Liability and Related Ratios**  
**Last 10 Fiscal Years (will ultimately be displayed)**

Actuarial Valuation & Measurement Date, December 31,	2017
<b>Total OPEB Liability</b>	
Service cost	\$ 12,362
Interest on the total OPEB liability	2,074
Changes of benefit terms	-
Difference between expected and actual experience	-
Changes in assumptions or other inputs	6,931
Benefit payments *	-
<b>Net Change in Total OPEB Liability</b>	<u>21,367</u>
<b>Total OPEB Liability - Beginning</b>	48,690
<b>Total OPEB Liability - Ending</b>	<u><u>\$ 70,057</u></u>
 <b>Covered Payroll</b>	 \$ 5,618,903
 <b>Total OPEB Liability as a Percentage of Covered Payroll</b>	 1.25%
 <b>Required contribution</b>	 \$ -
<b>Actual contribution</b>	-
<b>Difference</b>	<u><u>\$ -</u></u>

**Schedule Notes:**

*Plan information:*

Single-employer unfunded OPEB plan

There are no assets accumulated in a trust that meets the criteria in GASB Statement No. 75 paragraph 4 to pay related benefits.

*Actuarial Valuation & Measurement Date:*

December 31

*Significant actuarial assumptions used to measure the total OPEB liability:*

Inflation	2.50%
Salary Increases	3.50% to 10.5%, including inflation
Discount Rate	3.31% (Based on Fidelity Index's "20-year Municipal GO AA Index" rate as of 12/31/17)
Retirees' Share of Benefit-related Costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality - Service Retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB
Mortality - Disabled Retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

\* Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

This schedule is presented to illustrate the requirements to show information for 10 years. Future years will be provided as the information becomes available.

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

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## **MAJOR GOVERNMENTAL FUNDS**

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## **MAJOR GOVERNMENTAL FUNDS**

### **DEBT SERVICE FUND**

### **CAPITAL PROJECTS FUNDS**

**FIRE IMPROVEMENT FUND** – to account for the financing and construction of fire facilities and vehicles. Proceeds are primarily from the sale of General Obligation bonds, Certificates of Obligation Bonds, and other sources.

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

**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.



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**CITY OF CELINA, TEXAS**  
**BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)**  
**DEBT SERVICE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property Tax	2,401,511	2,451,511	2,555,174	103,663
Component Unit Contributions	200,000	154,690	200,000	45,310
Interest	13,000	20,000	33,139	13,139
<b>Total Revenues</b>	<b>2,614,511</b>	<b>2,626,201</b>	<b>2,788,313</b>	<b>162,112</b>
<b>EXPENDITURES</b>				
Principal Retirement	1,436,110	1,436,110	1,436,110	-
Interest and Fiscal Charges	908,017	908,017	908,016	1
Bond Issuance Costs	-	-	146,002	(146,002)
<b>Total Expenditures</b>	<b>2,344,127</b>	<b>2,344,127</b>	<b>2,490,128</b>	<b>(146,001)</b>
Excess (deficiency) of revenues over (under) expenditures	<u>270,384</u>	<u>282,074</u>	<u>298,185</u>	<u>16,111</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of bonds	-	-	1,684,910	1,684,910
Proceeds of refunding bonds			6,105,287	6,105,287
Payment to bond refunding agent			(6,022,090)	(6,022,090)
Transfers in (out)	-	-	(1,622,105)	(1,622,105)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>146,002</b>	<b>146,002</b>
Net change in fund balance	270,384	282,074	444,187	162,113
Fund balance, beginning of year	<u>1,369,343</u>	<u>1,369,343</u>	<u>1,369,343</u>	<u>-</u>
Fund balance, end of year	<u><u>1,639,727</u></u>	<u><u>1,651,417</u></u>	<u><u>1,813,530</u></u>	<u><u>162,113</u></u>

CITY OF CELINA, TEXAS  
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)  
FIRE IMPROVEMENT FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Interest	<u>3,000</u>	<u>13,000</u>	<u>23,692</u>	<u>10,692</u>
<b>Total Revenues</b>	<u>3,000</u>	<u>13,000</u>	<u>23,692</u>	<u>10,692</u>
<b>EXPENDITURES</b>				
Capital Outlay	<u>500,000</u>	<u>743,000</u>	<u>889,062</u>	<u>(146,062)</u>
<b>Total Expenditures</b>	<u>500,000</u>	<u>743,000</u>	<u>889,062</u>	<u>(146,062)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(497,000)</u>	<u>(730,000)</u>	<u>(865,370)</u>	<u>(135,370)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of fixed assets				
Proceeds from issuance of bonds	<u>-</u>	<u>-</u>	<u>7,500,000</u>	<u>7,500,000</u>
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>7,500,000</u>	<u>7,500,000</u>
Net change in fund balance	<u>(497,000)</u>	<u>(730,000)</u>	<u>6,634,630</u>	<u>7,364,630</u>
Fund balance, beginning of year	<u>964,970</u>	<u>964,970</u>	<u>964,970</u>	<u>-</u>
Fund balance, end of year	<u>467,970</u>	<u>234,970</u>	<u>7,599,600</u>	<u>7,364,630</u>

**CITY OF CELINA, TEXAS  
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)  
STREET CONSTRUCTION FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Interest	<u>40,000</u>	<u>65,000</u>	<u>93,568</u>	<u>28,568</u>
<b>Total Revenues</b>	<b>40,000</b>	<b>65,000</b>	<b>93,568</b>	<b>28,568</b>
<b>EXPENDITURES</b>				
Public Works	400,000	650,000	4,355,918	(3,705,918)
Capital Outlay	<u>-</u>	<u>-</u>	<u>536,960</u>	<u>(536,960)</u>
<b>Total Expenditures</b>	<b>400,000</b>	<b>650,000</b>	<b>4,892,878</b>	<b>(4,242,878)</b>
Excess (deficiency) of revenues over (under) expenditures	<u>(360,000)</u>	<u>(585,000)</u>	<u>(4,799,310)</u>	<u>(4,214,310)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of long-term debt	<u>-</u>	<u>-</u>	<u>6,419,060</u>	<u>6,419,060</u>
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>6,419,060</b>	<b>6,419,060</b>
Net change in fund balance	(360,000)	(585,000)	1,619,750	2,204,750
Fund balance, beginning of year	<u>5,897,497</u>	<u>5,897,497</u>	<u>5,897,497</u>	<u>-</u>
Fund balance, end of year	<u>5,537,497</u>	<u>5,312,497</u>	<u>7,517,247</u>	<u>2,204,750</u>

**CITY OF CELINA, TEXAS  
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)  
FACILITIES IMPROVEMENT FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES</b>				
Other Income	-	-	25,000	25,000
Interest	<u>1,000</u>	<u>8,500</u>	<u>18,205</u>	<u>9,705</u>
<b>Total Revenues</b>	1,000	8,500	43,205	34,705
 <b>EXPENDITURES</b>				
Public works	575,000	125,000	10,152	114,848
Capital outlay	<u>-</u>	<u>450,000</u>	<u>346,134</u>	<u>103,866</u>
<b>Total Expenditures</b>	575,000	575,000	356,286	218,714
 Excess (deficiency) of revenues over (under) expenditures	<u>(574,000)</u>	<u>(566,500)</u>	<u>(313,081)</u>	<u>253,419</u>
 <b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of long-term debt	<u>-</u>	<u>-</u>	<u>7,355,000</u>	<u>7,355,000</u>
<b>Total other financing sources (uses)</b>	-	-	7,355,000	7,355,000
 Net change in fund balance	(574,000)	(566,500)	7,041,919	7,608,419
Fund balance, beginning of year	<u>808,594</u>	<u>808,594</u>	<u>808,594</u>	<u>-</u>
Fund balance, end of year	<u>234,594</u>	<u>242,094</u>	<u>7,850,513</u>	<u>7,608,419</u>

## **NON-MAJOR GOVERNMENTAL FUNDS**

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## **NONMAJOR GOVERNMENTAL FUNDS**

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

**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.

**GRANTS FUND-** to account for any local, state and federal grants.

**LAW ENFORCEMENT FUND-** to account for the collection and uses of seized funds.

**CONTRIBUTIONS/DONATIONS FUND-** to account for contributions and donations made to the fire and police departments for use in events such as National Night Out.

**COURT SECURITY FUND-** to account for the restricted Court fees. Revenues are segregated to pay for any court security expenses.

**COURT TECHNOLOGY FUND-** to account for the restricted Court fees to be used to pay for technology expenses specific to the Court.

**CAPITAL ACQUISITION FUND-** established as a reserve fund for capital and smaller infrastructure needs. Funding is from transfers in from the General Fund.

**ROADWAY CAPITAL RECOVERY FEES FUND-** to account for roadway capital recovery fees paid by developers to the City for roadway construction.

**TECHNOLOGY FUND-** to account for technology infrastructure improvements and computer hardware/software needs. Source of funding is from developer fees when obtaining building permits.



**CITY OF CELINA, TEXAS**  
**Combining Balance Sheet**  
**Other Governmental Funds**  
**September 30, 2018**

	<b>Parkland Fees Improvement</b>	<b>Roadway Impact Fees</b>	<b>Capital Equipment Replacement</b>	<b>Park Construction</b>	<b>Main Street</b>	<b>Grants</b>
<b><u>Assets</u></b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 40,439	\$ 9,894
Cash and cash equivalents - restricted	4,981,247	910,900	1,361,109	414,221		
<b>Total Assets</b>	<b>\$ 4,981,247</b>	<b>\$ 910,900</b>	<b>\$ 1,361,109</b>	<b>\$ 414,221</b>	<b>\$ 40,439</b>	<b>\$ 9,894</b>
<b><u>Liabilities</u></b>						
Accounts payable	\$ -	\$ -	\$ 900	\$ -	\$ 64	\$ -
Due to other funds					879	
Unearned revenue	3,533,052					
<b>Total Liabilities</b>	<b>3,533,052</b>	<b>-</b>	<b>900</b>	<b>-</b>	<b>943</b>	<b>-</b>
<b><u>Fund Balances</u></b>						
Restricted for:						
Capital Projects	1,448,195	910,900	1,360,209	414,221		
Assigned					39,496	9,894
<b>Total Fund Balances</b>	<b>1,448,195</b>	<b>910,900</b>	<b>1,360,209</b>	<b>414,221</b>	<b>39,496</b>	<b>9,894</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,981,247</b>	<b>\$ 910,900</b>	<b>\$ 1,361,109</b>	<b>\$ 414,221</b>	<b>\$ 40,439</b>	<b>\$ 9,894</b>

**CITY OF CELINA, TEXAS**  
**Combining Balance Sheet**  
**Other Governmental Funds**  
**September 30, 2018**

<u>Law Enforcement</u>	<u>Contributions/ Donations</u>	<u>Court Security</u>	<u>Court Technology</u>	<u>Capital Acquisition</u>	<u>Roadway Capital Recovery Fees</u>	<u>Technology</u>	<u>Total</u>
\$ 20,754	\$ 7,425	\$ 62,233	\$ 62,381	\$ -	\$ 383,462	\$ 37,511	\$ 624,099
				2,039,153			9,706,630
<u>\$ 20,754</u>	<u>\$ 7,425</u>	<u>\$ 62,233</u>	<u>\$ 62,381</u>	<u>\$ 2,039,153</u>	<u>\$ 383,462</u>	<u>\$ 37,511</u>	<u>\$ 10,330,729</u>
\$ -	\$ -	\$ -	\$ -	\$ 76,174	\$ -	\$ -	\$ 77,138
							879
							3,533,052
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,174</u>	<u>-</u>	<u>-</u>	<u>3,611,069</u>
				1,962,979			6,096,504
20,754	7,425	62,233	62,381		383,462	37,511	623,156
<u>20,754</u>	<u>7,425</u>	<u>62,233</u>	<u>62,381</u>	<u>1,962,979</u>	<u>383,462</u>	<u>37,511</u>	<u>6,719,660</u>
<u>\$ 20,754</u>	<u>\$ 7,425</u>	<u>\$ 62,233</u>	<u>\$ 62,381</u>	<u>\$ 2,039,153</u>	<u>\$ 383,462</u>	<u>\$ 37,511</u>	<u>\$ 10,330,729</u>

**CITY OF CELINA, TEXAS**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Other Governmental Funds**  
**Year Ended September 30, 2018**

	<b>Parkland Fees</b>	<b>Roadway Impact Fees</b>	<b>Capital Equipment Replacement</b>	<b>Park Construction</b>	<b>Main Street</b>	<b>Grants</b>
<b>Revenues:</b>						
Developer park contributions	\$ 1,441,125	\$ -	\$ -	\$ -	\$ -	\$ -
Special events and donations					72,141	
Other income		787,093				
Interest	62,078	7,264	15,573	2,291	462	107
Federal, state & local grants						1,610
<b>Total Revenues</b>	<b>1,503,203</b>	<b>794,357</b>	<b>15,573</b>	<b>2,291</b>	<b>72,603</b>	<b>1,717</b>
<b>Expenditures:</b>						
Current:						
Administration			750			
Fire and emergency services						
Public works		91,219				
Police department						
Parks and recreation	176,000					
Main street project					59,285	
Capital Outlay	886,533		196,936			
<b>Total Expenditures</b>	<b>1,062,533</b>	<b>91,219</b>	<b>197,686</b>	<b>-</b>	<b>59,285</b>	<b>-</b>
<b>Excess of Revenues Over Expenditures</b>	<b>440,670</b>	<b>703,138</b>	<b>(182,113)</b>	<b>2,291</b>	<b>13,318</b>	<b>1,717</b>
<b>Other Financing Sources (Uses):</b>						
Transfers in (out)			731,396			
<b>Net Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>731,396</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>440,670</b>	<b>703,138</b>	<b>549,283</b>	<b>2,291</b>	<b>13,318</b>	<b>1,717</b>
<b>Fund balance, October 1</b>	<b>1,007,525</b>	<b>207,762</b>	<b>810,926</b>	<b>411,930</b>	<b>26,178</b>	<b>8,177</b>
<b>Fund balance, September 30</b>	<b>\$ 1,448,195</b>	<b>\$ 910,900</b>	<b>\$ 1,360,209</b>	<b>\$ 414,221</b>	<b>\$ 39,496</b>	<b>\$ 9,894</b>

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, 2018**

<b>Law Enforcement</b>	<b>Contributions/ Donations</b>	<b>Court Security</b>	<b>Court Technology</b>	<b>Capital Acquisition</b>	<b>Roadway Capital Recovery Fees</b>	<b>Technology</b>	<b>Total</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,441,125
	11,352						83,493
7,336		2,829	3,775		407,707	37,500	1,246,240
371				35,514	1,573	11	125,244
							1,610
<b>7,707</b>	<b>11,352</b>	<b>2,829</b>	<b>3,775</b>	<b>35,514</b>	<b>409,280</b>	<b>37,511</b>	<b>2,897,712</b>
				5,538			6,288
				9,467			9,467
					25,818		117,037
1,511	5,346						6,857
							176,000
							59,285
				982,277			2,065,746
<b>1,511</b>	<b>5,346</b>	<b>-</b>	<b>-</b>	<b>997,282</b>	<b>25,818</b>	<b>-</b>	<b>2,440,680</b>
<b>6,196</b>	<b>6,006</b>	<b>2,829</b>	<b>3,775</b>	<b>(961,768)</b>	<b>383,462</b>	<b>37,511</b>	<b>457,032</b>
							731,396
<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>731,396</b>
<b>6,196</b>	<b>6,006</b>	<b>2,829</b>	<b>3,775</b>	<b>(961,768)</b>	<b>383,462</b>	<b>37,511</b>	<b>1,188,428</b>
<b>14,558</b>	<b>1,419</b>	<b>59,404</b>	<b>58,606</b>	<b>2,924,747</b>	<b>-</b>	<b>-</b>	<b>5,531,232</b>
<b>\$ 20,754</b>	<b>\$ 7,425</b>	<b>\$ 62,233</b>	<b>\$ 62,381</b>	<b>\$ 1,962,979</b>	<b>\$ 383,462</b>	<b>\$ 37,511</b>	<b>\$ 6,719,660</b>

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