

**CITY OF
COLLEYVILLE, TEXAS**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED SEPTEMBER 30, 2016

Prepared by
Finance Department

Brian Hogan
Chief Financial Officer

Karen Hines
Accounting Manager

CITY OF COLLEYVILLE, TEXAS

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INTRODUCTORY SECTION

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Integrity ★ Service ★ Innovation

February 7, 2017

To the Citizens of the City of Colleyville:

The Comprehensive Annual Financial Report of the City of Colleyville (the "City") for the fiscal year ended September 30, 2016, is hereby submitted. Responsibility for both the accuracy of the data, and completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position, results of operations and cash flows of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. These controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management. We believe that the City's current system of internal controls adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

As required by the City's charter, the financial statements have been audited by Patillo, Brown & Hill, L.L.P., a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurances that the financial statements of the City of Colleyville for the fiscal year ended September 30, 2016, are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Colleyville's financial statements for fiscal year ended September 30, 2016, are presented in conformity with generally accepted accounting principles (GAAP).

As required by GAAP, management provides a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditors report.

PROFILE OF THE GOVERNMENT

On January 10, 1956, the City of Colleyville was incorporated and adopted a home-rule charter on January 15, 1977. It has a Council-Manager form of government with policy making and legislative authority vested in a governing body consisting of a Mayor and six Council members. The Mayor and Council are responsible for passing ordinances, adopting the budget, appointing board and committee members, and hiring the City Manager. The City Manager is responsible for carrying out the policies and ordinances of the Mayor and Council, overseeing the day-to-day operations of the City, and appointing department directors upon confirmation by the City Council. The Mayor and six Council members are elected on an at large, non-partisan basis for three year terms. The three year terms are staggered so that the Mayor and City Council persons from Place 1 and 2 are elected in year one, City Council persons from Places 3 and 4 are elected in year two, and City Council persons from Places 5 and 6 are elected in year three. Per the City Charter, no one person can serve as a council member or mayor for more than two consecutive three year terms.

The City provides a full range of municipal services. These services include police and fire protection, municipal court, streets, drainage utility, leisure services (parks and recreation, Colleyville Center and library), water and sewer, engineering/community development, and general administrative services. Based upon the criterion set forth in generally accepted accounting principles, the following organizations are includable within the City's reporting entity:

<u>Entity</u>	<u>Method of Inclusion</u>
Colleyville Economic Development Corporation (CEDC)	Blended
Colleyville Crime Control and Prevention District	Blended
Colleyville Tax Investment Financing Reinvestment Zone Zone Number One (TIF)	Discretely Presented

The City Charter of the City of Colleyville establishes the fiscal year as October 1 through September 30. The Charter requires the City Manager to submit a proposed budget and accompanying budget message to the City Council each year and the proposed budget is presented to the City Council at a budget work session. After public hearings at two consecutive regular City Council meetings, the Council may adopt the proposed budget, with or without amendment. The budget ordinance is to be adopted no later than the 30th day of September and requires an affirmative vote of a majority of the Council. The City maintains budgetary control by adopting an annual operating budget for the General Fund, Debt Service Fund, Drainage Utility Fund, and Water and Sewer Enterprise Fund. Detail control is maintained at the line item level by encumbering available funds at the time a purchase order is written. Encumbrances lapse at fiscal year-end, but can be re-appropriated through a budget amendment during the following fiscal year. The City Manager is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the City Council.

LOCAL ECONOMY

The City of Colleyville is a residential-oriented community located 11 miles northeast of the City of Fort Worth, 22 miles northwest of Dallas and 5 miles west of Dallas/Fort Worth International Airport in Northeast Tarrant County. Relocations of residents to the City continued in fiscal year 2016, as did commercial development. During the fiscal year, the City issued 182 residential building permits and the average appraised value of a residential property was \$460,461. The City also issued 106 certificates of occupancy for new, remodeled, and expanding businesses. The City's strong economy supports a 94% occupancy rate of existing retail and office spaces.

In fiscal year 2016, commercial developments continued to bring new tenants and sales tax dollars to Colleyville. The City's growing daytime population from businesses that employ professionals has helped support many restaurant "firsts" that include

- First Black Walnut Café in Tarrant County
- First Teriyaki Madness in Tarrant County
- First Tio Carlos Mexican-Latin Grill in Tarrant County
- First Crepes Bistro in Texas
- First Buttermilk Sky Pie Shop in Texas (based in Tennessee)
- First Teddy's Bigger Burgers in Texas (based in Hawaii)
- Craft and Crab Seafood House (destination style concept)

Other commercial developments include

- Green Office Park – a two building, 16,960 square foot development that will be anchored by Lighthouse Family Medicine
- Village Creek - a 30,000 square foot, three-story project by Compass Realty that will house Colleyville's first Class A office space
- Renovations and improvements of a 10,000 square foot strip center across from Colleyville Downs. The building is configured to house five tenants including an existing Pappa John's. The property ownership group is reviewing multiple Letters of Interest to select the best fits to complete the site

Transportation projects completed in fiscal year 2016 include State Highway/Colleyville Boulevard (final construction of Phase 1 and final design of Phases II and III), Pleasant Run Road street reconstruction and trail improvements, and the final design of Phase I for Glade Road. Local road rehabilitation and resurfacing projects completed in 2016 include:

- Renfro Road
- Chisolm Court, Tumbleweed Court, and Wagonwheel Court
- Bandit Trail, Overland Trail, Windswept Trail, and Sagebrush Street
- Gary Lynne Drive, Jo Carol Drive, and Bedford Road
- Reagan Road, Lowrie Road, and Westcoat Drive (L. D. Lockett to McDonwell School Road).

Transportation projects in progress at the end of fiscal year 2016 are State Highway/Colleyville Boulevard (construction of Phases II and III) and Cheek-Sparger Road rehabilitation.

For the Future. In fiscal year 2017, major transportation projects include ongoing construction for Phases II and III of State Highway 26/Colleyville Boulevard and Glade Road (right of way acquisition, maintenance, and continuing design work for Phases II, III, and IV). Street rehabilitation projects scheduled include Hunter Lane, John McCain Road, Westcoat Road (McDonwell School Road to John McCain), L. D. Lockett, and Pleasant Run (Shelton to John McCain) roads.

FINANCIAL INFORMATION

Financial Policies

The City of Colleyville operates under financial policies that include multiple components to provide consistency, clarity, and appropriate statutory compliance in the City's financial processes. The City's Charter provides a strong foundation, outlining requirements for the annual budget, monthly financial reports, and annual audit. Additional policies such as the Investment Policy, reviewed annually by the City Council, and the Fund Balance Policy, reviewed every three years by the Audit Committee, provide further detail and guidance. Decisions are also made in accordance with any existing bond covenants or state law.

Long Term Financial Planning

In Fiscal Year 2005, the City Council adopted a Fund Balance Policy requiring a 90 day reserve for fund balance in both the General Fund and the Utility Fund. In Fiscal Year 2011, the policy was updated to reflect the designations of non-spendable, restricted, committed, assigned and unassigned as required by GASB 54. It was reviewed by the Audit Committee in May 2014 and there were no changes. At the end of Fiscal Year 2016, both the General Fund and the Utility Fund have a fund balance in excess of the required 90 day reserve. Amounts in excess of the reserve may be used to fund one-time capital expenditures.

In Fiscal Year 2014, the City Council adopted the City's Strategy Map, which incorporated focus areas that had been present in prior strategic plans dating back to 2010. The four focus areas are:

- Protect and Preserve Colleyville Neighborhoods
- Provide Sustainable Government
- Encourage Economic Development
- Provide Core Services

There are four perspectives from which to view, and address, the focus areas:

- Learning and Growth
- Financial Stewardship
- Business Management
- Customer Service

Each perspective is represented by a tier on the Strategy Map and contains objectives that must be achieved to ensure we are ultimately delivering on our focus areas. Input from the biennial citizen survey, biennial employee survey, and the City Council was used to select objectives included on the Strategy Map.

In fiscal year 2016, departments updated Business Plans, which identify their core services, as well as strengths and opportunities for each. Each core service is also linked to one or more objectives on the City's Strategy Map, providing linkages and responsibility for furthering the City's goals. Department business plans are updated in advance of, and ultimately drive, all budget requests. The future outlook section of the Business Plans ensures that staff is constantly monitoring needs and trends on the horizon.

As a part of the annual budget process, an updated five-year forecast for the general fund is presented to the City Council. The budget process also includes an annual update of the five-year capital improvements program (CIP). Improving the process each year, the CIP now includes specific street projects to be completed as opposed to a single project budget for all street maintenance that does not specifically identify streets to be improved. In Fiscal Year 2015, the City's Water and Wastewater Master Plan was updated and identifies future utility projects that are needed, which will be prioritized and scheduled in future CIPs. In Fiscal Year 2016, an ad hoc Water and Wastewater citizen committee evaluated the rate structure, ultimately recommending changes that were adopted by the City Council. Risk to the City is minimized under the new rate structure, which recovers all of the City's distribution and collection costs in the base rate component and costs related to the purchase of treated water or wastewater treatment are recovered in the volumetric component of the rate. Capital projects will be funded using available cash in the Utility Fund. In the next twelve months, the City Council intends to evaluate adding a third component to the rate structure to fund capital projects, which will replenish available cash once current balances have been spent down.

AWARDS AND ACKNOWLEDGEMENTS

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Colleyville for its comprehensive annual financial report for the fiscal year ended September 30, 2015. This was the 27th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

In addition, the City also received the GFOA's Distinguished Budget Presentation award for its annual budget dated October 1, 2015. In order to qualify for this award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

Acknowledgements. The preparation of this report could not be accomplished on a timely basis without the dedicated endeavors of the entire staff of the Finance Department. We would like to express our sincere appreciation to all employees who contributed to the preparation. Additionally, we would also like to thank the Mayor, City Council, and City Manager for their support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

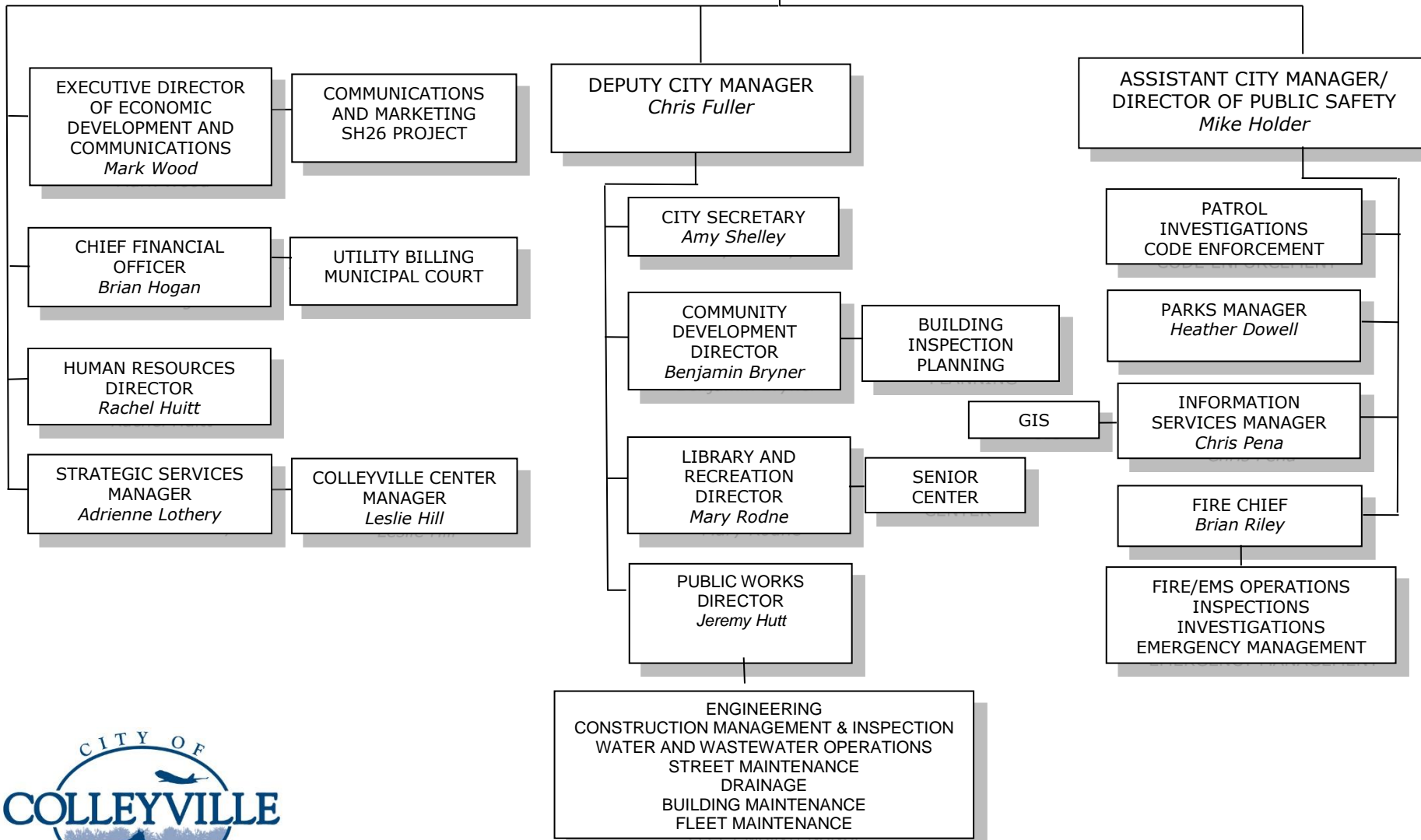
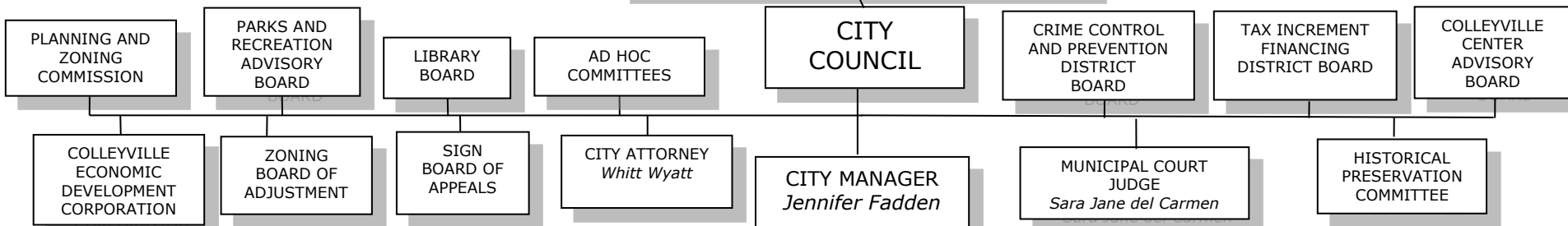


Brian Hogan, CPA, CGFO
Chief Financial Officer



Karen Hines
Accounting Manager

CITIZENS OF COLLEYVILLE





Government Finance Officers Association

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

Presented to

**City of Colleyville
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015

Executive Director/CEO

CITY OF COLLEYVILLE, TEXAS

**HOME RULE, COUNCIL – MANAGER
FORM OF GOVERNMENT**

CITY OFFICIALS

YEAR ENDED SEPTEMBER 30, 2016

Richard Newton
Mayor

Tammy Nakamura
Councilmember, Place 1

Bobby Lindamood
Councilmember, Place 2

Chris Putnam
Mayor Pro Tem and
Councilmember, Place 3

Jody Short
Councilmember, Place 4

Nancy Coplen
Councilmember, Place 5

Mike Taylor
Councilmember, Place 6

Jennifer Fadden
City Manager

Brian Hogan
Chief Financial Officer

Karen Hines
Accounting Manager

FINANCIAL SECTION

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P A T T I L L O , B R O W N & H I L L , L . L . P .
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
Members of the City Council
City of Colleyville, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Colleyville, Texas, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Colleyville, Texas' 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Colleyville, Texas, as of September 30, 2016, 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 accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability and related ratios and schedule of contributions, on pages 19-29 and 81-82 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 Colleyville, Texas' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor 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 nonmajor 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2017, on our consideration of the City of Colleyville, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Colleyville, Texas' internal control over financial reporting and compliance.

Patillo, Brown & Hill, L.L.P.

Waco, Texas
February 3, 2017

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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Management's Discussion and Analysis

As management of the City of Colleyville, we offer readers of the City's financial statement this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3 – 7 of this report.

FINANCIAL HIGHLIGHTS

- The assets of the City of Colleyville exceeded its liabilities as of September 30, 2016, by \$202,117,814 (net position). Of this amount, \$38,061,029 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City's total net position increased by \$2,950,977 from FY 2016 operations.
- As of the close of the current fiscal year, the City of Colleyville's governmental funds reported combined ending fund balances of \$39,057,347. Of this amount, \$8,719,620 is unassigned fund balance available for use within the City's fund designation and fiscal policies.
- As of September 30, 2016, unreserved, unassigned fund balance for the General Fund was \$8,719,620 or 44.8% of the total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements – The government-wide financial statements, which begin on page 33 of this report, are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences). Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include General Government, Community Development and Engineering, Fire and Rescue, Leisure Services, Maintenance, Municipal Court, Police, and Streets and Drainage. The business-type activities of the City include Water and Wastewater, and Drainage Utility.

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

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Beginning on page 37 of this report, information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Capital Projects and Debt Service Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary Funds – The City maintains one type of proprietary fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses Enterprise Funds to account for the Water and Wastewater and Drainage Utility Funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements which begin on page 45 of this report provide separate information for the Water and Wastewater and Drainage Utility Enterprise Funds since these are considered to be major funds of the City.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 50 – 78 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents combining fund statements and schedules that further support the information in the financial statements. The combining fund statements and schedules for nonmajor funds are presented immediately following the notes to the financial statements beginning on page 85 of this report.

GOVERNMENTAL-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of government’s financial position. In the case of the City of Colleyville, assets exceeded liabilities by \$202,117,814 as of September 30, 2016.

The largest portion of the City’s net position (\$141,992,778) reflects its investments in capital assets (e.g., land, building, equipment, improvements, construction in progress and infrastructure), less any outstanding debt used to acquire those assets. The City uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF COLLEYVILLE’S NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 44,128,921	\$ 42,899,632	\$ 17,675,366	\$ 17,075,594	\$ 61,804,287	\$ 59,975,226
Capital assets	<u>111,178,574</u>	<u>113,463,038</u>	<u>45,067,040</u>	<u>46,323,327</u>	<u>156,245,614</u>	<u>159,786,365</u>
Total assets	<u>155,307,495</u>	<u>156,362,670</u>	<u>62,742,406</u>	<u>63,398,921</u>	<u>218,049,901</u>	<u>219,761,591</u>
Deferred outflow of resources	<u>4,730,558</u>	<u>325,573</u>	<u>723,084</u>	<u>142,715</u>	<u>5,453,642</u>	<u>468,288</u>
Total deferred outflow of resources	<u>4,730,558</u>	<u>325,573</u>	<u>723,084</u>	<u>142,715</u>	<u>5,453,642</u>	<u>468,288</u>
Other liabilities	3,997,794	3,937,454	1,862,421	2,247,804	5,860,215	6,185,258
Long-term liabilities	<u>15,158,243</u>	<u>13,668,452</u>	<u>780,000</u>	<u>1,209,332</u>	<u>15,938,243</u>	<u>14,877,784</u>
Total liabilities	<u>19,156,037</u>	<u>17,605,906</u>	<u>2,642,421</u>	<u>3,457,136</u>	<u>21,798,458</u>	<u>21,063,042</u>
Deferred inflow of resources	<u>38,650</u>	-	<u>5,171</u>	-	<u>43,821</u>	-
Total deferred inflow of resources	<u>38,650</u>	-	<u>5,171</u>	-	<u>43,821</u>	-
Net position:						
Net investment in						
capital assets	97,982,160	98,958,693	44,010,618	44,823,618	141,992,778	143,782,311
Restricted	22,064,007	19,442,231	-	-	22,064,007	19,442,231
Unrestricted	<u>20,797,199</u>	<u>20,681,413</u>	<u>17,263,830</u>	<u>15,260,882</u>	<u>38,061,029</u>	<u>35,942,295</u>
Total net position	<u>\$ 140,843,366</u>	<u>\$ 139,082,337</u>	<u>\$ 61,274,448</u>	<u>\$ 60,084,500</u>	<u>\$ 202,117,814</u>	<u>\$ 199,166,837</u>

A portion of the City's net position (\$22,064,007) represents resources that are subject to external restriction on how they may be used. The remaining balance (\$38,061,029) of unrestricted net position may be used to meet the City's ongoing obligation to citizens and creditors in accordance with the City's fund designation and fiscal policies.

As of September 30, 2016, the City has positive balances in all three categories of net position, both for the City as a whole, as well as for its governmental and business-type activities separately. The increase of \$1,761,029 in net position relating to governmental activities is primarily due to the deferred outflow of resources related to the City's defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). Deferred outflows arise with differences between expected and actual plan expenditures and earnings, or changes in plan and actuarial assumptions. These deferred outflows represent future pension expenditures. The plan, including the related notes and disclosures, is discussed in detail starting on page 71 of the report. The increase in net position of business type activities \$1,189,948 is related to an increase in the deferred outflows of resources related to the TMRS defined benefit pension plan and a decrease in liabilities in the fund. In addition to the repayment of debt, the City did not have any open, on-going capital projects funded by the business-type activities at year end. Tiered water rates, which had been in place since December 2012, were replaced with a flat rate structure in July to give residents temporary relief from high water bills during the summer months.

Analysis of the City's Operations – The following table provides a summary of the City's operations for the year ended September 30, 2016. Governmental activities increased the City of Colleyville's net position by \$1,761,029. Business-type activities contributed an increase to the City's net position of \$1,189,948.

CITY OF COLLEYVILLE'S CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 4,459,223	\$ 4,787,351	\$ 16,453,801	\$ 16,748,728	\$ 20,913,024	\$ 21,536,079
Operating grants and contributions	514,845	450,559	-	-	514,845	450,559
Capital grants and contributions	319,541	7,712,266	43,104	2,362,261	362,645	10,074,527
General revenues:						
Ad valorem taxes	13,790,347	13,493,621	-	-	13,790,347	13,493,621
Sales taxes	7,252,963	6,705,914	-	-	7,252,963	6,705,914
Franchise taxes	2,206,890	2,319,723	-	-	2,206,890	2,319,723
Other taxes	106,607	107,977	-	-	106,607	107,977
Investment earnings	142,343	100,842	76,014	52,480	218,357	153,322
Miscellaneous	150,630	82,873	-	-	150,630	82,873
Gain on sale of capital assets	51,849	-	71,003	5,062	122,852	5,062
Total revenues	<u>28,995,238</u>	<u>35,761,126</u>	<u>16,643,922</u>	<u>19,168,531</u>	<u>45,639,160</u>	<u>54,929,657</u>
Expenses:						
General government	4,449,317	4,676,185	-	-	4,449,317	4,676,185
Community development and engineering	1,558,750	1,582,461	-	-	1,558,750	1,582,461
Fire and rescue	4,783,421	5,264,026	-	-	4,783,421	5,264,026
Leisure services	4,701,443	4,042,252	-	-	4,701,443	4,042,252
Maintenance	689,861	684,301	-	-	689,861	684,301
Municipal court	448,420	522,422	-	-	448,420	522,422
Police	5,734,116	5,681,698	-	-	5,734,116	5,681,698
Streets and drainage	5,150,390	4,404,701	-	-	5,150,390	4,404,701
Water and wastewater	-	-	13,995,038	14,055,232	13,995,038	14,055,232
Drainage	-	-	563,268	833,599	563,268	833,599
Interest on long-term debt	614,159	536,161	-	-	614,159	536,161
Total expenses	<u>28,129,877</u>	<u>27,394,207</u>	<u>14,558,306</u>	<u>14,888,831</u>	<u>42,688,183</u>	<u>42,283,038</u>
Increases in net position before transfers	865,361	8,366,919	2,085,616	4,279,700	2,950,977	12,646,619
Transfers	895,668	1,178,590	(895,668)	(1,178,590)	-	-
Change in net position	1,761,029	9,545,509	1,189,948	3,101,110	2,950,977	12,646,619
Net position, beginning	<u>139,082,337</u>	<u>125,185,416</u>	<u>60,084,500</u>	<u>56,394,755</u>	<u>199,166,837</u>	<u>181,580,171</u>
Prior period adjustments	-	4,351,412	-	588,635	-	4,940,047
Net position, ending	<u>\$ 140,843,366</u>	<u>\$ 139,082,337</u>	<u>\$ 61,274,448</u>	<u>\$ 60,084,500</u>	<u>\$ 202,117,814</u>	<u>\$ 199,166,837</u>

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental funds – The focus of the City of Colleyville's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City of Colleyville's governmental funds reported combined ending fund balances of \$39,057,347. Approximately 22% of this total amount (\$8,719,620) constitutes unassigned fund balance. The remainder of the fund balance (\$30,337,727) is reserved to indicate that it is not available for new spending because it has already been committed to pay for encumbrances, debt service or to provide for other items. Refer to page 37 and 38 of this report for a more detailed presentation of governmental fund balances.

The increase of approximately \$17,000 in unrestricted fund balance in the governmental funds for fiscal year 2016 is due to a number of the following factors. In the General Fund, the City's original budgeted expenditures exceeded budgeted revenues by (\$1,085,851). A one-time dedicated funding of \$500,000 for concrete repairs and a \$200,000 transfer to the Capital Projects Fund for future capital projects was included in the budget. In addition, the adopted budget provides a base level of \$2,000,000 for street maintenance and rehabilitation and an additional \$1,000,000 through a strategic draw-down of the General Fund balance. This planned utilization of fund balance in the General Fund was included in the five year financial forecast, and the fiscal year 2016 ending fund balance is greater than the three month policy requirement. The fund balance for the General Fund actually decreased (\$26,955) for fiscal year 2016. Actual revenues from sales taxes, franchise taxes, ambulance revenues, building permits, and property taxes were greater than anticipated and there were reductions in overall departmental expenditures. Also included was City Council authorized transfer of the difference in total revenues and expenditures of the General Fund to the Capital Projects Fund (\$850,618) for use in future CIP street rehabilitation projects that includes (\$120,000) for Colleyville Boulevard (SH26) enhancements. The aforementioned year end transfers to the Capital Projects Fund resulted in a net increase of \$2,131,973 to that fund balance, and will be used for future street capital projects. As the aforementioned transfers from the General Fund to the Capital Projects Fund were contained within funds that are in the governmental fund classification, there was not a major increase or decrease reflected in the unrestricted total for governmental funds. Additionally, there was a planned utilization of \$49,723 of surplus fund balance in the adopted fiscal year 2017 Debt Service budget for the first annual payment of a ten-year lease-purchase agreement for a new fire engine. The actual fiscal year 2016 decrease to fund balance was (\$69,009) due primarily to greater than anticipated property tax collections and additional costs incurred for a City Council authorized issuance of \$6,225,000 general obligation refunding bonds. The refunding had an all-in cost of 1.85% and will achieve future debt service savings of \$673,534.

Proprietary funds – The City's proprietary fund statements beginning on page 45 of this report provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the respective major proprietary funds are Water and Wastewater (\$15,308,003), and Drainage Utility (\$1,955,827). The Water and Wastewater Fund experienced an increase in total net position of \$810,100 during Fiscal Year 2016 due to a reduction of expenditures. Water revenues were lower in than fiscal year 2016 (\$573,581) due to Council adopting a flat rate structure for water consumption. This change was made in July to provide relief from high water bills during the summer months. The rates did include the continued pass through of the Trinity River Authority water and wastewater rate increases. To offset this decrease in revenue, the transfer of administrative expenditures and franchise fees to the General Fund was also eliminated at that time. The Drainage Utility fund's net position increased by \$379,848, due to reductions in expenditures.

Governmental Activities – There was an increase in revenue from the sales tax due to continued improving economic conditions and the addition and expansion of Colleyville retail businesses. There was an increase in license and permit revenues due to 182 residential permits issued and additional commercial construction. The property tax base increased approximately \$113 million (2.8%), due to the new residential and commercial construction, and the current year tax collection rate was over 99.57% of the levy.

In fiscal year 2013, there was a compensation and classification study performed. This resulted in a new compensation structure that was implemented in fiscal year 2014. Employees earning below the new minimum salary of their position's pay range received a market adjustment, not to exceed 10 percent, of this new structure. Employees earning more than 10 percent below the new minimum salary will receive the remainder of the adjustment over the next one to two fiscal years so that an individual's pay increase does not exceed 10 percent in any given year. Fiscal year 2016 funded year 3 of this 3 year program. Also in fiscal year 2016, the City added 2.5 more full time equivalent positions. The new or upgraded positions include the addition of one urban forester in the community development department, one police officer, increasing one part-time building inspector to full time, and increasing one part-time marketing coordinator position to a full time. One vacant, part-time building attendant position was eliminated and the funding was repurposed for the previously mentioned changes. Major capital equipment purchases included seven vehicles for the police department including four marked vehicles, one unmarked vehicle (crime control district), and two motorcycles. A replacement and upgrade of the audio-visual technology infrastructure was also completed for the Colleyville Center.

Business-type Activities – The City has two enterprise operations, the Water and Wastewater Fund and the Drainage Utility Fund. Total operating revenues of the Water and Sewer fund were \$15,499,159 for the fiscal year. Water revenues decreased slightly due to lower consumption and the Council's adoption of a flat rate structure in July to provide customers some relief during the high consumption summer months. Wastewater revenues increased due to a rate increase in December 2015, which passed through a rate increase from the Trinity River Authority, the City's provider of treated water. The coverage ratio for debt for this fund was 9.86 for the fiscal year, exclusive of transfers. The slight increase in the Drainage Utility Fund's revenues was due to new residential and commercial construction.

There was a slight decrease in operating expenditures for the Water and Wastewater Fund compared to fiscal year 2015 (\$50,132). Decreased spending in maintenance and contractual services were used to offset increases in the cost of purchased water and treatment of wastewater from Trinity River Authority. The Authority's rate increase relates to higher cost for electricity, debt issuance for plant expansion and rehabilitation of aging infrastructure, replacement of system-wide aging infrastructure and compliance with federal water and wastewater mandates.

General Fund Budgetary Highlights – The City made revisions to the original appropriations approved by the City Council which resulted in an increase to the General Fund budget. The first was to transfer \$120,000 from the General Fund to the Capital Projects Fund for management support of the Colleyville Boulevard/SH26 reconstruction project. Also included with this revision was a City Council adopted authorization to transfer unspent street resurfacing appropriations to the Capital Projects fund and the difference between total revenues and expenses for future street capital projects (\$850,618). This transfer was funded primarily by the receipt of higher than anticipated sales tax, permit revenues, property tax collections, and lower than anticipated expenditures due to vacancies. This accounted for the variance in transfers out from the adopted budget.

Major increases in General Fund property taxes are due to the declining allocation of the interest and sinking fund rate (Debt Service portion) to repayment of debt and an increase to the operations and maintenance portion of the rate (General Fund portion), as the total tax rate was unchanged from the prior year. There was a budgetary and actual increase in sales tax revenue due to continued improving economic conditions and the resulting addition and expansion of retail businesses in the City. Also included is the \$1,000,000 drawdown of General Fund balance, which funded the increase in the street overlay budget. In July, to offset the revenue reduction from moving from a tiered rate structure to a flat rate structure, Council also reduced the transfer to the General Fund from the Utility Fund for the administrative and franchise fees that are based upon prior year's operating revenues.

Refer to the General Fund Statement of Revenue, Expenditures and Changes in Fund Balances – Budget and Actual on page 44 of this report for a detailed presentation of the actual General Fund operations compared to both the original and final budget for fiscal year 2016.

CAPITAL ASSETS

The City of Colleyville's investment in capital assets for its governmental and business-type activities as of September 30, 2016, amounts to \$156,245,614 (net of accumulated depreciation). This investment in capital assets includes land, building, equipment, improvements other than buildings, infrastructure, and construction work in progress. Declines in overall asset valuations were due to accumulated depreciation on aging assets. Major capital asset events occurring during the current fiscal year included the following:

- Capitalized \$2.2 million in street improvements including the Kingston Street project (\$1.8 million) and Phase 1 of the Colleyville Boulevard/SH26 reconstruction (\$400,000).
- Capitalized \$2.9 million in infrastructure improvements including trail from Pleasant Run to Bogart (\$1.8 million) and Phase III of the Cottonbelt Trail (\$670,000).
- Capitalized \$979,000 from the final payment of the radio tower lease (\$833,000 police department/\$146,000 fire department).
- Capitalized \$4.3 million in water (\$3.8 million) and wastewater (\$500,000).

CITY OF COLLEYVILLE'S CAPITAL ASSETS AT YEAR-END

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Land	\$ 9,178,641	\$ 9,178,641	\$ 304,839	\$ 304,839	\$ 9,483,480	\$ 9,483,480
Buildings and improvements	49,775,646	46,882,488	53,922	53,922	49,829,568	46,936,410
Equipment	12,404,954	11,007,458	1,966,904	2,008,921	14,371,858	13,016,379
Infrastructure/water						
distribution sewer collection	95,872,787	93,599,298	79,044,264	74,597,681	174,917,051	168,196,979
Construction in progress	661,576	5,122,642	-	3,773,157	661,576	8,895,799
Less: accumulated depreciation	(56,715,030)	(52,327,489)	(36,302,889)	(34,415,193)	(93,017,919)	(86,742,682)
Total capital assets	\$ 111,178,574	\$ 113,463,038	\$ 45,067,040	\$ 46,323,327	\$ 156,245,614	\$ 159,786,365

Additional information on the City's capital assets can be found in Note 4, pages 64 – 65 of this report.

DEBT ADMINISTRATION

At the end of the current fiscal year, the City of Colleyville had total bonded debt, notes payable and capital lease obligations of \$16,527,251. Of this amount, \$8,550,000 represents bonded debt backed by the full faith and credit of the government, \$6,525,000 represents bonds secured by sales tax revenues, \$505,000 represents bonds secured solely by water and sewer revenues, and \$585,000 represents bonds secured solely by drainage utility system revenues. The City’s capitalized lease obligations of \$362,251 pertain to the prior year lease purchase of a fire pumper truck and mid-mount aerial platform fire apparatus, and P25 radio tower and equipment conversion.

**OUTSTANDING DEBT AT YEAR-END
BONDS, NOTES AND CAPITALIZED LEASE OBLIGATIONS PAYABLE**

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
General obligation bonds and certificates of obligation	\$ 8,550,000	\$ 6,920,000	\$ -	\$ -	\$ 8,550,000	\$ 6,920,000
Sales tax revenue bonds	6,525,000	6,935,000	-	-	6,525,000	6,935,000
Revenue bonds payable	-	-	1,090,000	1,540,000	1,090,000	1,540,000
Capitalized lease obligations	<u>362,251</u>	<u>649,345</u>	<u>-</u>	<u>-</u>	<u>362,251</u>	<u>649,345</u>
	<u>\$ 15,437,251</u>	<u>\$ 14,504,345</u>	<u>\$ 1,090,000</u>	<u>\$ 1,540,000</u>	<u>\$ 16,527,251</u>	<u>\$ 16,044,345</u>

The City's General Obligation, Tax and Water Works and Sewer System Certificates of Obligation, and Water Works and Sewer System Revenue Bond ratings are listed below.

	Fitch Ratings	Standard & Poor's
General Obligation Bonds	AAA	AAA
Water Revenue Bonds	AAA	AAA

In July 2016, the AAA rating on the City’s General Obligation Bonds was reaffirmed by both Standard and Poor’s and Fitch Ratings. These are the highest bond ratings assigned to municipal debt by these agencies. During the year the City Council also authorized issuance of \$6,225,000 of General Obligation Refunding Bonds, Series 2016, at an all in interest cost of 1.85%. This refunded \$3,825,000 of General Obligation Bonds, Series 2007 and \$2,520,000 of Combination Tax & Tax Increment Revenue Refunding Bonds, Series 2011 for debt service savings. Additional information on the City of Colleyville’s long term debt can be found in footnote 4 on pages 66-71 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Fiscal Year 2017 General Fund budget is based on a projected revenue decrease of 2.7% as compared to the Fiscal Year 2016 adopted budget. Colleyville benefits from a strong residential base, which helps mitigate the negative effects of economic fluctuations. Property values have rebounded from the declines experienced in fiscal years 2011 and 2012, and have experienced tremendous growth in the last year. 2016 certified values increased 9.14% in total, compared to 2015 certified values. The fiscal year 2017 budget includes a tax rate of \$0.33913/\$100 of valuation, a \$0.01677 reduction from the \$0.3559 tax rate in place since 2008. This rate reduction serves to provide some relief to property owners receiving higher appraisal values, while also providing the revenue necessary to continue funding programs and services at a sustainable level. The fiscal year 2017 rate represents a 3.2% increase in general fund ad valorem revenue compared to the prior year. It is slightly less than one cent above the effective rate of \$0.329138 and represents a \$53.79 increase in the average annual property tax payment (\$4.48 per month).

While appraisal values have soared, increases in property values does not necessarily result in equally greater property tax revenue. In 2003, the City Council increased the over-65 property tax exemption to \$65,000 and approved the senior property tax freeze in 2004, which serves as a significant benefit to residents. Demographic trends indicate that this benefit will continue to increase; the number of senior frozen accounts went from 1,908 in 2015 to 2,039 in 2016. Currently, over 21 percent of all residential property tax accounts are frozen, representing a significant benefit for Colleyville seniors.

Sales tax is the second largest revenue source, however, the City's primary commercial corridor along Colleyville Boulevard (SH26) will be under construction for the next several years. Fiscal year 2017 sales tax is projected to have zero growth from fiscal year 2016 year-end projections, with zero growth projected for the next several years as well due to the potential for construction to impact traffic to nearby businesses.

At the budget work session presentation on August 10, staff reviewed a five-year General Fund budget forecast to fiscal year 2021. That forecast includes estimates for expenditures and the revenues necessary to continue balancing the budget. Ad valorem revenue was projected with growth of 5%, and sales tax was projected with no increase for the reasons mentioned above. The forecast for expenditures includes general cost increases of 3.5% for materials and contractual services required each year, as well as personnel costs to continue funding appropriate market and merit adjustments and increasing healthcare costs. The forecast also includes the planned draw down of \$1,000,000 of fund balance for street maintenance through fiscal year 2018. This forecast helps staff and the City Council focus on the long-term budgetary implications of current funding decisions. It also helps to put long-term goals into perspective relative to the overall resources available in the general fund.

As a local government, we exist to provide certain services that citizens expect, at the level they expect, for a good value. The adopted Fiscal Year 2017 budget provides a staffing level net decrease of 1.5 fewer full time equivalent employees to fully fund the programs and services expected by the citizens. Careful consideration was given to all position requests to ensure that decisions are both appropriate and sustainable in the long-term. Positions added include a staff accountant in the Finance department and the conversion of temporary staff funding in the Utility Billing department into a utility billing analyst position. Positions eliminated were selected based on those that would have the least impact to citizen services, while maintaining the Council's priority of fiscal stewardship. One part-time and three full-time positions were eliminated, including a part-time police records clerk, the communications and marketing director, economic development coordinator, and a secondary construction manager position recently vacated as a result of a retirement.

A slight revenue decrease is projected for the Water and Wastewater Fund. One of the top priorities of the City Council was to restructure water rates. In July 2016, the City Council directed staff to eliminate the two transfers from the utility fund to the general fund (franchise fee and general and administrative transfers) in order to eliminate tiered water rates and implement a flat rate model. Elimination of these transfers reduces utility fund revenues and expenditures by approximately \$1.2 million annually. There was also the incorporation of the pass through of projected Trinity River Authority (TRA) rate increases to maintain the financial stability of the Water and Wastewater Fund in future years.

REQUEST FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact Brian Hogan, Chief Financial Officer, at 100 Main Street, Colleyville, Texas 76034, or call (817) 503-1014.

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BASIC FINANCIAL STATEMENTS

CITY OF COLLEYVILLE, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

	Governmental Activities	Business-type Activities
ASSETS		
Cash and equivalents	\$ 23,726,230	\$ 6,737,498
Investments	16,001,828	8,022,586
Receivables (net of allowances for uncollectibles of \$472,547)		
Accounts	104,305	2,279,947
Property taxes	173,477	-
Loans	2,622,500	-
Due from other governments	1,336,615	-
Prepaid expenses	132,800	-
Inventories	1,588	135,225
Accrued interest	29,578	22,385
Restricted assets:		
Cash and equivalents	-	477,725
Investments	-	456,550
Capital assets:		
Land	9,178,641	304,839
Buildings and improvements	49,775,646	53,922
Equipment	12,404,954	1,966,904
Infrastructure/water distribution/sewer collection	95,872,787	79,044,264
Construction in progress	661,576	-
Less: accumulated depreciation	(56,715,030)	(36,302,889)
Total capital assets	111,178,574	45,067,040
Total assets	155,307,495	63,198,956
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	-	83,456
Deferred outflows related to pensions	4,730,558	639,628
	4,730,558	723,084
LIABILITIES		
Accounts payable	928,230	798,992
Accrued liabilities	199,385	25,820
Unearned revenues	1,710	-
Accrued interest payable	92,556	7,171
Advances from developers	1,175,898	69,000
Escrow funds	-	26,613
Customer deposits	42,367	456,550
Noncurrent liabilities:		
Due within one year	1,557,648	478,275
Due in more than one year	15,158,243	780,000
Total liabilities	19,156,037	2,642,421
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	38,650	5,171
Total deferred outflows of resources	38,650	5,171
NET POSITION		
Net investment in capital assets	97,982,160	44,010,618
Restricted:		
Debt service	692,093	-
Court security and technology	215,142	-
Grant programs	10,751	-
Leisure services	233,290	-
Economic development	3,456,897	-
Streets and drainage	15,970,063	-
Police	1,485,771	-
Unrestricted	20,797,199	17,263,830
Total net position	\$ 140,843,366	\$ 61,274,448

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

<u>Total</u>	<u>Component Units</u>
\$ 30,463,728	\$ 11,093,838
24,024,414	6,420,409
2,384,252	-
173,477	-
2,622,500	-
1,336,615	-
132,800	-
136,813	-
51,963	14,065
477,725	-
456,550	-
9,483,480	6,879,118
49,829,568	-
14,371,858	-
174,917,051	9,418,864
661,576	-
(93,017,919)	(404,390)
<u>156,245,614</u>	<u>15,893,592</u>
<u>218,506,451</u>	<u>33,421,904</u>
83,456	-
<u>5,370,186</u>	<u>-</u>
<u>5,453,642</u>	<u>-</u>
1,727,222	89,898
225,205	-
1,710	-
99,727	-
1,244,898	-
26,613	-
498,917	-
2,035,923	600,000
<u>15,938,243</u>	<u>1,976,161</u>
<u>21,798,458</u>	<u>2,666,059</u>
43,821	-
<u>43,821</u>	<u>-</u>
141,992,778	13,317,431
692,093	-
215,142	-
10,751	-
233,290	-
3,456,897	-
15,970,063	-
1,485,771	-
<u>38,061,029</u>	<u>17,438,414</u>
<u>\$ 202,117,814</u>	<u>\$ 30,755,845</u>

CITY OF COLLEYVILLE, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 4,449,317	\$ 15,075	\$ 46,017	\$ -
Community development	1,558,750	1,356,581	-	-
Fire and rescue	4,783,421	387,705	11,175	-
Leisure services	4,701,443	505,203	358,246	7,208
Maintenance	689,861	-	-	-
Municipal court	448,420	1,306,924	-	-
Police	5,734,116	93,566	99,407	-
Streets and drainage	5,150,390	794,169	-	312,333
Interest on long-term debt	614,159	-	-	-
Total governmental activities	<u>28,129,877</u>	<u>4,459,223</u>	<u>514,845</u>	<u>319,541</u>
Business-type activities:				
Water and wastewater	13,995,038	15,499,159	-	43,104
Drainage	563,268	954,642	-	-
Total business-type activities	<u>14,558,306</u>	<u>16,453,801</u>	<u>-</u>	<u>43,104</u>
Total primary government	<u>\$ 42,688,183</u>	<u>\$ 20,913,024</u>	<u>\$ 514,845</u>	<u>\$ 362,645</u>
Component unit				
Tax increment financing	\$ 220,123	\$ -	\$ -	\$ 271,173
Total component unit	<u>\$ 220,123</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 271,173</u>

General revenues:

Taxes:
Property taxes, levied for general purposes
Property taxes, levied for debt service
TIF taxes
Sales taxes
Franchise taxes
Other taxes
Investment earnings
Miscellaneous
Gain on sale of capital assets
Transfers
Total general revenues and transfers
Change in net position
Net position - beginning
Net position - ending

Net (Expense) Revenue and Changes in Net Position

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$(4,388,225)	\$ -	\$(4,388,225)	\$ -
(202,169)	-	(202,169)	-
(4,384,541)	-	(4,384,541)	-
(3,830,786)	-	(3,830,786)	-
(689,861)	-	(689,861)	-
858,504	-	858,504	-
(5,541,143)	-	(5,541,143)	-
(4,043,888)	-	(4,043,888)	-
(614,159)	-	(614,159)	-
<u>(22,836,268)</u>	<u>-</u>	<u>(22,836,268)</u>	<u>-</u>
-	1,547,225	1,547,225	-
<u>-</u>	<u>391,374</u>	<u>391,374</u>	<u>-</u>
<u>-</u>	<u>1,938,599</u>	<u>1,938,599</u>	<u>-</u>
<u>(22,836,268)</u>	<u>1,938,599</u>	<u>(20,897,669)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>51,050</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>51,050</u>
13,028,378	-	13,028,378	-
761,969	-	761,969	-
-	-	-	4,134,433
7,252,963	-	7,252,963	-
2,206,890	-	2,206,890	-
106,607	-	106,607	-
142,343	76,014	218,357	77,779
150,630	-	150,630	-
51,849	71,003	122,852	-
895,668	(895,668)	-	-
<u>24,597,297</u>	<u>(748,651)</u>	<u>23,848,646</u>	<u>4,212,212</u>
1,761,029	1,189,948	2,950,977	4,263,262
<u>139,082,337</u>	<u>60,084,500</u>	<u>199,166,837</u>	<u>26,492,583</u>
<u>\$ 140,843,366</u>	<u>\$ 61,274,448</u>	<u>\$ 202,117,814</u>	<u>\$ 30,755,845</u>

CITY OF COLLEYVILLE, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	General	Capital Projects	Debt Service
ASSETS			
Cash and cash equivalents	\$ 4,659,586	\$ 10,530,551	\$ 635,240
Investments	5,013,069	6,612,722	-
Receivables (net of allowances for uncollectibles)			
Accounts	104,305	-	-
Taxes	149,329	-	24,148
Loans	142,500	-	2,480,000
Due from other governments	681,882	-	261
Inventories	1,588	-	-
Accrued interest	14,313	4,868	-
Prepaid items	7,800	-	125,000
Total assets	<u>10,774,372</u>	<u>17,148,141</u>	<u>3,264,649</u>
LIABILITIES			
Accounts payable	749,757	63,452	-
Accrued liabilities	187,708	-	-
Unearned revenue	1,710	-	-
Advances from developers	47,548	1,114,626	-
Customer deposits	42,367	-	-
Total liabilities	<u>1,029,090</u>	<u>1,178,078</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	149,329	-	24,148
Unavailable revenue - municipal fines	12,000	-	-
Unavailable revenue - ambulance fees	58,507	-	-
Unavailable revenue - receivable from component unit	-	-	2,480,000
Total deferred inflows of resources	<u>219,836</u>	<u>-</u>	<u>2,504,148</u>
FUND BALANCES			
Non-spendable:			
Inventories	1,588	-	-
Prepaid items	7,800	-	-
Restricted:			
Streets and drainage	-	15,970,063	-
Debt service	-	-	760,501
Court security and technology	-	-	-
Grant programs	-	-	-
Leisure services	-	-	-
Economic development	-	-	-
Police	-	-	-
Committed:			
Strategic incentives	358,974	-	-
Sales tax incentives	437,464	-	-
Leisure services	-	-	-
Capital projects	-	-	-
Assigned:			
Capital projects	-	-	-
Recycling	-	-	-
Leisure services	-	-	-
Unassigned	8,719,620	-	-
Total fund balances	<u>9,525,446</u>	<u>15,970,063</u>	<u>760,501</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,774,372</u>	<u>\$ 17,148,141</u>	<u>\$ 3,264,649</u>

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Long term assets are not available for net pension obligation.

Other long-term assets are not available to pay for current-period expenditures and, therefore are deferred in the funds.

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Net position of governmental activities

<u>Other Governmental</u>	<u>Total Governmental Funds</u>
\$ 7,900,853	\$ 23,726,230
4,376,037	16,001,828
-	104,305
-	173,477
-	2,622,500
654,472	1,336,615
-	1,588
10,397	29,578
-	132,800
<u>12,941,759</u>	<u>44,128,921</u>
115,021	928,230
11,677	199,385
-	1,710
13,724	1,175,898
-	42,367
<u>140,422</u>	<u>2,347,590</u>
-	173,477
-	12,000
-	58,507
-	2,480,000
<u>-</u>	<u>2,723,984</u>
-	1,588
-	7,800
-	15,970,063
-	760,501
215,142	215,142
10,751	10,751
233,290	233,290
3,456,897	3,456,897
1,485,771	1,485,771
-	358,974
-	437,464
1,249,024	1,249,024
5,153,533	5,153,533
976,792	976,792
1,627	1,627
18,510	18,510
-	8,719,620
<u>12,801,337</u>	<u>39,057,347</u>
\$ <u>12,941,759</u>	
	111,178,574
	4,691,908
	2,723,984
	<u>(16,808,447)</u>
	\$ <u>140,843,366</u>

CITY OF COLLEYVILLE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>
REVENUES			
Taxes	\$ 19,078,821	\$ -	\$ 763,439
Fees and fines	912,532	-	-
Licenses and permits	1,337,928	-	-
Intergovernmental	-	214,166	-
Charges for services	1,336,915	-	-
Capital improvement fees	-	766,398	-
Donations	-	-	-
Investment earnings	62,882	17,507	3,853
Miscellaneous	<u>100,433</u>	<u>39,682</u>	<u>-</u>
Total revenues	<u>22,829,511</u>	<u>1,037,753</u>	<u>767,292</u>
EXPENDITURES			
Current:			
General government	3,897,398	28,978	-
Community development and engineering	1,477,483	146,489	-
Fire and rescue	4,547,455	2,243	-
Leisure services	2,601,493	-	-
Maintenance	651,976	38,031	-
Municipal court	349,300	-	-
Police	4,446,774	13,972	-
Streets and drainage	1,476,301	1,672,547	-
Debt service:			
Principal	-	-	1,057,094
Interest and other charges	-	-	369,836
Capital outlay	<u>34,010</u>	<u>1,011,103</u>	<u>-</u>
Total expenditures	<u>19,482,190</u>	<u>2,913,363</u>	<u>1,426,930</u>
EXCESS (DEFICIENCY) OF REVENUES			
OVER (UNDER) EXPENDITURES	<u>3,347,321</u>	<u>(1,875,610)</u>	<u>(659,638)</u>
OTHER FINANCING SOURCES (USES)			
Refunding bonds issued	-	-	6,225,000
Payment to bond escrow agent	-	-	(6,373,776)
Premium on bond issue	-	-	239,163
Sale of capital assets	52,957	-	-
Transfers in	832,350	4,007,583	500,242
Transfers out	<u>(4,259,583)</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>(3,374,276)</u>	<u>4,007,583</u>	<u>590,629</u>
NET CHANGE IN FUND BALANCES	(26,955)	2,131,973	(69,009)
FUND BALANCES, BEGINNING	<u>9,552,401</u>	<u>13,838,090</u>	<u>829,510</u>
FUND BALANCES, ENDING	<u>\$ 9,525,446</u>	<u>\$ 15,970,063</u>	<u>\$ 760,501</u>

Other Governmental	Total Governmental Funds
\$ 3,525,455	\$ 23,367,715
99,839	1,012,371
-	1,337,928
10,201	224,367
72,495	1,409,410
-	766,398
421,497	421,497
58,088	142,330
25,527	165,642
<u>4,213,102</u>	<u>28,847,658</u>
110,019	4,036,395
-	1,623,972
18,941	4,568,639
987,118	3,588,611
-	690,007
112,093	461,393
932,685	5,393,431
-	3,148,848
410,000	1,467,094
193,824	563,660
<u>1,327,912</u>	<u>2,373,025</u>
<u>4,092,592</u>	<u>27,915,075</u>
<u>120,510</u>	<u>932,583</u>
-	6,225,000
-	(6,373,776)
-	239,163
42,839	95,796
325,318	5,665,493
(510,242)	(4,769,825)
(142,085)	1,081,851
(21,575)	2,014,434
<u>12,822,912</u>	<u>37,042,913</u>
<u>\$ 12,801,337</u>	<u>\$ 39,057,347</u>

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CITY OF COLLEYVILLE, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2016

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds:	\$ 2,014,434
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	(2,240,517)
The net effect of transactions involving capital assets is to decrease net position.	(43,947)
Revenues, in the statement of activities, that do not provide current financial resources, are not reported as revenues in the funds.	(2,436)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.	1,307,931
Certain pension expenditures are not expended in the government-wide financial statements and recorded as deferred resource outflows or inflow. This item relates to contributions made after the measurement date. Additionally, a portion of the City's unrecognized deferred resource outflows related to the pension liability were amortized.	757,920
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(<u>32,356</u>)
Change in net position of governmental activities	\$ <u><u>1,761,029</u></u>

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CITY OF COLLEYVILLE, TEXAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 18,469,456	\$ 18,469,456	\$ 19,078,821	\$ 609,365
License and permits	882,800	882,800	1,337,928	455,128
Fees and fines	876,000	876,000	912,532	36,532
Charges for services	1,471,719	1,471,719	1,336,915	(134,804)
Investment earnings	25,000	25,000	62,882	37,882
Other	55,100	55,100	100,433	45,333
Total revenues	<u>21,780,075</u>	<u>21,780,075</u>	<u>22,829,511</u>	<u>1,049,436</u>
EXPENDITURES				
Current:				
General government	4,183,823	4,183,823	3,897,398	286,425
Community development and engineering	1,678,152	1,678,152	1,477,483	200,669
Fire and rescue	4,429,822	4,429,822	4,547,455	(117,633)
Leisure services	2,836,717	2,836,717	2,601,493	235,224
Maintenance	766,599	766,599	651,976	114,623
Municipal court	394,860	394,860	349,300	45,560
Police	4,635,010	4,635,010	4,446,774	188,236
Streets and drainage	1,649,720	1,649,720	1,476,301	173,419
Capital outlay	27,640	27,640	34,010	(6,370)
Total expenditures	<u>20,602,343</u>	<u>20,602,343</u>	<u>19,482,190</u>	<u>1,120,153</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,177,732</u>	<u>1,177,732</u>	<u>3,347,321</u>	<u>2,169,589</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,233,417	1,233,417	832,350	(401,067)
Transfers out	(3,502,000)	(3,502,000)	(4,259,583)	(757,583)
Sale of capital assets	5,000	5,000	52,957	47,957
Total other financing sources and uses	<u>(2,263,583)</u>	<u>(2,263,583)</u>	<u>(3,374,276)</u>	<u>(1,110,693)</u>
NET CHANGE IN FUND BALANCE	(1,085,851)	(1,085,851)	(26,955)	1,058,896
FUND BALANCE, BEGINNING	<u>9,552,401</u>	<u>9,552,401</u>	<u>9,552,401</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 8,466,550</u>	<u>\$ 8,466,550</u>	<u>\$ 9,525,446</u>	<u>\$ 1,058,896</u>

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

CITY OF COLLEYVILLE, TEXAS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

SEPTEMBER 30, 2016

	Enterprise Funds		
	Water and Wastewater	Drainage Utility	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 5,499,690	\$ 1,237,808	\$ 6,737,498
Investments	7,603,337	419,249	8,022,586
Accounts receivable, net of allowances	2,169,783	110,164	2,279,947
Inventories	135,225	-	135,225
Restricted assets:			
Cash and cash equivalents	357,575	120,150	477,725
Investments	456,550	-	456,550
Total current assets	16,222,160	1,887,371	18,109,531
Non-current assets:			
Accrued interest receivable	20,967	1,418	22,385
Capital assets:			
Land and improvements	304,839	-	304,839
Buildings	53,922	-	53,922
Utility system	74,741,252	4,303,012	79,044,264
Equipment and furniture	1,515,864	451,040	1,966,904
Construction in progress	-	-	-
Less accumulated depreciation	(34,757,170)	(1,545,719)	(36,302,889)
Total non-current assets	41,879,674	3,209,751	45,089,425
Total assets	58,101,834	5,097,122	63,198,956
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	79,869	3,587	83,456
Deferred outflows related to pensions	539,797	99,831	639,628
Total deferred outflows of resources	619,666	103,418	723,084
LIABILITIES			
Current liabilities:			
Accounts payable	796,680	2,312	798,992
Accrued liabilities	21,911	3,909	25,820
Accrued interest payable	3,788	3,383	7,171
Advances from developers	69,000	-	69,000
Escrow funds	26,613	-	26,613
Customer deposits	456,550	-	456,550
Compensated absences	14,630	3,645	18,275
Revenue bonds payable	350,000	110,000	460,000
Total current liabilities	1,739,172	123,249	1,862,421
Non-current liabilities:			
Compensated absences	58,520	14,579	73,099
Net pension obligation	22,803	4,220	27,023
Revenue bonds payable	204,878	475,000	679,878
Total non-current liabilities	286,201	493,799	780,000
Total liabilities	2,025,373	617,048	2,642,421
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	4,426	745	5,171
Total deferred inflows of resources	4,426	745	5,171
NET POSITION			
Net investment in capital assets	41,383,698	2,626,920	44,010,618
Unrestricted	15,308,003	1,955,827	17,263,830
Total net position	\$ 56,691,701	\$ 4,582,747	\$ 61,274,448

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

CITY OF COLLEYVILLE, TEXAS

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION**

PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Enterprise Funds		
	Water and Wastewater	Drainage Utility	Total
OPERATING REVENUES			
Metered water sales	\$ 10,243,727	\$ -	\$ 10,243,727
Wastewater service charges	3,693,142	-	3,693,142
Drainage service charges	-	954,642	954,642
Other charges and services	1,529,072	-	1,529,072
Miscellaneous	33,218	-	33,218
Total operating revenues	15,499,159	954,642	16,453,801
OPERATING EXPENSES			
Personnel services	1,569,364	300,736	1,870,100
Maintenance and contractual services	10,132,987	86,410	10,219,397
Materials and supplies	263,174	27,473	290,647
Depreciation and amortization	2,011,025	131,704	2,142,729
Total operating expenses	13,976,550	546,323	14,522,873
OPERATING INCOME	1,522,609	408,319	1,930,928
NON-OPERATING REVENUES (EXPENSES)			
Interest and investment revenues	68,508	7,506	76,014
Interest expense and fiscal charges	(18,488)	(21,484)	(39,972)
Gain (loss) on disposal of property	71,003	4,539	75,542
Total non-operating revenues (expenses)	121,023	(9,439)	111,584
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	1,643,632	398,880	2,042,512
Capital contributions	43,104	-	43,104
Transfers out	(876,636)	(19,032)	(895,668)
CHANGE IN NET POSITION	810,100	379,848	1,189,948
TOTAL NET POSITION, BEGINNING	55,881,601	4,202,899	60,084,500
TOTAL NET POSITION, ENDING	\$ 56,691,701	\$ 4,582,747	\$ 61,274,448

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

CITY OF COLLEYVILLE, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Enterprise Funds		
	Water and Wastewater	Drainage Utility	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 16,383,532	\$ 958,640	\$ 17,342,172
Cash paid to suppliers for goods and services	(10,784,739)	(132,995)	(10,917,734)
Cash paid to employees for services	(1,545,089)	(316,658)	(1,861,747)
Net cash provided by operating activities	4,053,704	508,987	4,562,691
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers out	(876,636)	(19,032)	(895,668)
Net cash used for noncapital financing activities	(876,636)	(19,032)	(895,668)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(780,731)	(45,917)	(826,648)
Proceeds from sale of capital assets	71,003	4,539	75,542
Principal paid on debt	(354,976)	(105,000)	(459,976)
Interest paid on debt	(18,488)	(21,484)	(39,972)
Net cash used for capital and related financing activities	(1,083,192)	(167,862)	(1,251,054)
CASH FLOWS FROM INVESTING ACTIVITIES			
(Purchase) sale of investments	(508,669)	(199,876)	(708,545)
Earnings on investments	68,508	7,506	76,014
Net cash provided (used) by investing activities	(440,161)	(192,370)	(632,531)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,653,715	129,723	1,783,438
CASH AND CASH EQUIVALENTS, BEGINNING	4,203,550	1,228,235	5,431,785
CASH AND CASH EQUIVALENTS, ENDING	\$ 5,857,265	\$ 1,357,958	\$ 7,215,223

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

CITY OF COLLEYVILLE, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Enterprise Funds		
	Water and Wastewater	Drainage Utility	Totals
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income	\$ 1,522,609	\$ 408,319	\$ 1,930,928
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and amortization expense	2,011,025	131,704	2,142,729
Changes in assets and liabilities:			
Decrease (increase) in assets:			
Accounts receivable	884,373	3,998	888,371
Inventory	88,965	-	88,965
Accrued interest receivable	(4,504)	(1,076)	(5,580)
Increase (decrease) in liabilities:			
Accounts payable	(343,953)	(13,355)	(357,308)
Accrued liabilities	(32,227)	(6,848)	(39,075)
Compensated absences payable	7,952	9,074	17,026
Customer deposits	790	-	790
Net pension liability	(78,739)	(26,440)	(105,179)
Accrued interest payable	(2,587)	3,611	1,024
Net cash provided by operations	<u>\$ 4,053,704</u>	<u>\$ 508,987</u>	<u>\$ 4,562,691</u>
Noncash investing, capital, and financing activities:			
Contributions of capital assets	\$ 43,104	\$ -	\$ 43,104

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

CITY OF COLLEYVILLE, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2016

	<u>Agency Fund</u>
ASSETS	
Cash and investments	\$ <u>25,489</u>
Total assets	\$ <u><u>25,489</u></u>
LIABILITIES	
Due to other agencies and individuals	\$ <u>25,489</u>
Total liabilities	\$ <u><u>25,489</u></u>

CITY OF COLLEYVILLE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Colleyville Home Rule Charter was adopted by the voters at an election held on January 15, 1977. The City operates under a Council-Manager form of government.

The accounting policies of the City of Colleyville, Texas (the “City”) conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant of such policies:

A. Reporting Entity

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government’s operations and so data from these units are combined with data of the primary government. Each directly presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government. Each blended component unit has a September 30 year-end.

Blended Component Unit – The Colleyville Economic Development Corporation (CEDC) was incorporated on September 3, 1996, as a nonprofit industrial development corporation under the Development Corporation Act of 1979 (“Act”). The CEDC operates under a seven (7) member Board of Directors appointed by the City Council. Each of the directors shall be a resident of the City. The Corporation is organized exclusively for the purposes of benefiting and accomplishing public purposes of and to act on behalf of, the City, and the specific purposes for which the Corporation is organized. This includes municipal park improvements, the purchase of land and improvements for additional neighborhood parks, the construction of a community center and library. Although it is legally separate from the City, the CEDC is reported as if it were part of the primary government, because CEDC is financing public improvements and the City is the primary beneficiary of the services provided.

Blended Component Unit – Colleyville Crime Control and Prevention District (the District) was formed under Chapter 363 of the Texas Local Government Code, the Crime Control and Prevention District Act. The District is organized to act on behalf of the City for financing, development of crime control throughout the City. The District is governed by a seven-member board consisting of all members of the City Council. The District is reported as a part of the primary government because it provides services entirely for the City.

Discretely Presented Component Unit – Colleyville Tax Increment Financing Reinvestment Zone Number One (the TIF) was formed to make public improvements, under the authority of the Tax Increment Financing Act. The TIF is governed by a nine-member board consisting of five members appointed by the City Council and one member each appointed by the four other participating taxing entities. The primary government appoints a voting majority of the unit’s governing body and the City has a potential economic benefit from this unit. Therefore, the TIF is presented in the accompanying financial statements as a discretely presented component unit. Complete financial statements for the TIF may be obtained from the City of Colleyville Finance Department, 100 Main Street, Colleyville, Texas 76034.

B. Government-wide Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenue, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements, except for Agency Funds, which have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, sales taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

GOVERNMENTAL FUNDS

Governmental Funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related liabilities (except those accounted for in the proprietary fund type) are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following are the City's governmental fund types:

The City reports the following major governmental funds:

The **General Fund** – is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

The **Capital Projects Fund** – is used to account for financial resources to be used for the acquisition or construction of general major capital facilities. Financing is provided primarily by the sale of general obligation bonds and developer contributions.

The **Debt Service Fund** – is used to account for the acquisition of resources for, and the payment of, general long-term debt principal and interest, and related costs.

Additionally, the City also reports the following fund type:

The **Special Revenue Fund** – accounts for the revenues and expenditures associated with a special project or purpose.

PROPRIETARY FUNDS

Proprietary Funds are used to account for activities that are similar to those often found in the private sector. The measurement focus is upon determination of net income and capital maintenance.

The City reports the following major proprietary funds:

The **Water and Wastewater Fund** – is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. This fund is used to account for water and wastewater operations.

The **Drainage Utility Fund** – is used to account for the establishment and maintenance of drainage facilities within the municipal boundaries of the City. All activities necessary to provide such facilities are accounted for in this fund, included but not limited to, administration, operations, maintenance, billing and collections.

FIDUCIARY FUNDS

Agency Fund – ***Fiduciary Funds*** are used to account for assets held by the City in a trustee capacity or as an agent on behalf of others. Agency funds are custodial in nature and do not present results of operations or have a measurement focus. The City has two agency funds: Employee Activity and the Sesquicentennial Fund. These funds are held for the benefit of City employees and to benefit the City's historical purposes.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and wastewater function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Enterprise Funds are charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

D. Cash and Cash Equivalents and Investments

For purposes of the statement of cash flows, the Enterprise Fund considers all highly liquid investments (investments with original maturities less than 90 days, including restricted assets) to be cash equivalents.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments for the City are reported at fair value, except for the position in investment pools. The City's investment in pools are 2a7-like pools and are reported at the net asset value per share (with approximate fair value) even though it is calculated using the amortized cost method. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

The allowance for utility receivables is the total of final bills that have been sent out by the City. Final bills are bills that have been sent out to customers that have notified the City of a discontinuation of service. Ambulance receivables in excess of 180 days comprise the ambulance allowance for uncollectables. The allowance for uncollectable accounts for capias warrants is set at 90% of outstanding receivables.

Property taxes are levied on October 1 and attach as an enforceable lien on property as of January 1. Statements are mailed on October 1, or as soon thereafter as possible, and are due upon receipt. All unpaid taxes become delinquent if not paid before February 1 of the following year.

F. Inventories

Inventories in the Enterprise Fund are valued at cost (first-in, first-out method).

G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	15 - 50
Improvements	20 - 50
Equipment	5 - 10
Infrastructure (streets and drainage)	50
Water distribution/sewer collection	5 - 40

H. Compensated Absences

City employees are granted vacation and sick pay in varying amounts. In the event of termination, an employee is paid for all accumulated, unused vacation. Vacation pay is accrued as it vests to the employee. Sick pay is recorded when paid or upon retirement when a maximum of 90 days is paid. The accrued sick pay is not recorded, as the City's policy is not to compensate employees upon separation of services with the City, except for retirement, and such amounts are not considered material. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

I. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

In the fund financial statements, the face amount of debt issued is reported as other financing sources for the governmental fund types.

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as another financing source. Issuance costs, even if withheld from the actual net proceeds received, are reported as expenditures. For proprietary fund types, bond premiums and discounts, as well as issuance costs, are charged to current operations rather than being deferred and amortized due to the relatively immaterial effect on the basic financial statements taken as a whole.

J. Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by resolution of the City Council, the City's highest level of decision making authority. These amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This is done through resolution of the City Council. This intent can be expressed by the Chief Financial Officer.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

K. Minimum Unassigned Fund Balance

It is the goal of the City to achieve and maintain an unassigned fund balance in the General Fund equal to three months of that year's budgeted expenditures for both the General and Utility Funds. The City Council may declare a fiscal emergency and withdraw any amount of the unassigned General and Utility Funds' balances for purposes of addressing the fiscal emergency. Any such action must also provide for necessary appropriations to restore the designated fund balance to the balance within a three-year period.

L. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category.

- Deferred charges on refundings - A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five year period.
- Difference in expected actual pension experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of fund that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from four sources: property taxes, municipal fines and ambulance fees, and a note payable from the component unit. These amounts are deferred and recognized as an inflow of resources in that period that the amounts become available. The City also had a deferred inflow of resources for the following:

- Difference in projected and actual earnings on pension assets. The difference will be amortized over a closed five year period.

N. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

O. Risk Management

Insurance coverage for property, liability and workers' compensation is provided by the Texas Municipal League Intergovernmental Risk Pool, a state insurance pool. Contributions to the Risk Pool for workers' compensation are based on the City's past claims history. The Risk Pool is self-sustaining through members' contributions and maintains insurance to limit risk of loss with an external insurance company. Settlement claims have not exceeded aggregate limits in the past three fiscal years.

P. Pensions

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

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains, “Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$(16,808,447) difference are as follows:

Bonds payable	\$(15,075,000)
Bond premiums	(239,163)
Capital leases payable	(362,251)
Accrued interest payable	(92,556)
Compensated absences	(839,634)
Net pension	(199,843)
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	
	<u>\$(16,808,447)</u>

Explanation of Certain Differences Between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenue, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental fund* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$(2,240,517) difference are as follows:

Capital outlay	\$ 2,471,192
Depreciation expense	(4,711,709)
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	
	<u>\$(2,240,517)</u>

Another element of that reconciliation states, “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this \$(2,436) difference are as follows:

Property taxes	\$(10,908)
Ambulance revenue	9,122
Adjudicated fines	(650)
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	
	<u>\$(2,436)</u>

Another element of that reconciliation states, “The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.” Neither transaction, however, has any effect on net position. The details of this \$1,307,931 difference are as follows:

Principal payments and refundings	\$ 1,398,318
Debt refunding - proceeds	(6,225,000)
Bond premium	(239,163)
Payment to escrow agent	<u>6,373,776</u>
 Net adjustment to reduce <i>fund balance -total governmental funds</i> to arrive at <i>net position - governmental activities</i>	 <u>\$ 1,307,931</u>

Another element of that reconciliation states, “Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore are not reported as expenditures in governmental funds.” The details of this \$(32,356) difference are as follows:

Compensated absences	\$(50,633)
Accrued interest	<u>18,277</u>
 Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	 <u>\$(32,356)</u>

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The City Council follows these procedures in establishing budgetary data reflected in the basic financial statements:

- (1) Prior to September 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- (2) Public hearings are conducted to obtain taxpayer comments.
- (3) Prior to September 30, the budget is legally enacted through passage of an ordinance.
- (4) The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.

- (5) Formal budgetary integration is employed as a management control device during the year for the General, Debt Service, and Enterprise Funds. Budgetary control is maintained at the fund level.

Internal budgets are prepared and reviewed by the City Council for expenditures of Special Revenue Funds. These budgeted expenditures are not formally adopted by the City Council. No budgets were prepared for revenue of these funds for the year ended September 30, 2016.

- (6) Budgets for the General and the Debt Service Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Formal budgeted amounts are as amended by the City Council for the General, Debt Service and Enterprise Funds.

- (7) Budgetary data for the Capital Projects Fund has not been presented in the accompanying basic financial statements, as such funds are budgeted over the life of the respective project and not on an annual basis. Accordingly, formal budgetary integration of the Capital Projects Fund is not employed and comparison of actual results of operations to budgetary data for such fund is not presented.

- (8) Budgetary data for the Enterprise and Drainage Utility Funds has not been presented since the reporting on such budgets is not legally required.

Expenditures Over Appropriations

Fire and rescue, and capital outlay expenditures in the general fund exceeded appropriations by \$117,663, and \$6,370. This overage was funded by under spending in other functions.

4. DETAILED NOTES ON ALL FUNDS

Deposits and Investments

As of September 30, 2016, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
LOGIC	\$ 24,915,955	45
U. S. Treasuries and Agencies	<u>26,329,029</u>	353
Total fair value	<u>\$ 51,244,984</u>	

The City categorizes its fair value measurements 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.

The City has the following recurring fair value measurements as of September 30, 2016:

- U.S. Treasury and Agency securities of \$8,199,795 are valued using quoted prices in an active market for identical assets (Level 1 inputs).
- U.S. Treasury and Agency securities of \$18,129,234 are valued using a matrix pricing model (Level 2 inputs).

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U. S. Treasury, certain U. S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

The City's investment pools are 2a7-like pools. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

Interest Rate Risk. In accordance with its investment policy, the government manages its exposure to declines in fair market values by limiting the average dollar weighted maturity of its investment portfolios to a maximum of 540 days.

Custodial Credit Risk. The City maintains a cash and investment pool that combines cash of the various funds in order to maximize investment opportunities. The City's policy and state statutes require that all deposits in financial institutions be insured by the Federal Depository Insurance Corporation (FDIC) or fully collateralized as per the Public Funds Collateral Act. The City's deposits were fully insured or collateralized as required by state statutes as of September 30, 2016.

Credit Risk. It is the City’s policy to limit its investments to investment types with an investment quality rating not less than A or its equivalent by a nationally recognized statistical rating organization. The City’s investment pools are rated as follows by Standard & Poor’s Investors Service.

LOGIC	AAAm
U. S. Treasuries and Agencies	AA+

Receivables

Receivables as of year-end for the government’s individual major funds, nonmajor funds and enterprise funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds			Enterprise Funds		Total	
	General	Capital Projects	Debt Service	Nonmajor Funds	Water and Wastewater		Drainage Utility
Receivables:							
Accounts	\$ 531,298	\$ -	\$ -	\$ -	\$ 2,215,337	\$ 110,164	\$ 2,856,799
Taxes	149,329	-	24,148	-	-	-	173,477
Due from other governments	681,882	-	261	654,472	-	-	1,336,615
Loans	142,500	-	2,480,000	-	-	-	2,622,500
Accrued interest	14,313	4,868	-	10,397	20,967	1,418	51,963
Gross receivables	1,519,322	4,868	2,504,409	664,869	2,236,304	111,582	7,041,354
Less: allowance for uncollectibles	(426,993)	-	-	-	(45,554)	-	(472,547)
Net total receivables	\$ 1,092,329	\$ 4,868	\$ 2,504,409	\$ 664,869	\$ 2,190,750	\$ 111,582	\$ 6,568,807

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 and certain personal property located in the City. Tax liens attach as of January 1. The assessed value, net of exemptions, upon which the fiscal 2016 levy was based, was \$4,136,913,117.

Property taxes are limited by the Texas constitution to \$2.50 per \$100 of assessed valuation and by City Charter to \$1.50 per \$100 valuation. Also, the tax rate set per budget year shall not result in property tax revenue increase greater than seven percent of the total property tax revenue collected in the preceding budget year, adjusted for new construction, unless authorized by the voters of the City at a special election. The combined tax rate to finance general governmental service and debt service for the year ended September 30, 2016, was \$.3559 per \$100 of assessed valuation.

Taxes are due by January 31 following the levy date. Tax collections, including related penalties and interest, was \$13,800,935 for the year ended September 30, 2016. Property taxes receivable at September 30, 2016, were \$173,477.

The appraisal of property within the City is the responsibility of a countywide appraisal district as required by legislation passed by the Texas Legislature. The appraisal district is required under such legislation to assess all property within the appraisal district on the basis of 100% of its appraised value and is prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every three years; however, the City may, at its own expense, require annual reviews of appraised values. The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action.

Capital Assets

Capital asset activity for the year ended September 30, 2016, was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 9,178,641	\$ -	\$ -	\$ 9,178,641
Construction in progress	<u>5,122,642</u>	<u>1,031,140</u>	<u>(5,492,206)</u>	<u>661,576</u>
Total assets not being depreciated	<u>14,301,283</u>	<u>1,031,140</u>	<u>(5,492,206)</u>	<u>9,840,217</u>
Capital assets, being depreciated:				
Buildings and improvements	46,882,488	2,893,158	-	49,775,646
Machinery and equipment	11,007,458	1,744,367	(346,871)	12,404,954
Infrastructure	<u>93,599,298</u>	<u>2,273,489</u>	<u>-</u>	<u>95,872,787</u>
Total capital assets being depreciated	<u>151,489,244</u>	<u>6,911,014</u>	<u>(346,871)</u>	<u>158,053,387</u>
Less accumulated depreciation:				
Buildings and improvements	(17,360,237)	(1,621,117)	-	(18,981,354)
Machinery and equipment	(8,650,817)	(1,172,538)	324,168	(9,499,187)
Improvements other than buildings	<u>(26,316,435)</u>	<u>(1,918,054)</u>	<u>-</u>	<u>(28,234,489)</u>
Total accumulated depreciation	<u>(52,327,489)</u>	<u>(4,711,709)</u>	<u>324,168</u>	<u>(56,715,030)</u>
Total capital assets being depreciated, net	<u>99,161,755</u>	<u>2,199,305</u>	<u>(22,703)</u>	<u>101,338,357</u>
Governmental activities capital assets, net	<u>\$ 113,463,038</u>	<u>\$ 3,230,445</u>	<u>\$(5,514,909)</u>	<u>\$ 111,178,574</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 304,839	\$ -	\$ -	\$ 304,839
Construction in progress	<u>3,773,157</u>	<u>-</u>	<u>(3,773,157)</u>	<u>-</u>
Total assets not being depreciated	<u>4,077,996</u>	<u>-</u>	<u>(3,773,157)</u>	<u>304,839</u>
Capital assets, being depreciated:				
Buildings and improvements	53,922	-	-	53,922
Machinery and equipment	2,008,921	206,303	(248,320)	1,966,904
Improvements other than buildings	<u>74,597,681</u>	<u>4,446,583</u>	<u>-</u>	<u>79,044,264</u>
Total capital assets being depreciated	<u>76,660,524</u>	<u>4,652,886</u>	<u>(248,320)</u>	<u>81,065,090</u>
Less accumulated depreciation:				
Buildings and improvements	(50,195)	(622)	-	(50,817)
Machinery and equipment	(1,420,984)	(230,404)	248,320	(1,403,068)
Improvements other than buildings	<u>(32,944,014)</u>	<u>(1,904,990)</u>	<u>-</u>	<u>(34,849,004)</u>
Total accumulated depreciation	<u>(34,415,193)</u>	<u>(2,136,016)</u>	<u>248,320</u>	<u>(36,302,889)</u>
Total capital assets being depreciated, net	<u>42,245,331</u>	<u>2,516,870</u>	<u>-</u>	<u>44,762,201</u>
Business-type activities capital assets, net	<u>\$ 46,323,327</u>	<u>\$ 2,516,870</u>	<u>\$(3,773,157)</u>	<u>\$ 45,067,040</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Component unit:				
Capital assets, not being depreciated:				
Construction in progress	\$ 12,217,863	\$ -	\$(2,798,999)	\$ 9,418,864
Total assets not being depreciated	<u>12,217,863</u>	<u>-</u>	<u>(2,798,999)</u>	<u>9,418,864</u>
Capital assets, being depreciated:				
Improvements other than buildings	1,853,241	5,025,877	-	6,879,118
Total capital assets being depreciated	<u>1,853,241</u>	<u>5,025,877</u>	<u>-</u>	<u>6,879,118</u>
Less accumulated depreciation:				
Improvements other than buildings	(262,623)	(141,767)	-	(404,390)
Total accumulated depreciation	<u>(262,623)</u>	<u>(141,767)</u>	<u>-</u>	<u>(404,390)</u>
Total capital assets being depreciated, net	<u>1,590,618</u>	<u>4,884,110</u>	<u>-</u>	<u>6,474,728</u>
Component unit capital assets, net	<u>\$ 13,808,481</u>	<u>\$ 4,884,110</u>	<u>\$(2,798,999)</u>	<u>\$ 15,893,592</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 526,770
Fire and rescue	426,675
Leisure services	1,173,705
Maintenance	9,203
Police	548,606
Streets and drainage	<u>2,026,750</u>
Total depreciation expense - governmental activities	<u>\$ 4,711,709</u>
Business-type activities:	
Water and wastewater	\$ 2,005,027
Drainage utility	<u>130,989</u>
Total depreciation expense - business-type activities	<u>\$ 2,136,016</u>

Construction Commitments

The government has active construction projects as of September 30, 2016. The major projects are listed as follows:

Project	Spent-to-date	Remaining Commitment
Bedford Road Retaining Wall	\$ 52,265	\$ 300,035
Glade Road Design Phase 1	622,894	41,471
Glade Road Design Phases 2-4	195,013	1,245,926
Glade Road ROW Phase 1	459,985	465,015
Westcoat	<u>356,092</u>	<u>257,757</u>
Total	<u>\$ 1,686,249</u>	<u>\$ 2,310,204</u>

Interfund Transactions

The composition of interfund transfers as of September 30, 2016, is as follows:

Interfund Transfers

	Transfer In				Total
	General	Capital Projects	Debt Service	Nonmajor Government Funds	
Transfer Out:					
General	\$ -	\$ 4,007,583	\$ -	\$ 252,000	\$ 4,259,583
Nonmajor governmental	-	-	500,242	10,000	510,242
Water and wastewater	832,350	-	-	44,286	876,636
Drainage fee	-	-	-	19,032	19,032
Total Transfers Out	\$ <u>832,350</u>	\$ <u>4,007,583</u>	\$ <u>500,242</u>	\$ <u>325,318</u>	\$ <u>5,665,493</u>

The transfer of \$832,350 from the Water and Wastewater Fund to the General Fund represents the 2016 Administrative transfer and the franchise fee based on gross water and wastewater revenue of the prior year's audited financial statements. The transfer of \$3,542,178 from the General Fund to the Capital Projects and nonmajor governmental funds represents transfers for capital replacement. The transfer of \$500,242 from the Crime District to the Debt Service Fund is for the repayment of debt. All principal and interest is paid from the Debt Service Fund's bank account.

Long-term Liabilities

General Obligation Bonds

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. The original amount of general obligation bonds issued in prior years was \$35,540,000.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

Purpose	Interest Rates	Amount
Governmental activities	2% - 5%	\$ <u>15,075,000</u>
		\$ <u><u>15,075,000</u></u>

Long-term liability activity for the year ended September 30, 2016, was as follows:

	Balance September 30, 2015	Additions	Retirements	Balance September 30, 2016	Amounts Due Within One Year
<u>Governmental activities</u>					
General obligation bonds and certificates of obligation	\$ 6,920,000	\$ 6,225,000	\$ 4,595,000	\$ 8,550,000	\$ 825,000
Premium on bonds	-	239,163	-	239,163	-
Sales tax revenue bonds	6,935,000	-	410,000	6,525,000	420,000
Capital lease obligations	649,345	-	287,094	362,251	144,721
Net pension obligation	-	199,843	-	199,843	-
Compensated absences	789,001	513,460	462,826	839,635	167,927
Total governmental activities	<u>15,293,346</u>	<u>7,177,466</u>	<u>5,754,920</u>	<u>16,715,892</u>	<u>1,557,648</u>
<u>Business-type activities</u>					
Revenue bonds and certificates of obligation	1,540,000	-	450,000	1,090,000	460,000
Premium on bonds	59,854	-	9,976	49,878	-
Net pension obligation	-	27,023	-	27,023	-
Compensated absences	74,348	61,597	44,571	91,374	18,275
Total business-type activities	<u>1,674,202</u>	<u>88,620</u>	<u>504,547</u>	<u>1,258,275</u>	<u>478,275</u>
Total primary government	<u>\$ 16,967,548</u>	<u>\$ 7,266,086</u>	<u>\$ 6,259,467</u>	<u>\$ 17,974,167</u>	<u>\$ 2,035,923</u>
<u>Component unit</u>					
Tax increment financing fund					
Note payable to primary government	\$ 3,105,000	\$ 2,480,000	\$ 3,105,000	\$ 2,480,000	\$ 600,000
Bond premium	83,900	96,161	83,900	96,161	-
Total component unit	<u>\$ 3,188,900</u>	<u>\$ 2,576,161</u>	<u>\$ 3,188,900</u>	<u>\$ 2,576,161</u>	<u>\$ 600,000</u>

For the governmental activities, compensated absences are generally liquidated by the General Fund.

Governmental activities long-term liabilities at September 30, 2016, consisted of the following:

General obligation bonds and certificates of obligation serviced by property tax revenue:

\$2,915,000 Series 2006 General Obligation Refunding bonds due in annual installments of \$25,000 to \$540,000 through February 15, 2019; interest at 3.64%.	\$ 1,545,000
\$4,325,000 Series 2007 General Obligation Bonds due in annual installments of \$50,000 to \$555,000 through February 15, 2027; interest at 4.00% to 5.00%. Partially refunded in 2016.	150,000
\$1,435,000 Series 2011 General Obligation Refunding Bonds due in annual installments of \$135,000 to \$800,000 through February 15, 2020; interest at 2.00% to 4.00%.	630,000
\$6,225,000 Series 2016 General Obligation Refunding Bonds due in annual installments of \$475,000 to \$875,000 through February 15, 2027; interest at 2.00% to 3.00%.	<u>6,225,000</u>
Total General Obligation Bonds and Certificates of Obligation	<u>\$ 8,550,000</u>

\$9,570,000 Series 2013 Colleyville Economic Development Corporation Refunding and Improvement Sales Tax Revenue Bonds due in annual installments of \$340,000 to \$635,000 through February 15, 2029; interest at 2.88%	<u>\$ 6,525,000</u>
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Total Revenue Bonds	<u>\$ 6,525,000</u>
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The City's defeased debt as of September 30, 2016, was \$3,825,000.

Business-type activities long-term liabilities at September 30, 2016, consisted of the following:

Water and Wastewater Fund:

\$1,890,000 Series 2010 Waterworks and Wastewater System Refunding Bonds due in annual installments of \$155,000 to \$580,000 through January 1, 2018; interest at 2.00% - 3.00%.	<u>\$ 505,000</u>
Total Water and Wastewater Fund	<u>\$ 505,000</u>

Drainage Utility Fund:

\$1,135,000 Series 2011 Waterworks and Wastewater System Refunding Bonds due in annual installments of \$105,000 to \$225,000 through February 15, 2021; interest at 3.47%.	<u>\$ 585,000</u>
Total Drainage Utility Fund	<u>\$ 585,000</u>

Total Business-type activities	<u>\$ 1,090,000</u>
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The ordinances authorizing the issuance of Waterworks and Wastewater System Revenue Bonds created the Interest and Sinking Fund and Reserve Fund. The gross revenue of the waterworks and wastewater system, after deduction of reasonable expenses of operations and maintenance, are pledged to such funds in amounts equal to the total annual principal and interest requirements of the bonds and amounts required to maintain the Reserve Fund. At September 30, 2016, the City was in compliance with these requirements.

The City's component unit, the Tax Increment Financing District, long-term liabilities at September 30, 2016, consisted of the following:

Tax Increment Financing District

\$2,480,000 Note Payable to Primary Government due in annual installments of \$600,000 to \$645,000 through February 15, 2020; interest at 2.00% to 4.00%.	\$ <u>2,480,000</u>
Total Tax Increment Financing District	\$ <u><u>2,480,000</u></u>

Governmental Activities

<u>September 30,</u>	General Obligation Bonds and Certificates of Obligation		Revenue Bonds	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 1,425,000	\$ 216,645	\$ 420,000	\$ 181,872
2018	1,460,000	177,838	425,000	169,704
2019	1,510,000	133,128	445,000	157,176
2020	1,045,000	91,425	460,000	144,144
2021	410,000	68,750	470,000	130,752
2022-2026	2,225,000	169,400	2,570,000	438,624
2027-2031	<u>475,000</u>	<u>4,750</u>	<u>1,735,000</u>	<u>75,816</u>
	\$ <u><u>8,550,000</u></u>	\$ <u><u>861,936</u></u>	\$ <u><u>6,525,000</u></u>	\$ <u><u>1,298,088</u></u>

Business-type Activities

<u>September 30,</u>	Revenue Bonds	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 460,000	\$ 28,291
2018	265,000	16,899
2019	115,000	10,670
2020	125,000	6,506
2021	<u>125,000</u>	<u>2,169</u>
	\$ <u><u>1,090,000</u></u>	\$ <u><u>64,535</u></u>

**Discretely Presented Component Unit -
Tax Increment Financing Fund**

<u>September 30,</u>	Revenue Bonds	
	Principal	Interest
2017	\$ 600,000	\$ 55,781
2018	610,000	44,200
2019	625,000	28,725
2020	645,000	9,675
	\$ 2,480,000	\$ 138,381

Bond Refunding

On July 15, 2016, the City issued \$6,225,000 of General Obligation Refunding Bonds, Series 2016. The net proceeds from the issuance of the bonds were used to purchase U.S. Government Securities and those securities were deposited in an irrevocable trust with an escrow agent to provide future debt service payments. The refunded bonds are considered legally defeased and the liability for these bonds have been removed. The new bonds defeased the GO Bonds, Series 2007 and the Combination Tax and Tax Increment Revenue Refunding Bonds, Series 2011 bonds. The reacquisition price exceeded the net carrying amount of the old debt by \$7,743. The City refunded to reduce its total debt service payments by \$673,534 and to obtain an economic gain of \$602,797 (present value).

Capital Leases

The City has entered into lease agreements as lessee for financing and acquisition of equipment for the Fire Department. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of its future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Machinery and equipment	\$ 1,552,161
Less: accumulated depreciation	(732,455)
Total	\$ 819,706

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2016, were as follows:

	<u>Governmental Activities</u>
2017	\$ 161,419
2018	116,839
2019	<u>116,839</u>
Total minimum lease payments	395,097
Less: amount representing interest	<u>(32,846)</u>
Present value of minimum lease payments	<u>\$ 362,251</u>

Defined Benefit Pension Policies

Plan Descriptions

The City participates as one of 866 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 agency 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 Sections 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.org.

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

Benefits Provided

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

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven 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.

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

Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	20 years to any age, 5 years at age 60 and above
Updated service credit	100% repeating, transfers
Annuity increase to retirees	0% of CPI

Employees covered by benefit terms

At the December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	106
Inactive employees entitled to but not yet receiving benefits	117
Active employees	<u>181</u>
	<u><u>404</u></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 with 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contributions rate for each city is determined as the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 7.69% and 7.58% in calendar years 2015 and 2016, respectively. The city’s contributions to TMRS for the year ended September 30, 2016, were \$941,907, and were equal to the required contributions.

Net Pension Liability

The city’s Net Pension Liability (NPL) was measured as of December 31, 2015, 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, 2015 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%. Based on the size of the city, rates are multiplied by a factor of 100%. 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 Adjustments are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year-set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2015, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period of December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering the 2009 through 2011, and the dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. 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 expenses 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). At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.65%
Real Return	10.0%	4.03%
Real Estate	10.0%	5.00%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	8.50%
Total	100.0%	

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 period 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 Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2014	\$ 44,992,613	\$ 48,865,090	\$(3,872,477)
Changes for the year:			
Service cost	1,820,192	-	1,820,192
Interest	3,149,676	-	3,149,676
Difference between expected and actual experience	(55,444)	-	(55,444)
Changes of assumptions	937,119	-	937,119
Contributions - employer	-	903,631	(903,631)
Contributions - employee	(1,814,665)	822,553	(2,637,218)
Net investment income	-	72,103	(72,103)
Benefit payments, including refunds of employee contributions	-	(1,814,665)	1,814,665
Administrative expense	-	(43,918)	43,918
Other changes	-	(2,170)	2,170
Net changes	<u>4,036,878</u>	<u>(62,466)</u>	<u>4,099,344</u>
Balance at 12/31/2015	<u>\$ 49,029,491</u>	<u>\$ 48,802,624</u>	<u>\$ 226,867</u>

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	\$ 7,152,669	\$ 226,867	\$(5,472,292)

Pension Plan Fiduciary Net Position

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

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended September 30, 2016, the City recognized pension expense of \$1,774,402.

At September 30, 2016, 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	\$ 79,978	\$ 43,821
Changes in actuarial assumptions	740,658	-
Difference between projected and actual investment earnings	3,035,484	-
Contributions subsequent to the measurement date	<u>1,514,067</u>	<u>-</u>
Total	<u>\$ 5,370,187</u>	<u>\$ 43,821</u>

\$1,514,067 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, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

Year ended Dec 31	
2016	\$ 1,001,556
2017	1,001,556
2018	997,175
2019	<u>812,012</u>
	<u>\$ 3,812,299</u>

Water and Wastewater Contracts

The City has two contracts with the Trinity River Authority of Texas (TRA) for the purchase of treated water and for the transportation, treatment and disposal of sanitary sewage and other waste. The initial term of the contracts are 35 years (water – April 2014) and 50 years (wastewater – November 2023), however both contain language that they will continue in effect until all related bonds and refunding bonds in lieu of debt have been paid. While the provisions of each of the contracts vary, each contract basically requires the City to pay varying amounts based on the costs associated with water purchased and sewage transported and/or treated and disposed. The cost includes the City’s proportionate share of TRA’s operating and maintenance expenses, related debt service costs, and certain other miscellaneous charges. Purchases of treated water and charges for the transportation, treatment and disposal of sewage and other wastes during fiscal year 2016 amounted to approximately \$7,275,679 and \$2,375,369, respectively.

Advances from Developers

Developers are required by ordinance to construct perimeter streets and related storm drainage facilities. The developer may request a waiver from the Council for the construction requirements and instead deposit escrow funds with the City equal to one-half of the estimated cost of construction, which are utilized by the City to complete the project at some later date. At September 30, 2016, developers had escrowed \$3,052,842 with the City in connection with developer agreements.

Contingent Liabilities

The City has been named as a defendant or co-defendant in a number of legal actions. While the outcome of these cases is not known at this time, City management believes that any awards to insured parties which must be paid in excess of amounts covered by insurance will not be material to the financial position of the City.

Risk Financing and Insurance

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. During the fiscal year 1974, the City joined the Texas Municipal League Workers Compensation Joint Insurance Fund for risks related to employees. During the fiscal year 1992, the City joined the Texas Municipal League Joint Insurance Fund for risks related to general liability, property and errors and omissions. Premiums are paid to the Pool, which retains a limit of loss. Reinsurance companies insure the risks beyond those limits. The City retains, as a risk, only the deductible amount of each policy. There have been no significant reductions in insurance coverage and no settlements exceeded insurance coverage in the past three fiscal years.

Other Postemployment Benefits

Supplemental Death Benefits Fund

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

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

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

The City's contributions to the TMRS SDBF for the years ended 2016, 2015, and 2014 were \$18,639, \$17,776, and \$16,837, respectively, which equaled the required contributions each year.

Schedule of Contribution Rates			
Accounting Year Ending	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
09/30/14	.016%	.016%	100%
09/30/15	.015%	.015%	100%
09/30/16	.015%	.015%	100%

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**REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF COLLEYVILLE, TEXAS

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS**

FOR THE YEAR ENDED SEPTEMBER 30, 2016

Plan Year	<u>2014</u>	<u>2015</u>
A. Total pension liability		
Service Cost	\$ 1,598,908	\$ 1,820,192
Interest (on the Total Pension Liability)	2,938,763	3,149,676
Difference between expected and actual experience	136,216	(55,444)
Changes in assumptions	-	937,119
Benefit payments, including refunds of employee contributions	<u>(1,728,299)</u>	<u>(1,814,665)</u>
Net change in total pension liability	2,945,588	4,036,878
Total pension liability - beginning	<u>42,047,025</u>	<u>44,992,613</u>
Total pension liability - ending (a)	<u><u>\$ 44,992,613</u></u>	<u><u>\$ 49,029,491</u></u>
B. Plan fiduciary net position		
Contributions - Employer	\$ 745,874	\$ 903,631
Contributions - Employee	763,324	822,553
Net Investment Income	2,657,437	72,103
Benefit payments, including refunds of employee contributions	(1,728,299)	(1,814,665)
Administrative Expenses	(27,747)	(43,918)
Other	<u>(2,281)</u>	<u>(2,170)</u>
Net change in plan fiduciary net position	2,408,308	(62,466)
Plan fiduciary net position - beginning	<u>46,456,782</u>	<u>48,865,090</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 48,865,090</u></u>	<u><u>\$ 48,802,624</u></u>
C. Net pension liability - ending (a) - (b)	<u><u>\$(3,872,477)</u></u>	<u><u>\$ 226,867</u></u>
D. Plan fiduciary net position as a percentage of total pension liability	108.61%	99.54%
E. Covered employee payroll	\$ 10,904,635	\$ 11,750,753
F. Net position liability as a percentage of covered employee payroll	-35.51%	1.93%

Note: This schedule is required to have 10 years of information, but the information prior to 2014 is not available.

CITY OF COLLEYVILLE, TEXAS

SCHEDULE OF CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2016

Fiscal Year	2014	2015	2016
Actuarial determined contribution	\$ 738,034	\$ 868,363	\$ 941,907
Contributions in relation to the actuarially determined contribution	738,034	868,363	941,907
Contribution deficiency (excess)	-	-	-
Covered employee payroll	10,707,890	11,640,489	12,281,471
Contributions as a percentage of covered employee payroll	6.89%	7.46%	7.67%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date: 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 10.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of 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 male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis of with BB.

Other Information:

Notes: There were no benefit changes during the year.

Note: This schedule is required to have 10 years of information, but the information prior to 2014 is not available.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Voluntary Park – This fund is used to account for the operations for which voluntary contributions by citizens are used. Contributions are used primarily to support park activities.

Voluntary Library – This fund is used to account for the operations for which voluntary contributions by citizens are used. Contributions are used primarily to support library activities.

Police Asset Forfeiture – This fund is used to account for activity related to seizure of assets in criminal-related activities.

Tree Preservation – This fund is used to account for operations related to replacement of trees, which are eliminated due to commercial development. Contributions are received from entities that are developing the property.

Library Donation – This fund is used to account for private and corporate donations for capital purchases related to the library building for the City.

Recreational Event – This fund is used to account for activities related to special events for the City.

Colleyville Center Development – This fund is used to account for contributions received to construct a community center.

Recycling – This fund is used to account for the promotion of recycling activities in the City of Colleyville. Contributions are received from the holder of the City's recycling franchise.

LEOSE (Law Enforcement Officer Standards and Education) – This fund is used to account for activities related to the continuing education of qualified law enforcement officers as funded by the State of Texas LEOSE Account.

Colleyville Economic Development – This fund is used to account for the use of bond proceeds and sales tax revenues for municipal park improvements, the purchase of land and equipment for additional neighborhood parks and for the construction of a community center and library.

Crime District – This fund is used to account for the Colleyville Crime Control and Prevention District formed to act on behalf of the City for financing the development of crime control throughout the City.

Kidsville Maintenance – This fund is used to account for contributions received for the maintenance of Kidsville Playground.

Special Donations – This fund is used to account for various donations made to the City for specific projects.

Court Technology – This fund is used to account for the collection and use of fines collected to be specifically used on technology for the court.

Court Security – This fund is used to account for the collection and use of fines collected to be specifically used for security purposes.

TDPA Grant – This fund is used to account for grant proceeds received for the acquisition of equipment and expenditures relating to fire and rescue.

Public Art – This fund is used to account for the acquisition of art to be placed in City owned facilities with high public visibility.

Juvenile Case Manager – This fund is used to account for staff, whose primary role is handling juvenile defendants in terms of teen court dockets, all school violations including truancy, failure to attend school and parental noncompliance violations, and mandatory classes for drug, tobacco and alcohol defendants, as permitted by state statute.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Colleyville Tomorrow Fund – is used to account for proceeds received on gas leases on City-owned property to be used for capital purchases.

Parks Tomorrow Fund – This fund is used to account for proceeds received on gas leases on City-owned parks property for parks capital projects.

Park Land Dedication Fund – This fund is used to account for the acquisition of land for new park sites and to make improvements to or expand existing parks to better serve new development. Fees collected from the developers of residential and commercial development finance the improvements.

Colleyville Economic Development Corporation (CEDC) – This fund is used to account for financial resources to be used for the acquisition or construction or CEDC capital facilities. Financing is provided primarily by the revenue from certificate of obligation bonds.

Capital and Cable Equipment Replacement – This fund is used to account for the replacement of cable equipment and other capital equipment.

Kimzey Park – This fund is used to account for the construction of Kimzey Park. The source of funding was a Texas Parks and Wildlife state grant.

CITY OF COLLEYVILLE, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2016

	Special Revenue Funds		
	Voluntary Park	Voluntary Library	Police Asset Forfeiture
ASSETS			
Cash and cash equivalents	\$ 1,924	\$ 53,163	\$ 2,112
Investments	817,413	359,478	-
Due from other governments	-	-	-
Accrued interest	2,192	812	-
Total assets	821,529	413,453	2,112
LIABILITIES			
Accounts payable	-	-	-
Accrued liabilities	-	-	-
Advances from developers	-	-	-
Total liabilities	-	-	-
FUND BALANCES			
Restricted	-	-	2,112
Committed	821,529	413,453	-
Assigned	-	-	-
Total fund balances	821,529	413,453	2,112
Total liabilities and fund balances	\$ 821,529	\$ 413,453	\$ 2,112

Special Revenue Funds

<u>Tree Preservation</u>	<u>Library Donation</u>	<u>Recreational Event</u>	<u>Colleyville Center Development</u>	<u>Recycling</u>	<u>LEOSE</u>
\$ 27,766	\$ 139,223	\$ 10,606	\$ 5,857	\$ 1,627	\$ 2,618
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>27,766</u>	<u>139,223</u>	<u>10,606</u>	<u>5,857</u>	<u>1,627</u>	<u>2,618</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>13,724</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>13,724</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	139,223	-	5,857	-	2,618
14,042	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>10,606</u>	<u>-</u>	<u>1,627</u>	<u>-</u>
<u>14,042</u>	<u>139,223</u>	<u>10,606</u>	<u>5,857</u>	<u>1,627</u>	<u>2,618</u>
<u>\$ 27,766</u>	<u>\$ 139,223</u>	<u>\$ 10,606</u>	<u>\$ 5,857</u>	<u>\$ 1,627</u>	<u>\$ 2,618</u>

CITY OF COLLEYVILLE, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

SEPTEMBER 30, 2016

	Special Revenue Funds		
	Colleyville Economic Development	Crime District	Kidsville Maintenance
ASSETS			
Cash and cash equivalents	\$ 2,602,046	\$ 1,295,306	\$ 20,237
Investments	510,349	-	-
Due from other governments	343,988	299,653	-
Accrued interest	514	-	-
Total assets	3,456,897	1,594,959	20,237
LIABILITIES			
Accounts payable	-	100,474	-
Accrued liabilities	-	10,826	-
Advances from developers	-	-	-
Total liabilities	-	111,300	-
FUND BALANCES			
Restricted	3,456,897	1,483,659	20,237
Committed	-	-	-
Assigned	-	-	-
Total fund balances	3,456,897	1,483,659	20,237
Total liabilities and fund balances	\$ 3,456,897	\$ 1,594,959	\$ 20,237

Special Revenue Funds

<u>Special Donations</u>	<u>Court Technology</u>	<u>Court Security</u>	<u>TDPA Grant</u>	<u>Public Art</u>	<u>Juvenile Case Manager</u>
\$ 67,973	\$ 121,820	\$ 57,495	\$ 8,133	\$ 7,904	\$ 25,881
-	-	-	-	-	-
-	-	10,831	-	-	-
-	-	-	-	-	-
<u>67,973</u>	<u>121,820</u>	<u>68,326</u>	<u>8,133</u>	<u>7,904</u>	<u>25,881</u>
-	-	-	-	-	34
-	-	98	-	-	753
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>98</u>	<u>-</u>	<u>-</u>	<u>787</u>
67,973	121,820	68,228	8,133	-	25,094
-	-	-	-	-	-
-	-	-	-	7,904	-
<u>67,973</u>	<u>121,820</u>	<u>68,228</u>	<u>8,133</u>	<u>7,904</u>	<u>25,094</u>
<u>\$ 67,973</u>	<u>\$ 121,820</u>	<u>\$ 68,326</u>	<u>\$ 8,133</u>	<u>\$ 7,904</u>	<u>\$ 25,881</u>

CITY OF COLLEYVILLE, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

SEPTEMBER 30, 2016

	Capital Project Funds		
	Colleyville Tomorrow	Parks Tomorrow	Park Land Dedication
ASSETS			
Cash and cash equivalents	\$ 1,799,950	\$ 1,050,062	\$ 158,186
Investments	475,224	-	1,613,848
Due from other governments	-	-	-
Accrued interest	1,123	-	3,859
Total assets	2,276,297	1,050,062	1,775,893
LIABILITIES			
Accounts payable	500	14,013	-
Accrued liabilities	-	-	-
Advances from developers	-	-	-
Total liabilities	500	14,013	-
FUND BALANCES			
Restricted	-	-	-
Committed	2,275,797	1,036,049	1,775,893
Assigned	-	-	-
Total fund balances	2,275,797	1,036,049	1,775,893
Total liabilities and fund balances	\$ 2,276,297	\$ 1,050,062	\$ 1,775,893

<u>Capital Project Funds</u>			
<u>CEDC Capital Project</u>	<u>Capital and Cable Equipment Replacement</u>	<u>Kimzey Park</u>	<u>Total Governmental Funds</u>
\$ 65,794	\$ 375,170	\$ -	\$ 7,900,853
-	599,725	-	4,376,037
-	-	-	654,472
<u>-</u>	<u>1,897</u>	<u>-</u>	<u>10,397</u>
<u>65,794</u>	<u>976,792</u>	<u>-</u>	<u>12,941,759</u>
-	-	-	115,021
-	-	-	11,677
<u>-</u>	<u>-</u>	<u>-</u>	<u>13,724</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>140,422</u>
-	-	-	5,401,851
65,794	-	-	6,402,557
<u>-</u>	<u>976,792</u>	<u>-</u>	<u>996,929</u>
<u>65,794</u>	<u>976,792</u>	<u>-</u>	<u>12,801,337</u>
<u>\$ 65,794</u>	<u>\$ 976,792</u>	<u>\$ -</u>	<u>\$ 12,941,759</u>

CITY OF COLLEYVILLE, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Special Revenue Funds		
	Voluntary Park	Voluntary Library	Police Asset Forfeiture
REVENUES			
Taxes	\$ -	\$ -	\$ -
Fees and fines	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Donations	159,873	159,873	-
Investment earnings	7,501	1,736	-
Miscellaneous	-	-	183
Total revenues	<u>167,374</u>	<u>161,609</u>	<u>183</u>
EXPENDITURES			
Current:			
General government	-	-	-
Fire and rescue	-	-	-
Leisure services	103,118	152,917	-
Municipal court	-	-	-
Police	-	-	2,163
Debt service:			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay	94,953	-	-
Total expenditures	<u>198,071</u>	<u>152,917</u>	<u>2,163</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(30,697)</u>	<u>8,692</u>	<u>(1,980)</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(30,697)</u>	<u>8,692</u>	<u>(1,980)</u>
FUND BALANCES, BEGINNING	<u>852,226</u>	<u>404,761</u>	<u>4,092</u>
FUND BALANCES, ENDING	<u>\$ 821,529</u>	<u>\$ 413,453</u>	<u>\$ 2,112</u>

Special Revenue Funds

Tree Preservation	Library Donation	Recreational Event	Colleyville Center Development	Recycling	LEOSE
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	2,175	-	-	-	4,026
-	-	-	-	-	-
-	19,040	13,772	-	-	-
-	-	-	-	-	-
-	-	-	-	15,000	-
-	21,215	13,772	-	15,000	4,026
10,693	-	-	-	15,000	-
-	-	-	-	-	-
-	17,053	8,615	-	-	-
-	-	-	-	-	-
-	-	-	-	-	3,119
-	-	-	-	-	-
-	-	-	-	-	-
10,693	17,053	8,615	-	15,000	3,119
(10,693)	4,162	5,157	-	-	907
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(10,693)	4,162	5,157	-	-	907
24,735	135,061	5,449	5,857	1,627	1,711
\$ 14,042	\$ 139,223	\$ 10,606	\$ 5,857	\$ 1,627	\$ 2,618

CITY OF COLLEYVILLE, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Special Revenue Funds		
	Colleyville Economic Development	Crime District	Kidsville Maintenance
REVENUES			
Taxes	\$ 1,864,083	\$ 1,661,372	\$ -
Fees and fines	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Donations	-	-	-
Investment earnings	8,347	3,931	-
Miscellaneous	-	-	-
Total revenues	<u>1,872,430</u>	<u>1,665,303</u>	<u>-</u>
EXPENDITURES			
Current:			
General government	65,746	-	-
Fire and rescue	-	-	-
Leisure services	413,915	-	14
Municipal court	-	-	-
Police	-	912,379	-
Debt service:			
Principal	410,000	-	-
Interest and other charges	193,824	-	-
Capital outlay	<u>307,942</u>	<u>283,505</u>	<u>-</u>
Total expenditures	<u>1,391,427</u>	<u>1,195,884</u>	<u>14</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>481,003</u>	<u>469,419</u>	<u>(14)</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	-	42,839	-
Transfers in	-	-	-
Transfers out	<u>-</u>	<u>(510,242)</u>	<u>-</u>
Total other financing sources and uses	<u>-</u>	<u>(467,403)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	481,003	2,016	(14)
FUND BALANCES, BEGINNING	<u>2,975,894</u>	<u>1,481,643</u>	<u>20,251</u>
FUND BALANCES, ENDING	<u>\$ 3,456,897</u>	<u>\$ 1,483,659</u>	<u>\$ 20,237</u>

Special Revenue Funds

Special Donations	Court Technology	Court Security	TDPA Grant	Public Art	Juvenile Case Manager
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	23,834	17,845	-	-	58,160
4,000	-	-	-	-	-
-	61,664	10,831	-	-	-
61,731	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>65,731</u>	<u>85,498</u>	<u>28,676</u>	<u>-</u>	<u>-</u>	<u>58,160</u>
-	-	-	-	-	-
18,941	-	-	-	-	-
20,313	-	-	-	-	-
-	25,385	33,408	-	-	53,300
807	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
30,000	-	-	-	-	-
<u>70,061</u>	<u>25,385</u>	<u>33,408</u>	<u>-</u>	<u>-</u>	<u>53,300</u>
(4,330)	60,113	(4,732)	-	-	4,860
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(4,330)	60,113	(4,732)	-	-	4,860
<u>72,303</u>	<u>61,707</u>	<u>72,960</u>	<u>8,133</u>	<u>7,904</u>	<u>20,234</u>
<u>\$ 67,973</u>	<u>\$ 121,820</u>	<u>\$ 68,228</u>	<u>\$ 8,133</u>	<u>\$ 7,904</u>	<u>\$ 25,094</u>

CITY OF COLLEYVILLE, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Capital Project Funds		
	Colleyville Tomorrow	Parks Tomorrow	Park Land Dedication
REVENUES			
Taxes	\$ -	\$ -	\$ -
Fees and fines	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Donations	-	-	7,208
Investment earnings	10,155	5,306	16,910
Miscellaneous	-	-	-
Total revenues	10,155	5,306	24,118
EXPENDITURES			
Current:			
General government	-	18,580	-
Fire and rescue	-	-	-
Leisure services	-	20,586	250,587
Municipal court	-	-	-
Police	-	-	-
Debt service:			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay	81,213	127,747	315,480
Total expenditures	81,213	166,913	566,067
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(71,058)	(161,607)	(541,949)
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	-	-	-
Transfers in	63,318	-	-
Transfers out	-	-	-
Total other financing sources and uses	63,318	-	-
NET CHANGE IN FUND BALANCES	(7,740)	(161,607)	(541,949)
FUND BALANCES, BEGINNING	2,283,537	1,197,656	2,317,842
FUND BALANCES, ENDING	\$ 2,275,797	\$ 1,036,049	\$ 1,775,893

<u>Capital Project Funds</u>			
<u>CEDC Capital Project</u>	<u>Capital and Cable Equipment Replacement</u>	<u>Kimzey Park</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 3,525,455
-	-	-	99,839
-	-	-	10,201
-	-	-	72,495
-	-	-	421,497
-	4,202	-	58,088
-	10,344	-	25,527
<u>-</u>	<u>14,546</u>	<u>-</u>	<u>4,213,102</u>
-	-	-	110,019
-	-	-	18,941
-	-	-	987,118
-	-	-	112,093
-	14,217	-	932,685
-	-	-	410,000
-	-	-	193,824
<u>-</u>	<u>83,496</u>	<u>3,576</u>	<u>1,327,912</u>
<u>-</u>	<u>97,713</u>	<u>3,576</u>	<u>4,092,592</u>
<u>-</u>	<u>(83,167)</u>	<u>(3,576)</u>	<u>120,510</u>
-	-	-	42,839
-	262,000	-	325,318
<u>-</u>	<u>-</u>	<u>-</u>	<u>(510,242)</u>
<u>-</u>	<u>262,000</u>	<u>-</u>	<u>(142,085)</u>
-	178,833	(3,576)	(21,575)
<u>65,794</u>	<u>797,959</u>	<u>3,576</u>	<u>12,822,912</u>
<u>\$ 65,794</u>	<u>\$ 976,792</u>	<u>\$ -</u>	<u>\$ 12,801,337</u>

CITY OF COLLEYVILLE, TEXAS

DEBT SERVICE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Budget</u>	<u>Actual</u>	Variance with Budget - Positive (Negative)
REVENUES			
Taxes	\$ 681,434	\$ 763,439	\$ 82,005
Investment earnings	<u>2,251</u>	<u>3,853</u>	<u>1,602</u>
Total revenues	<u>683,685</u>	<u>767,292</u>	<u>83,607</u>
EXPENDITURES			
Debt service:			
Principal retirement	1,182,094	1,057,094	125,000
Interest and fiscal charges	<u>369,886</u>	<u>369,836</u>	<u>50</u>
Total expenditures	<u>1,551,980</u>	<u>1,426,930</u>	<u>125,050</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(868,295)</u>	<u>(659,638)</u>	<u>208,657</u>
OTHER FINANCING SOURCES			
Refunding bonds issued	6,225,000	6,225,000	-
Payment to bond escrow agent	(6,373,776)	(6,373,776)	-
Premium on bond issuance	239,163	239,163	-
Transfers in	<u>500,242</u>	<u>500,242</u>	<u>-</u>
Total other financing sources	<u>590,629</u>	<u>590,629</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(277,666)</u>	<u>(69,009)</u>	<u>208,657</u>
FUND BALANCE, BEGINNING	<u>829,510</u>	<u>829,510</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 551,844</u>	<u>\$ 760,501</u>	<u>\$ 208,657</u>

AGENCY FUNDS

Employee Activity Fund – This fund is used to account for funds held by the City for the benefit of employees of the City.

Sesquicentennial Fund – This fund is used to account for funds held by the City for the benefit of the City of Colleyville's historical purposes.

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CITY OF COLLEYVILLE, TEXAS

COMBINING STATEMENT OF FIDUCIARY NET POSITION

AGENCY FUNDS

SEPTEMBER 30, 2016

	Employee Activity Fund	Sesquicentennial Fund	Total
ASSETS			
Cash and cash equivalents	\$ <u>5,773</u>	\$ <u>19,716</u>	\$ <u>25,489</u>
Total assets	\$ <u><u>5,773</u></u>	\$ <u><u>19,716</u></u>	\$ <u><u>25,489</u></u>
LIABILITIES			
Due to other agencies and individuals	\$ <u>5,773</u>	\$ <u>19,716</u>	\$ <u>25,489</u>
Total liabilities	\$ <u><u>5,773</u></u>	\$ <u><u>19,716</u></u>	\$ <u><u>25,489</u></u>

CITY OF COLLEYVILLE, TEXAS

**COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES**

AGENCY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Employee Activity Fund			Balance 09/30/16
	Balance 10/01/15	Additions	Deletions	
Cash and cash equivalents	\$ 6,330	\$ 3,651	\$ 4,208	\$ 5,773
Total assets	\$ 6,330	\$ 3,651	\$ 4,208	\$ 5,773
Due to other agencies and individuals	\$ 6,330	\$ 3,651	\$ 4,208	\$ 5,773
Total liabilities	\$ 6,330	\$ 3,651	\$ 4,208	\$ 5,773

	Sesquicentennial Fund			Balance 09/30/16
	Balance 10/01/15	Additions	Deletions	
Cash and cash equivalents	\$ 18,988	\$ 728	\$ -	\$ 19,716
Total assets	\$ 18,988	\$ 728	\$ -	\$ 19,716
Due to other agencies and individuals	\$ 18,988	\$ 728	\$ -	\$ 19,716
Total liabilities	\$ 18,988	\$ 728	\$ -	\$ 19,716

	Total Agency Funds			Balance 09/30/16
	Balance 10/01/15	Additions	Deletions	
Cash and cash equivalents	\$ 25,318	\$ 4,379	\$ 4,208	\$ 25,489
Total assets	\$ 25,318	\$ 4,379	\$ 4,208	\$ 25,489
Due to other agencies and individuals	\$ 25,318	\$ 4,379	\$ 4,208	\$ 25,489
Total liabilities	\$ 25,318	\$ 4,379	\$ 4,208	\$ 25,489

STATISTICAL SECTION

This part of the City of Colleyville, Texas' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	103
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	113
Debt Capacity These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	118
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	125
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	127

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

CITY OF COLLEYVILLE, TEXAS

NET POSITION BY COMPONENT

(Accrual Basis of Accounting)

	Fiscal Year		
	2007	2008	2009
Governmental activities:			
Net investment in capital assets	\$ 71,824,719	\$ 77,484,725	\$ 79,243,497
Restricted for:			
Debt service	1,032,586	889,689	1,040,896
Court security and technology	-	-	-
Grant programs	-	-	-
Leisure services	-	-	-
Economic development	-	-	-
Streets and drainage	-	-	-
Police	-	-	-
Unrestricted	21,987,778	21,862,136	27,498,864
Total governmental activities net position	\$ 94,845,083	\$ 100,236,550	\$ 107,783,257
Business-type activities:			
Net investment in capital assets	\$ 32,804,703	\$ 39,442,148	\$ 39,174,562
Restricted for:			
Debt service	1,080,751	1,024,349	987,181
Unrestricted	13,626,274	7,837,790	8,127,736
Total business-type activities net position	\$ 47,511,728	\$ 48,304,287	\$ 48,289,479
Primary government:			
Net investment in capital assets	\$ 104,629,422	\$ 116,926,873	\$ 118,418,059
Restricted for:			
Debt service	2,113,337	1,914,038	2,028,077
Court security and technology	-	-	-
Grant programs	-	-	-
Leisure services	-	-	-
Economic development	-	-	-
Streets and drainage	-	-	-
Police	-	-	-
Unrestricted	35,614,052	29,699,926	35,626,600
Total primary government net position	\$ 142,356,811	\$ 148,540,837	\$ 156,072,736

Note: The City implemented GASB 54 in fiscal year 2011 to provide clearer fund balance classifications. Prior years were not restated.

TABLE 1

							Fiscal Year						
2010		2011		2012		2013		2014		2015		2016	
\$	81,970,674	\$	83,166,142	\$	83,211,988	\$	84,414,252	\$	89,754,051	\$	98,958,693	\$	97,982,160
	1,057,699		1,106,893		1,159,092		857,143		831,073		744,295		692,093
	-		153,420		91,637		101,411		109,766		154,901		215,142
	-		23,208		21,116		16,489		9,190		9,844		10,751
	-		201,184		207,736		207,770		224,064		233,472		233,290
	-		1,863,900		1,998,845		2,277,373		2,733,995		2,975,894		3,456,897
	-		6,428,106		8,192,568		8,432,946		12,188,836		13,838,090		15,970,063
	-		994,913		1,143,454		1,223,271		1,403,502		1,485,735		1,485,771
	<u>25,936,703</u>		<u>17,837,593</u>		<u>19,559,719</u>		<u>18,680,620</u>		<u>17,930,939</u>		<u>20,681,413</u>		<u>20,797,199</u>
\$	<u>108,965,076</u>	\$	<u>111,775,359</u>	\$	<u>115,586,155</u>	\$	<u>116,211,275</u>	\$	<u>125,185,416</u>	\$	<u>139,082,337</u>	\$	<u>140,843,366</u>
\$	39,080,043	\$	38,892,098	\$	38,395,708	\$	39,269,943	\$	41,567,161	\$	44,823,618	\$	44,010,618
	983,225		662,050		-		-		-		-		-
	<u>7,747,336</u>		<u>10,111,776</u>		<u>12,332,238</u>		<u>13,702,724</u>		<u>14,827,594</u>		<u>15,260,882</u>		<u>17,263,830</u>
\$	<u>47,810,604</u>	\$	<u>49,665,924</u>	\$	<u>50,727,946</u>	\$	<u>52,972,667</u>	\$	<u>56,394,755</u>	\$	<u>60,084,500</u>	\$	<u>61,274,448</u>
\$	121,050,717	\$	122,058,240	\$	121,607,696	\$	123,684,195	\$	131,321,212	\$	143,782,311	\$	141,992,778
	2,040,924		1,768,943		1,159,092		857,143		831,073		744,295		692,093
	-		153,420		91,637		101,411		109,766		154,901		215,142
	-		23,208		21,116		16,489		9,190		9,844		10,751
	-		201,184		207,736		207,770		224,064		233,472		233,290
	-		1,863,900		1,998,845		2,277,373		2,733,995		2,975,894		3,456,897
	-		6,428,106		8,192,568		8,432,946		12,188,836		13,838,090		15,970,063
	-		994,913		1,143,454		1,223,271		1,403,502		1,485,735		1,485,771
	<u>33,684,039</u>		<u>27,949,369</u>		<u>31,891,957</u>		<u>32,383,344</u>		<u>32,758,533</u>		<u>35,942,295</u>		<u>38,061,029</u>
\$	<u>156,775,680</u>	\$	<u>161,441,283</u>	\$	<u>166,314,101</u>	\$	<u>169,183,942</u>	\$	<u>181,580,171</u>	\$	<u>199,166,837</u>	\$	<u>202,117,814</u>

CITY OF COLLEYVILLE, TEXAS

CHANGES IN NET POSITION

(Accrual Basis of Accounting)

	Fiscal Year		
	2007	2008	2009
EXPENSES			
Governmental activities:			
General government	\$ 2,438,051	\$ 2,814,874	\$ 2,945,481
Community Development and Engineering	1,523,768	1,481,124	1,530,901
Fire and rescue	3,790,831	3,958,111	4,113,793
Leisure services	3,525,094	4,033,105	3,941,259
Maintenance	434,984	417,265	455,752
Municipal court	262,198	324,020	291,724
Police	4,232,185	4,657,438	4,841,217
Streets and drainage	2,890,995	3,129,730	3,503,519
Interest on long-term debt	<u>1,032,374</u>	<u>1,101,714</u>	<u>1,051,180</u>
Total governmental activities expenses	<u>20,130,480</u>	<u>21,917,381</u>	<u>22,674,826</u>
Business-type activities:			
Water and wastewater	9,337,282	11,179,548	10,612,372
Drainage	671,773	593,600	658,016
Interest on long-term debt	<u>400,752</u>	<u>362,642</u>	<u>331,361</u>
Total business-type activities expenses	<u>10,409,807</u>	<u>12,135,790</u>	<u>11,601,749</u>
Total primary government program expenses	<u>\$ 30,540,287</u>	<u>\$ 34,053,171</u>	<u>\$ 34,276,575</u>
PROGRAM REVENUES			
Governmental activities:			
Charges for services:			
General government	\$ 6,000	\$ 16,000	\$ 15,000
Community Development and Engineering	1,454,744	1,332,453	666,914
Fire and rescue	303,868	250,814	271,216
Leisure services	424,024	563,738	6,595,487
Municipal court	932,452	1,171,919	1,002,008
Police	81,054	79,699	51,631
Streets and drainage	355,157	358,688	215,619
Operating grants and contributions	431,683	1,856,567	713,189
Capital grants and contributions	<u>5,372,281</u>	<u>3,973,954</u>	<u>360,023</u>
Total governmental activities program revenues	<u>9,361,263</u>	<u>9,603,832</u>	<u>9,891,087</u>

TABLE 2

		Fiscal Year											
		2010	2011	2012	2013	2014	2015	2016					
\$	2,691,905	\$	2,715,154	\$	3,125,214	\$	4,075,001	\$	4,103,928	\$	4,676,185	\$	4,449,317
	1,645,221		1,402,669		1,397,839		1,429,755		1,613,311		1,582,461		1,558,750
	4,419,945		4,421,496		4,321,929		4,529,225		4,625,036		5,264,026		4,783,421
	4,118,769		4,191,960		4,124,619		4,106,822		3,776,068		4,042,252		4,701,443
	423,783		412,513		400,306		494,545		575,696		684,301		689,861
	302,756		303,839		319,445		586,709		501,604		522,422		448,420
	4,836,274		4,878,055		4,579,570		4,961,444		5,019,343		5,681,698		5,734,116
	3,885,182		3,657,591		3,073,530		5,322,510		4,128,365		4,404,701		5,150,390
	1,000,061		849,390		780,029		724,458		717,045		536,161		614,159
	<u>23,323,896</u>		<u>22,832,667</u>		<u>22,122,481</u>		<u>26,230,469</u>		<u>25,060,396</u>		<u>27,394,207</u>		<u>28,129,877</u>
	11,242,553		12,009,187		12,258,587		12,544,530		13,238,893		14,055,232		13,995,038
	572,234		742,160		723,994		707,647		571,886		833,599		563,268
	296,288		-		-		-		-		-		-
	<u>12,111,075</u>		<u>12,751,347</u>		<u>12,982,581</u>		<u>13,252,177</u>		<u>13,810,779</u>		<u>14,888,831</u>		<u>14,558,306</u>
\$	<u>35,434,971</u>	\$	<u>35,584,014</u>	\$	<u>35,105,062</u>	\$	<u>39,482,646</u>	\$	<u>38,871,175</u>	\$	<u>42,283,038</u>	\$	<u>42,688,183</u>
\$	15,000	\$	97,234	\$	28,408	\$	15,000	\$	15,000	\$	17,500	\$	15,075
	647,298		868,363		1,146,518		927,690		1,387,329		1,587,038		1,356,581
	235,225		305,882		335,308		308,339		377,021		327,264		387,705
	468,426		1,213,167		520,433		501,260		510,991		503,098		505,203
	1,213,178		970,143		1,015,804		1,271,095		1,268,447		1,474,485		1,306,924
	94,059		70,709		81,056		70,513		71,022		75,415		93,566
	345,780		296,350		338,845		316,338		347,565		802,551		794,169
	543,516		822,056		490,069		468,361		486,869		450,559		514,845
	423,873		405,347		381,308		1,158,050		5,943,465		7,712,266		319,541
	<u>3,986,355</u>		<u>5,049,251</u>		<u>4,337,749</u>		<u>5,036,646</u>		<u>10,407,709</u>		<u>12,950,176</u>		<u>5,293,609</u>

CITY OF COLLEYVILLE, TEXAS

CHANGES IN NET POSITION

(Accrual Basis of Accounting)

	Fiscal Year		
	2007	2008	2009
PROGRAM REVENUES			
Business-type activities:			
Charges for services:			
Water and wastewater	\$ 9,127,470	\$ 11,114,892	\$ 11,303,868
Drainage	841,972	859,013	874,637
Capital grants and contributions	<u>1,561,255</u>	<u>1,415,785</u>	<u>63,293</u>
Total business-type activities program revenues	<u>11,530,697</u>	<u>13,389,690</u>	<u>12,241,798</u>
 Total primary government program revenues	 <u>\$ 20,891,960</u>	 <u>\$ 22,993,522</u>	 <u>\$ 22,132,885</u>
NET (EXPENSE) REVENUES			
Governmental activities	\$(10,769,217)	\$(12,313,549)	\$(12,783,739)
Business-type activities	<u>1,120,890</u>	<u>1,253,900</u>	<u>640,049</u>
Total primary government net expense	<u>(9,648,327)</u>	<u>(11,059,649)</u>	<u>(12,143,690)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION			
Governmental activities:			
Taxes			
Property	10,153,775	11,367,967	12,121,420
Franchise	1,779,376	1,818,060	2,017,440
Sales	4,674,068	4,740,964	4,718,976
Other	89,132	82,532	74,198
Investment earnings	1,224,361	804,864	471,524
Miscellaneous	97,963	96,348	77,854
Gain on sale of capital assets	-	116,112	25,237
Transfers	<u>664,085</u>	<u>841,936</u>	<u>823,797</u>
Total governmental activities	<u>18,682,760</u>	<u>19,868,783</u>	<u>20,330,446</u>
Business-type activities:			
Investment earnings	998,710	380,595	168,940
Gain on sale of capital assets	-	-	-
Transfers	<u>(664,085)</u>	<u>(841,936)</u>	<u>(823,797)</u>
Total business-type activities	<u>334,625</u>	<u>(461,341)</u>	<u>(654,857)</u>
 Total primary government	 <u>19,017,385</u>	 <u>19,407,442</u>	 <u>19,675,589</u>
CHANGE IN NET POSITION			
Governmental activities	7,913,543	7,555,234	7,546,707
Business-type activities	<u>1,455,515</u>	<u>792,559</u>	<u>(14,808)</u>
Total primary government	<u>\$ 9,369,058</u>	<u>\$ 8,347,793</u>	<u>\$ 7,531,899</u>

Note: See Table 9 for information about Water and Wastewater Charges for services

TABLE 2
(continued)

Fiscal Year						
2010	2011	2012	2013	2014	2015	2016
\$ 11,414,425	\$ 14,355,418	\$ 14,034,600	\$ 14,661,491	\$ 14,789,614	\$ 15,800,163	\$ 15,499,159
897,361	903,089	918,323	928,863	939,868	948,565	954,642
<u>147,014</u>	<u>168,365</u>	<u>169,464</u>	<u>876,660</u>	<u>2,707,835</u>	<u>2,362,261</u>	<u>43,104</u>
<u>12,458,800</u>	<u>15,426,872</u>	<u>15,122,387</u>	<u>16,467,014</u>	<u>18,437,317</u>	<u>19,110,989</u>	<u>16,496,905</u>
<u>\$ 16,445,155</u>	<u>\$ 20,476,123</u>	<u>\$ 19,460,136</u>	<u>\$ 21,503,660</u>	<u>\$ 28,845,026</u>	<u>\$ 32,061,165</u>	<u>\$ 21,790,514</u>
\$(19,337,541)	\$(17,783,416)	\$(17,784,732)	\$(21,193,823)	\$(14,652,687)	\$(14,444,031)	\$(22,836,268)
<u>347,725</u>	<u>2,675,525</u>	<u>2,139,806</u>	<u>3,214,837</u>	<u>4,626,538</u>	<u>4,222,158</u>	<u>1,938,599</u>
<u>(18,989,816)</u>	<u>(15,107,891)</u>	<u>(15,644,926)</u>	<u>(17,978,986)</u>	<u>(10,026,149)</u>	<u>(10,221,873)</u>	<u>(20,897,669)</u>
12,557,716	12,414,948	12,414,457	12,497,692	12,950,832	13,493,621	13,790,347
1,867,065	2,031,268	2,207,463	2,074,731	2,172,801	2,319,723	2,206,890
4,936,484	5,056,597	5,495,730	5,902,557	6,472,195	6,705,914	7,252,963
75,365	80,731	65,808	68,592	98,160	107,977	106,607
76,968	95,822	108,192	77,269	39,697	100,843	142,343
82,833	55,454	74,041	85,562	61,643	82,873	150,630
65,306	-	147,969	-	810,020	-	51,849
<u>857,622</u>	<u>858,879</u>	<u>1,081,868</u>	<u>1,112,540</u>	<u>1,180,292</u>	<u>1,178,590</u>	<u>895,668</u>
<u>20,519,359</u>	<u>20,593,699</u>	<u>21,595,528</u>	<u>21,818,943</u>	<u>23,785,640</u>	<u>23,989,541</u>	<u>24,597,297</u>
15,158	38,674	4,084	38,987	23,655	52,480	76,014
15,864	-	-	103,437	40,814	5,062	71,003
<u>(857,622)</u>	<u>(858,879)</u>	<u>(1,081,868)</u>	<u>(1,112,540)</u>	<u>(1,180,292)</u>	<u>(1,178,590)</u>	<u>(895,668)</u>
<u>(826,600)</u>	<u>(820,205)</u>	<u>(1,077,784)</u>	<u>(970,116)</u>	<u>(1,115,823)</u>	<u>(1,121,048)</u>	<u>(748,651)</u>
<u>19,692,759</u>	<u>19,773,494</u>	<u>20,517,744</u>	<u>20,848,827</u>	<u>22,669,817</u>	<u>22,868,493</u>	<u>23,848,646</u>
1,181,818	2,810,283	3,810,796	625,120	9,132,953	9,545,510	1,761,029
<u>(478,875)</u>	<u>1,855,320</u>	<u>1,062,022</u>	<u>2,244,721</u>	<u>3,510,715</u>	<u>3,101,110</u>	<u>1,189,948</u>
<u>\$ 702,943</u>	<u>\$ 4,665,603</u>	<u>\$ 4,872,818</u>	<u>\$ 2,869,841</u>	<u>\$ 12,643,668</u>	<u>\$ 12,646,620</u>	<u>\$ 2,950,977</u>

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CITY OF COLLEYVILLE, TEXAS

FUND BALANCES
GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General fund										
Non-spendable	\$ -	\$ -	\$ -	\$ -	\$ 2,147	\$ 132,664	\$ 1,759	\$ 1,269	\$ 2,119	\$ 9,388
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	706,942	813,536	813,536	813,536	813,536	796,438
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	<u>8,495,329</u>	<u>8,717,398</u>	<u>8,207,420</u>	<u>8,813,597</u>	<u>10,223,232</u>	<u>11,762,625</u>	<u>11,006,716</u>	<u>10,080,617</u>	<u>8,736,746</u>	<u>8,719,620</u>
Total general fund	<u>\$ 8,495,329</u>	<u>\$ 8,717,398</u>	<u>\$ 8,207,420</u>	<u>\$ 8,813,597</u>	<u>\$ 10,932,321</u>	<u>\$ 12,708,825</u>	<u>\$ 11,822,011</u>	<u>\$ 10,895,422</u>	<u>\$ 9,552,401</u>	<u>\$ 9,525,446</u>
All other governmental funds										
Non-spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	1,254,686	987,681	1,121,567	1,154,570	10,853,638	12,894,768	13,190,883	17,571,843	19,527,446	22,132,415
Committed	-	-	-	-	5,967,620	6,193,060	6,262,082	6,793,236	7,150,127	6,402,557
Assigned	-	-	-	-	1,148,548	954,818	910,611	765,908	812,939	996,929
Unassigned	-	-	-	-	-	-	(4,975)	-	-	-
Unassigned, reported in:										
Special revenue funds	4,814,412	5,696,905	7,267,350	5,664,493	-	-	-	-	-	-
Capital projects funds	<u>9,055,431</u>	<u>7,811,492</u>	<u>12,369,631</u>	<u>11,524,206</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 15,124,529</u>	<u>\$ 14,496,078</u>	<u>\$ 20,758,548</u>	<u>\$ 18,343,269</u>	<u>\$ 17,969,806</u>	<u>\$ 20,042,646</u>	<u>\$ 20,358,601</u>	<u>\$ 25,130,987</u>	<u>\$ 27,490,512</u>	<u>\$ 29,531,901</u>

Note: This schedule does not restate prior years for Special Revenue and Capital Projects Funds.
The City implemented GASB 54 in fiscal year 2011 to provide clearer fund balance classifications. Prior years were not restated.

CITY OF COLLEYVILLE, TEXAS

CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDSLAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
REVENUES										
Taxes	\$ 16,701,290	\$ 17,975,445	\$ 18,889,480	\$ 19,353,358	\$ 19,627,734	\$ 20,235,012	\$ 20,541,466	\$ 21,747,244	\$ 22,620,506	\$ 23,367,715
Developer contributions	683,425	226,488	-	-	-	-	-	-	-	-
Licenses, fees and permits	1,244,218	1,113,595	646,302	607,132	923,590	1,130,426	857,135	1,090,012	1,303,710	1,337,928
Capital improvement fees	389,657	358,688	208,622	334,075	281,260	322,498	300,900	333,496	785,992	766,398
Fines and penalties	965,416	1,203,260	1,028,425	1,244,146	998,221	1,051,899	1,000,954	1,043,821	1,217,654	1,023,202
Charges for services	1,190,327	1,322,732	7,129,322	917,884	1,694,993	1,030,439	1,321,927	1,577,564	1,571,510	1,398,579
Interest	1,224,361	804,864	471,524	76,968	95,823	110,550	77,269	39,697	100,842	142,330
Intergovernmental	4,361	1,437,935	350,468	100,807	541,709	124,056	76,506	556,954	1,377,763	224,367
Donations	735,756	548,093	401,432	379,853	602,401	406,789	487,066	918,613	981,282	421,497
Miscellaneous	107,700	116,280	155,100	97,833	70,453	89,041	100,562	76,643	97,873	165,642
Total revenues	<u>23,246,511</u>	<u>25,107,380</u>	<u>29,280,675</u>	<u>23,112,056</u>	<u>24,836,184</u>	<u>24,500,710</u>	<u>24,763,785</u>	<u>27,384,044</u>	<u>30,057,132</u>	<u>28,847,658</u>
EXPENDITURES										
General government	2,247,359	2,537,699	2,639,218	2,423,869	2,383,276	2,753,457	3,171,582	3,746,619	4,126,132	4,036,395
Comm Development/Eng	1,467,216	1,462,566	1,531,785	1,642,047	1,397,256	1,396,259	1,429,574	1,606,589	1,524,342	1,623,972
Fire	3,517,817	3,755,575	3,840,118	3,955,407	3,972,053	3,888,225	4,062,535	4,174,745	4,618,103	4,568,639
Police	3,961,975	4,395,056	4,588,576	4,552,947	4,596,862	4,304,710	4,670,639	4,707,315	5,143,662	5,393,431
Leisure services	2,913,798	3,171,514	3,058,332	3,173,352	3,177,878	3,049,908	3,035,583	2,702,313	2,996,371	3,588,611
Streets and drainage	1,485,756	1,649,037	1,917,536	2,297,719	2,052,298	1,388,970	3,597,965	2,055,631	2,407,780	3,148,848
Municipal court	252,961	323,059	291,893	302,172	302,666	319,084	586,911	501,027	508,566	461,393
Maintenance	415,708	410,636	449,806	417,946	405,911	394,830	489,685	570,011	662,480	690,007
Capital outlay	6,337,656	5,150,286	2,759,774	4,935,053	2,510,027	2,515,115	2,668,074	3,250,508	6,268,273	2,373,025
Debt service:										
Interest	1,094,001	2,584,790	1,033,148	944,751	838,320	757,594	697,140	716,228	524,414	563,660
Principal	2,005,204	1,189,798	2,275,553	2,180,061	2,259,004	2,007,585	2,246,921	1,342,586	1,459,693	1,467,094
Total expenditures	<u>25,699,451</u>	<u>26,630,016</u>	<u>24,385,739</u>	<u>26,825,324</u>	<u>23,895,551</u>	<u>22,775,737</u>	<u>26,656,609</u>	<u>25,373,572</u>	<u>30,239,816</u>	<u>27,915,075</u>

CITY OF COLLEYVILLE, TEXAS

CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDSLAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (2,452,940)</u>	<u>\$ (1,522,636)</u>	<u>\$ 4,894,936</u>	<u>\$ (3,713,268)</u>	<u>\$ 940,633</u>	<u>\$ 1,724,973</u>	<u>\$ (1,892,824)</u>	<u>\$ 2,010,472</u>	<u>\$ (182,684)</u>	<u>\$ 932,583</u>
OTHER FINANCING SOURCES (USES)										
Bonds issued	9,890,000	-	-	-	2,945,000	-	-	-	-	-
Refunding bonds	-	-	-	-	-	-	-	7,330,000	-	6,225,000
Notes payable	-	-	-	-	-	-	-	-	-	-
Capital lease	-	176,150	-	981,238	-	894,534	209,425	-	-	-
Sale of capital assets	8,800	98,168	33,759	65,306	7,098	147,969	-	925,033	20,598	95,796
Premium on bond issue	-	-	-	-	6,561	-	-	-	-	239,163
Payments to escrow	(4,921,334)	-	-	-	(3,012,910)	-	-	(7,600,000)	-	(6,373,776)
Transfers in	1,637,154	2,082,101	2,338,776	1,884,896	2,458,396	3,893,584	4,189,380	7,355,334	6,497,252	5,665,493
Transfers out	(973,069)	(1,240,165)	(1,514,979)	(1,027,274)	(1,599,517)	(2,811,716)	(3,076,840)	(6,175,042)	(5,318,662)	(4,769,825)
Total other financing sources (uses)	<u>5,641,551</u>	<u>1,116,254</u>	<u>857,556</u>	<u>1,904,166</u>	<u>804,628</u>	<u>2,124,371</u>	<u>1,321,965</u>	<u>1,835,325</u>	<u>1,199,188</u>	<u>1,081,851</u>
NET CHANGE IN FUND BALANCES	<u>\$ 3,188,611</u>	<u>\$ (406,382)</u>	<u>\$ 5,752,492</u>	<u>\$ (1,809,102)</u>	<u>\$ 1,745,261</u>	<u>\$ 3,849,344</u>	<u>\$ (570,859)</u>	<u>\$ 3,845,797</u>	<u>\$ 1,016,504</u>	<u>\$ 2,014,434</u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	<u>16.0%</u>	<u>17.6%</u>	<u>15.3%</u>	<u>14.3%</u>	<u>14.5%</u>	<u>13.6%</u>	<u>12.3%</u>	<u>9.3%</u>	<u>8.3%</u>	<u>8.0%</u>

Note: Capital Outlay does not include contributed capital assets received from developers.

CITY OF COLLEYVILLE, TEXAS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Residential Property	Personal Property	Less: Tax-exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
2007	\$ 3,229,353,459	\$ 86,080,918	\$ 228,115,791	\$ 3,087,318,586	0.3474	\$ 3,087,318,586
2008	3,531,988,996	97,998,283	228,915,486	3,401,071,793	0.3559	3,401,071,793
2009	3,748,968,313	99,556,111	230,676,995	3,617,847,429	0.3559	3,617,847,429
2010	3,907,288,105	95,261,420	237,293,931	3,765,255,594	0.3559	3,765,255,594
2011	3,917,415,346	92,176,541	253,414,335	3,756,177,552	0.3559	3,756,177,552
2012	3,941,020,477	89,758,416	277,077,387	3,753,701,506	0.3559	3,753,701,506
2013	3,997,250,723	91,264,033	296,807,896	3,791,706,860	0.3559	3,791,706,860
2014	4,129,613,419	93,604,217	307,729,550	3,915,488,086	0.3559	3,915,488,086
2015	4,314,297,434	102,095,151	313,245,782	4,103,146,803	0.3559	4,103,146,803
2016	4,332,288,268	106,282,459	301,657,610	4,136,913,117	0.3559	4,136,913,117

Source: Tarrant Appraisal District

Note: Property in Tarrant County is reassessed once every two years. The Appraisal District assesses property at 100 percent of actual value for residential and personal. Tax rates are per \$100 of assessed value.

TABLE 6

CITY OF COLLEYVILLE, TEXAS

DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS

Fiscal Year	City Direct Rates			Overlapping Rates							
	Operations and Maintenance Rate	General Obligation Debt Service	Total Direct Rate	Birdville Independent School District	Carroll Independent School District	Grapevine-Colleyville Independent School District	Hurst-Eules Bedford Independent School District	Keller Independent School District	Tarrant County	Tarrant County College District	Tarrant County Hospital District
2007	0.27873	0.06867	0.34740	1.5650	1.7950	1.57430	1.5976	1.6080	0.27150	0.139380	0.235397
2008	0.28299	0.07291	0.35590	1.4050	1.4650	1.29000	1.3037	1.3574	0.26650	0.139380	0.230397
2009	0.28860	0.06731	0.35590	1.4100	1.4150	1.29000	1.2955	1.4169	0.26400	0.137960	0.227897
2010	0.29864	0.05726	0.35590	1.4050	1.4150	1.29000	1.2955	1.4863	0.26400	0.137670	0.227897
2011	0.29758	0.05832	0.35590	1.4250	1.4150	1.29000	1.2882	1.5306	0.26400	0.137600	0.227900
2012	0.30881	0.04709	0.35590	1.4350	1.4150	1.32010	1.4140	1.5400	0.26400	0.148970	0.227897
2013	0.31385	0.04205	0.35590	1.4350	1.4000	1.32010	1.4075	1.5400	0.26400	0.148970	0.227897
2014	0.32442	0.03148	0.35590	1.4350	1.4000	1.32010	1.3875	1.5400	0.26400	0.149500	0.227897
2015	0.33461	0.02129	0.35590	1.4350	1.4000	1.32010	1.3750	1.5400	0.26400	0.149500	0.227897
2016	0.33624	0.01966	0.35590	1.4539	1.3950	1.32010	1.3500	1.5400	0.26400	0.149500	0.227897

Source: Tarrant Appraisal District

Notes: Overlapping rates are those of local and county governments that apply to property owners within the City of Colleyville, Texas. Not all school district overlapping rates apply to all Colleyville property owners because the City is served by five different independent school districts; for example, although the county property tax rates apply to all City property owners, the Grapevine-Colleyville Independent School District rates apply only to the approximately two-thirds of City property owners whose property is located within that school district's geographic boundaries.

TABLE 7

CITY OF COLLEYVILLE, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2016		2007	
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
Velocis Colleyville LP	\$ 28,834,127	0.70%	\$ -	- %
Toll Dallas TX LLC	25,472,505	0.62%	-	- %
Oncor Electric Delivery	15,253,623	0.37%	-	- %
Lifetime Fitness Real Estate	14,150,256	0.34%	13,914,232	0.45%
Colleyville Lofts Venture LLC	9,502,079	0.23%	-	- %
USMC Colleyville LLC	8,510,000	0.21%	-	- %
Wal-Mart Real Estate Business Trust	7,388,287	0.18%	-	- %
Standard Pacific of Texas Inc	6,045,302	0.15%	-	- %
G Points SC LTD	5,750,000	0.14%	5,609,430	0.18%
Duke Realty BEMC Colleyville	5,229,575	0.13%	-	- %
TXU Electric Delivery	-	- %	17,816,746	0.58%
Albertsons Inc	-	- %	14,416,298	0.47%
Melvin & Martindale Ltd	-	- %	11,785,732	0.38%
Colleyville Plaza LP	-	- %	6,424,393	0.21%
Uhlmann-Colleyville LLC	-	- %	5,771,840	0.19%
Market Street	-	- %	5,418,279	0.18%
Village Management	-	- %	5,390,100	0.17%
Realty Capital Colleyville Square	-	- %	4,794,059	0.16%
Total	\$ 126,135,754	3.05%	\$ 91,341,109	2.96%

Source: Tarrant Appraisal District

CITY OF COLLEYVILLE, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended	Taxes Levied for the Fiscal Year	Collected With the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 10,725,345	\$ 10,592,222	98.8%	\$ 124,651	\$ 10,716,873	99.92%
2008	12,024,882	11,903,333	99.0%	109,102	12,012,435	99.90%
2009	12,875,919	12,734,871	98.9%	125,669	12,860,540	99.88%
2010	13,351,922	13,166,515	98.6%	164,082	13,330,597	99.84%
2011	13,183,932	13,063,575	99.1%	95,672	13,159,247	99.81%
2012	13,163,735	13,082,029	99.4%	43,962	13,125,991	99.71%
2013	13,291,462	13,207,902	99.4%	64,244	13,272,146	99.85%
2014	13,722,602	13,681,269	99.7%	34,475	13,715,743	99.95%
2015	14,305,704	14,242,584	99.6%	41,847	14,284,431	99.85%
2016	14,675,127	14,612,632	99.6%	-	14,612,632	99.57%

Sources: Tarrant County Appraisal District and City of Colleyville Finance Department.

TABLE 9

CITY OF COLLEYVILLE, TEXAS

PRINCIPAL WATER CUSTOMERS

CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2016		2007	
	Water Usage	Percentage of Total City Water Usage	Water Usage	Percentage of Total City Water Usage
Grapevine-Colleyville ISD	31,294,000	1.42%	31,758,500	1.70%
Lifetime Fitness	15,804,800	0.72%	7,057,900	0.38%
Town Center (Velocis Colleyville)	14,982,700	0.68%	-	- %
US Memory Care	5,839,700	0.27%	-	- %
Bluebonnet Hills	4,989,400	0.23%	9,097,700	0.49%
KRG Colleyville LLC	4,629,900	0.21%	-	- %
Shadowood Trail	4,488,800	0.20%	3,062,100	0.16%
Market Street	3,946,700	0.18%	8,127,100	0.43%
Woodland Hills	3,752,100	0.17%	-	- %
Whittier Heights	3,663,000	0.17%	-	- %
Mady Development	3,632,900	0.17%	-	- %
Wash Depot	3,609,100	0.16%	3,222,400	0.17%
Westmont	3,840,200	0.17%	-	- %
Timarron Owners Assoc	3,286,700	0.15%	-	- %
Highland Meadows HOA	3,205,600	0.15%	-	- %
Keller ISD	3,051,400	0.14%	-	- %
La Hacienda Ranch	3,000,200	0.14%	4,021,000	0.21%
Rio Mambo Tex Mex	2,915,300	0.13%	-	- %
Villas at Oak Point	2,638,500	0.12%	-	- %
Total	<u>122,571,000</u>	<u>5.58%</u>	<u>66,346,700</u>	<u>3.54%</u>

Source: City utility billing records

TABLE 10

CITY OF COLLEYVILLE, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities				Business-type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Sales Tax Revenue Bonds	Capital Leases	Premium	Water and Sewer Revenue Bonds	Drainage Revenue Bonds	Capital Leases	Premium			
2007	\$ 17,770,000	\$ 10,340,000	\$ 349,189	\$ -	\$ 6,540,000	\$ 2,205,000	\$ 13,793	\$ -	\$ 37,217,982	2.89%	\$ 1,680
2008	16,275,000	9,765,000	430,549	-	5,840,000	2,040,000	-	-	34,350,549	2.64%	1,527
2009	14,665,000	9,170,000	359,996	-	5,200,000	1,870,000	-	-	31,264,996	2.51%	1,386
2010	13,300,000	8,545,000	1,151,173	-	4,520,000	1,695,000	-	-	29,211,173	2.31%	1,281
2011	11,510,000	8,245,000	972,170	5,905	3,600,000	1,550,000	-	99,756	25,982,831	1.73%	1,137
2012	9,975,000	7,930,000	1,709,120	5,249	2,850,000	1,345,000	-	89,780	23,904,149	1.57%	1,042
2013	8,675,000	7,600,000	1,301,624	4,593	2,085,000	1,135,000	-	79,805	20,881,022	1.38%	904
2014	7,660,000	7,330,000	974,038	-	1,310,000	915,000	-	69,830	18,258,868	1.16%	769
2015	6,920,000	6,935,000	649,345	-	850,000	690,000	-	59,854	16,104,199	1.02%	676
2016	8,550,000	6,525,000	778,323	-	505,000	585,000	-	49,878	16,993,201	1.06%	701

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

See Table 14 for personal income and population data.

CITY OF COLLEYVILLE, TEXAS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Less Amounts Restricted to Repaying Principal	Total		
2007	\$ 17,770,000	\$ 1,032,586	\$ 16,737,414	0.54%	\$ 756
2008	16,275,000	889,689	15,385,311	0.45%	684
2009	14,665,000	1,040,896	13,624,104	0.38%	604
2010	13,300,000	1,057,699	12,242,301	0.33%	537
2011	11,510,000	1,106,893	10,403,107	0.28%	455
2012	9,933,921	1,159,092	8,774,829	0.23%	382
2013	8,639,056	857,143	7,781,913	0.21%	337
2014	7,660,000	831,073	6,828,927	0.17%	288
2015	6,920,000	744,295	6,175,705	0.15%	259
2016	8,550,000	692,093	7,857,907	0.19%	324

Notes:

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

See Table 5 for property value data.

Population data can be found in Table 14.

CITY OF COLLEYVILLE, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF SEPTEMBER 30, 2016

Government Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes			
Birdville Independent School District	\$ 279,353,750	0.080%	\$ 223,483
Carroll Independent School District	203,421,047	0.480%	976,421
Grapevine-Colleyville Independent School District	470,887,687	21.320%	100,393,255
Hurst-Euless-Bedford Independent School District	261,627,579	1.630%	4,264,530
Keller Independent School District	728,705,387	3.330%	24,265,889
Tarrant County	344,185,000	2.960%	10,187,876
Tarrant County Hospital District	22,335,000	2.960%	<u>661,116</u>
Subtotal overlapping debt			140,972,570
City direct debt	15,676,414	100.000%	<u>15,676,414</u>
Total direct and overlapping debt			<u>\$ 156,648,984</u>

Sources: Assessed value data used to estimate applicable percentages provided by the Tarrant County Appraisal District and debt outstanding data provided by each governmental unit.

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CITY OF COLLEYVILLE, TEXAS

PLEDGED REVENUE COVERAGE

LAST TEN FISCAL YEARS

Fiscal Year	Water Revenue Bonds						Coverage
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest		
2007	\$ 10,046,030	\$ 8,040,621	\$ 2,005,409	\$ 825,000	\$ 296,546	\$ 883,863	
2008	11,452,268	9,670,881	1,781,387	700,000	265,658	815,729	
2009	11,458,282	8,943,803	2,514,479	640,000	241,223	1,633,256	
2010	11,427,074	9,458,355	1,968,719	680,000	213,358	1,075,361	
2011	14,391,910	10,120,678	4,271,232	920,000	57,819	3,293,413	
2012	13,986,067	10,395,517	3,590,550	750,000	77,947	2,762,603	
2013	14,802,351	10,707,017	4,095,334	765,000	58,430	3,271,904	
2014	14,852,535	11,331,749	3,520,786	775,000	44,137	2,701,649	
2015	15,856,242	12,043,267	3,746,365	460,000	30,100	3,256,265	
2016	15,638,670	11,965,525	3,533,634	345,000	20,325	3,168,309	

TABLE 14

Drainage Revenue Bonds						Sales Tax Bonds				
Drainage Service Charges	Drainage Operations Expenses	Net Available Revenue	Debt Service		Coverage	Sales Tax Increment	Debt Service		Coverage	
			Principal	Interest			Principal	Interest		
\$ 922,123	\$ 462,387	\$ 459,736	\$ 160,000	\$ 104,206	\$ 195,530	\$ 1,208,379	\$ 255,000	\$ 391,366	\$ 562,013	
902,232	510,259	391,973	165,000	96,984	129,989	1,300,260	270,000	380,013	650,247	
889,163	500,677	388,486	170,000	90,138	128,348	1,264,385	275,000	368,195	621,190	
915,734	484,712	431,022	175,000	82,930	173,092	1,317,161	290,000	356,290	670,871	
905,271	551,049	354,222	152,163	58,979	143,080	1,319,517	300,000	344,195	675,322	
908,387	531,705	376,682	205,000	51,244	120,438	1,426,909	315,000	331,588	780,321	
930,427	541,598	388,829	210,000	41,733	137,096	1,534,635	330,000	318,365	886,270	
941,416	416,957	524,459	220,000	35,398	269,061	1,673,351	-	138,390	1,534,961	
959,833	700,939	258,894	225,000	27,847	6,047	1,725,809	395,000	205,416	1,125,393	
966,687	414,619	552,068	105,000	22,121	424,947	1,864,084	410,000	193,824	1,260,260	

CITY OF COLLEYVILLE, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Tarrant County Unemployment Rate</u>
2007	22,150	\$ 175,008	\$ 58,142	4.3%
2008	22,500	173,853	57,758	5.1%
2009	22,550	166,063	55,170	8.2%
2010	22,807	166,063	55,354	7.9%
2011	22,860	199,168	65,516	8.3%
2012	22,950	199,168	65,516	6.2%
2013	23,090	199,168	65,516	6.0%
2014	23,740	200,822	66,060	5.0%
2015	23,830	200,822	66,060	4.0%
2016	24,230	200,822	66,060	4.1%

Sources: Population - North Central Texas Council of Governments, personal income - City of Colleyville Economic Development Department, Unemployment Rate - Texas Workforce Commission (unemployment rate is not available solely for the City of Colleyville)

TABLE 16

CITY OF COLLEYVILLE, TEXAS
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer	2016		2007	
	Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment
Grapevine Colleyville ISD	611	5.9%	475	8.2%
Market Street	345	3.3%	415	7.2%
Lifetime Fitness	250	2.4%	100	1.7%
City of Colleyville	205	2.0%	186	3.2%
Covenant Christian Academy	130	1.3%	-	-
Whole Foods Market	125	1.2%	-	-
Albertsons	118	1.1%	100	1.7%
LaHacienda Ranch	100	1.0%	100	1.7%
Walmart Neighborhood Market	72	0.7%	-	-
US Memory Care	60	0.6%	-	-
Mac's Steak and Seafood	-	-	60	1.0%
RWA, Inc.	-	-	60	1.0%
Crème de la Crème	-	-	60	1.0%
Emler Swim School	-	-	50	0.9%
Ebby Halliday Realtors	-	-	50	0.9%
TGW Insurance	-	-	50	0.9%
Total	<u>2,016</u>	<u>19.5%</u>	<u>1,706</u>	<u>29.5%</u>

Source: City Economic Development Division

CITY OF COLLEYVILLE TEXAS
FULLTIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fulltime Equivalent Employees as of September 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government										
Management services	5	5	4	4	4	4	4	4	4	3.75
Finance/court	6	6	6	6	6	6	8	8	8	8
Planning	3	3	3	2	2	2	2	4	3	4
Building	5	6	6	5	4	3	3	3.5	5	5
Other	6	6.5	7.5	9.5	11	11	13	11.625	13.52	14.14
Police										
Officers	35	37	38	38	38	39	40	41	42.5	43
Civilians	13	14	14	13	6	6	6	6.5	7	6.5
Fire										
Firefighters and officers	33	33	33	33	33	35	36	38	41	41
Civilians	1	1	1	2	1	1	1	1	1	1
Other public works										
Engineering	5	5	5	4	4.5	3	3	4.05	3.95	4.75
Other	3	3	3	3	3	3	3	3	3	3
Streets	10	10	10	10	10	10	7	8.35	8.35	8.35
Parks and recreation	13.5	13.5	13.5	16.5	16	16	16	15.75	15	15
Library	7.5	8	8	9.5	11.5	11.5	12	13	13.625	13
Colleyville center	4.5	4.5	4.5	4.5	4.5	4.5	3.5	4	4.5	4.5
Water/wastewater	29	29	29	28	24	24.5	23	24.675	25.025	24.225
Drainage	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>7</u>	<u>6</u>	<u>6</u>	<u>6.41</u>
Total	<u>185.5</u>	<u>190.5</u>	<u>191.5</u>	<u>194.0</u>	<u>184.5</u>	<u>185.5</u>	<u>187.5</u>	<u>196.5</u>	<u>204.5</u>	<u>205.6</u>

Source: City Human Resources Office

Notes: A fulltime employee is scheduled to work 2080 hours per year (including vacation and sick leave). Fulltime equivalent employment is calculated by dividing total labor hours by 2080.

TABLE 18

**CITY OF COLLEYVILLE, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government										
Building permits issued	140	131	90	77	104	155	103	108	181	182
Building inspections conducted	8,941	8,108	5,641	6,149	6,737	8,310	8,292	7,807	7,307	8,940
Police										
Physical arrests	666	514	809	764	666	653	632	863	800	918
Calls for service	17,629	15,292	23,480	12,242	27,254	48,076	61,270	58,522	51,537	43,492
Traffic violations	12,438	15,621	12,550	13,822	11,354	11,980	11,766	19,955	21,450	20,790
Fire										
Emergency responses	715	681	737	762	830	724	557	627	694	1,783
Ambulance calls	630	667	693	751	765	803	829	950	959	1,037
Inspections	503	666	796	784	397	342	306	317	363	400
Other public works										
Street resurfacing (miles)	4.5	8.5	13.9	8.0	6.2	1.0	4.0	1.7	3.7	10.9
Parks and recreation										
Athletic field participants	4,960	5,159	4,617	4,296	4,378	3,946	4,287	4,315	4,434	4,302
Community center rentals	592	627	507	373	410	404	398	412	452	376
Library										
Volumes in collection	46,311	50,348	54,659	58,147	62,997	65,740	69,736	74,525	77,664	80,452
Total volumes borrowed	197,712	211,674	238,459	244,458	235,238	244,613	250,737	234,667	228,160	222,128
Water										
Customers	8,700	8,893	8,960	9,014	9,103	9,285	9,396	9,507	9,631	9,858
Average daily consumption (thousands of gallons)	5,123	6,619	6,578	5,990	7,928	7,217	6,785	6,539	6,451	5,889
Peak daily consumption (thousands of gallons)	13,068	16,764	16,674	18,207	18,935	18,707	17,052	15,204	19,866	15,724
Wastewater										
Customers	7,966	8,138	8,315	8,389	8,457	8,603	8,731	8,817	8,905	9,071

Source: Various City departments

TABLE 19

**CITY OF COLLEYVILLE, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	10	13	13	13	13	12	12	12	13	13
Fire										
Stations	2	3	3	3	3	3	3	3	3	3
Public works										
Streets (miles)	311	312	312	318	282	282	282	283	283	283
Streetlights	1,011	1,010	1,168	1,188	1,169	1,169	1,175	1,175	1,227	1,269
Traffic signals	2	2	2	2	2	2	2	2	2	2
Parks and recreation										
Acreage	224	224	224	224	224	224	224	224	224	225
Playgrounds	6	6	6	6	6	6	6	6	6	7
Baseball/softball diamonds	9	9	9	9	9	9	9	9	9	9
Soccer fields	14	14	14	14	14	14	14	14	14	14
Community centers	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	191	192	199	200	195	201	202	204	205	206
Fire hydrants	1,254	1,271	1,340	1,345	1,362	1,389	1,389	1,403	1,422	1,507
Storage capacity (thousands of gallons)	4,900	4,900	9,900	9,900	9,400	9,400	9,400	9,400	9,400	9,400
Wastewater										
Sanitary sewers (miles)	163	164	166	170	162	169	170	172	172	179
Storm sewers (miles)	59	59	63	63	58	64	58	60	67	69

Source: Various City departments

Note: No capital asset indicators are available for the general government or library function.

CITY OF COLLEYVILLE, TEXAS
SCHEDULE OF PENSION BENEFITS FUNDING PROGRESS
LAST TEN FISCAL YEARS
(Unaudited)

Actuarial valuation date	Fiscal Year	(a)	(b)	(c)	(d)	(e)	UAAL as a percentage of covered payroll (%) (d)/(c) (2)
		Actuarial value of assets	Actuarial accrued liability (AAL)	Funded ratio (%) (a)/(b)	Unfunded ALL (UAAL) (b)-(a)	Annual covered payroll (1)	
12/31/06	2007	\$ 20,045,209	\$ 22,297,535	89.90	\$ 2,252,326	\$ 8,175,810	27.55
12/31/07	(3) 2008	21,257,894	28,297,826	75.12	7,039,932	9,383,755	75.02
12/31/08	2009	23,644,963	31,826,557	74.29	8,181,594	10,348,960	79.06
12/31/09	2010	24,573,182	27,697,975	88.72	3,124,793	10,073,870	31.02
12/31/10	(4) 2011	35,451,160	34,974,234	101.36	(476,926)	10,125,274	(4.71)
12/31/11	2012	38,477,205	36,643,865	105.00	(1,833,340)	9,661,349	(18.98)
12/31/12	2013	41,091,987	38,639,275	106.35	(2,452,712)	9,940,381	(24.67)
12/31/13	(5) 2014	43,722,138	42,047,025	103.98	(1,675,113)	10,452,089	(16.03)
12/31/14	2015	46,766,941	44,992,613	103.94	(1,774,328)	10,904,635	(16.27)
12/31/15	2016	49,852,738	49,029,491	101.68	(823,247)	11,750,753	(7.01)

- (1) This schedule shows the pension benefit on a funding basis, as reported by TMRS each year. The funding basis, which is used to determine the City's annual contribution rate, uses an actuarial value for plan assets rather than a market value. This data is used to show ongoing funding progress of the plan with the normal cyclical swings of the stock market smoothed out.
- (2) Covered annual payroll and UAAL as a percentage of covered payroll are based on the fiscal year. The rest of the information is provided by TMRS on a calendar year basis.
- (3) In 2007, the TMRS board made several changes to the actuarial methods and plan assumptions. The actuarial method changed from unit credit to projected unit credit. Benefits changed from a pay-as-you-go basis to a pre-funded basis and to mitigate that change the TMRS Board approved an eight year transition period. In addition, the amortization period changed from a 25-year open period to a 30-year closed period. These changes were incorporated into the TMRS 2007 actuarial valuation.
- (4) The Texas State Legislature met in 2011 and passed Senate Bill 350, which restructured TMRS' internal account structure. This change was incorporated into the TMRS 2010 actuarial valuation and had the net effect of increasing the City's funded ratio.
- (5) In 2013, the TMRS Board, in preparation for implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27, changed the actuarial cost method to entry age normal and updated post-retirement mortality assumptions. These changes were incorporated into the TMRS 2013 actuarial valuation which had the net effect of reducing the City's funded ratio and increasing these changes were incorporated into the TMRS 2013 actuarial valuation which had the net effect of reducing the City's funded ration and increasing the remaining amortization period from 26.8 to 27.7 years for the City's fiscal year 2014.
- (6) The data presented in this table comes directly from the TMRS rate letter for the City of Colleyville. This information can be obtained from the website at http://www.tmr.com/city_rate_letters.

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COMPLIANCE

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PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and
Members of the City Council
City of Colleyville, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Colleyville, Texas, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Colleyville Texas' basic financial statements, and have issued our report thereon dated February, 3, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Colleyville Texas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Colleyville Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Colleyville Texas' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial report that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Colleyville Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
February 3, 2017