

Comprehensive Annual Financial Report

Fiscal year ended September 30, 2017



**CITY OF
COLLEYVILLE, TEXAS**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED SEPTEMBER 30, 2017

Prepared by
Finance Department

Shereen Gendy
Chief Financial Officer

Karen Hines
Accounting Manager

CITY OF COLLEYVILLE, TEXAS

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INTRODUCTORY SECTION

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Integrity ★ Service ★ Innovation

March 2, 2018

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, 2017, 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 Pattillo, 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, 2017, 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 unmodified opinion that the City of Colleyville's financial statements for fiscal year ended September 30, 2017, 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 heads. 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.

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 Wastewater 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 primarily 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. During the fiscal year, the City issued 137 residential building permits, and the average appraised value of a residential property was \$492,188. The City issued 98 certificates of occupancy for new, remodeled, and expanding businesses. The City's strong economy supports a 95% occupancy rate of existing retail and office spaces.

In fiscal year 2017, commercial developments continued to bring new tenants and sales tax dollars to Colleyville including:

- Pet Supermarket
- Brazos Running Company
- Loveria Café
- Vitality Bowls
- Costa Vida (underwent a major renovation)
- McAllister's (underwent a major renovation)
- Sofie Tel Diaz Real Estate Office
- English Rose Organic Spa

In addition to these new businesses and tenants, Colleyville expects to see the following developments in the near future:

- Chipotle is taking over the previous Taco Casa site and is remodeling the building inside and outside (currently under construction)
- A new ±8,000 square foot office building behind Dallas Craft Co. on SH 121
- A new ±9,000 square foot wedding & event venue (Mont Claire) off of Colleyville Boulevard in the Winding Creek development

Transportation projects completed in fiscal year 2017 include street rehabilitation of Bedford Road phase II, Brown Trail, Cheek Sparger Road, Glade Road phases II & IV, Hunter Lane, John McCain Road phase I (Westcoat Drive to Pleasant Run Road) and Westcoat Drive (White Drive to McDonwell School Road).

Transportation projects in progress at the end of fiscal year 2017 are State Highway 26/Colleyville Boulevard (construction of Phases II and III), Glade Road phase 1A and Pleasant Run Road (Shelton Drive to John McCain Road).

For the Future. In fiscal year 2018, major transportation projects include rehabilitation of Frontier Court, John McCain Road (Pleasant Run to State Highway 26/Colleyville Boulevard), L.D. Lockett Road, Roberts Road and Glade Road phases 1B and 2. The 2018 local street maintenance program includes the rehabilitation of Stafford Drive, Manning Drive, Bluebonnet Drive, Montclair Drive, Oak Knoll Drive, Wayne Drive, Pleasant Run Road (John McCain North City Limit), Thompson Terrace, Oak Timbers Court and Bowman Drive.

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 which is reviewed annually by the City Council and the Fund Balance Policy which is reviewed every three years by the Audit Committee provide further details 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 ninety 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 and was reviewed for update in Fiscal Year 2017. At the end of Fiscal Year 2017, both the General Fund and the Utility Fund have a fund balance in excess of the required ninety day reserve. Amount in excess of the reserve may be used to fund one-time capital expenditures.

In June 2016, the City Council held a priority setting work session, at which eight consensus priorities were identified (listed below).

- Property tax relief
- Restructure water rates
- Accelerate the street capital program
- Improve the Comprehensive Plan
- Fiscal stewardship
- Revise the City Charter
- Improve Glade Road design
- Manage SH26 project impacts

A few months later in January 2017, the City Council held a Visioning Workshop and created a new Strategic Plan, with support from an outside facilitator and senior staff. The Strategic Plan included an updated Vision, Mission, and Values. The Strategic Plan also articulated six overall goals and several strategies to achieve each, as shown below. For each strategy identified, one or more objectives were assigned. This included incorporating the original consensus priorities (above) into the new Strategic Plan objectives.



Staff's role is to manage City activities and finances in a way that reflects the City Council's and the community's highest priorities. Development of the annual budget is guided by the priorities outlined in the City of Colleyville's Strategic Plan. Every new effort and element of the City's budget, including existing programs, is tied to one or more of these goals, strategies, and objectives.

In fiscal year 2017, departments created 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 in the City's Strategic Plan, 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, Utility Fund, Drainage Fund, and Debt Service Fund is presented to the City Council with the proposed budget. The budget process also includes an annual update of the five-year capital improvement program (CIP). Projects in the CIP are funded from a variety of sources including the Capital Projects Fund, Utility Capital Projects Fund, the Tax Increment Financing (TIF) District Fund, or Special Revenue Funds. The Capital Projects Fund accounts for money transferred from the General Fund for use on capital projects, street impact fees, perimeter street fees, and other funds for general capital projects. For internal reporting and tracking, a Utility Capital Projects Fund was created in Fiscal Year 2017 to account for money transferred from the Utility Fund (the operating fund) for use on utility capital projects, water impact fees, and wastewater impact fees. For the Comprehensive Annual Financial Reporting (CAFR) purposes, the activity for the Utility Fund and the Utility Capital Projects funds are combined as the Water and Wastewater Fund.

In Fiscal Year 2017, the ad hoc Water and Wastewater Rate citizen committee recommended creation of a “CIP” base rate on utility bills to generate funding for utility capital projects, which was ultimately adopted by the City Council. The revenue from the CIP base rate is also accounted for in the Utility Capital Projects Fund. Risk to the City is minimized under the new utility rate structure adopted in Fiscal Year 2016, 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. For the next several years, utility capital projects will be funded using available cash in the Utility Capital Projects Fund, which will be replenished with revenue from the CIP base rate over time.

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, 2016. This was the twenty eighth 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.

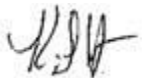
In addition, the City also received the GFOA’s Distinguished Budget Presentation award for its annual budget dated October 1, 2016. In order to qualify for this award, the City’s budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations 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,

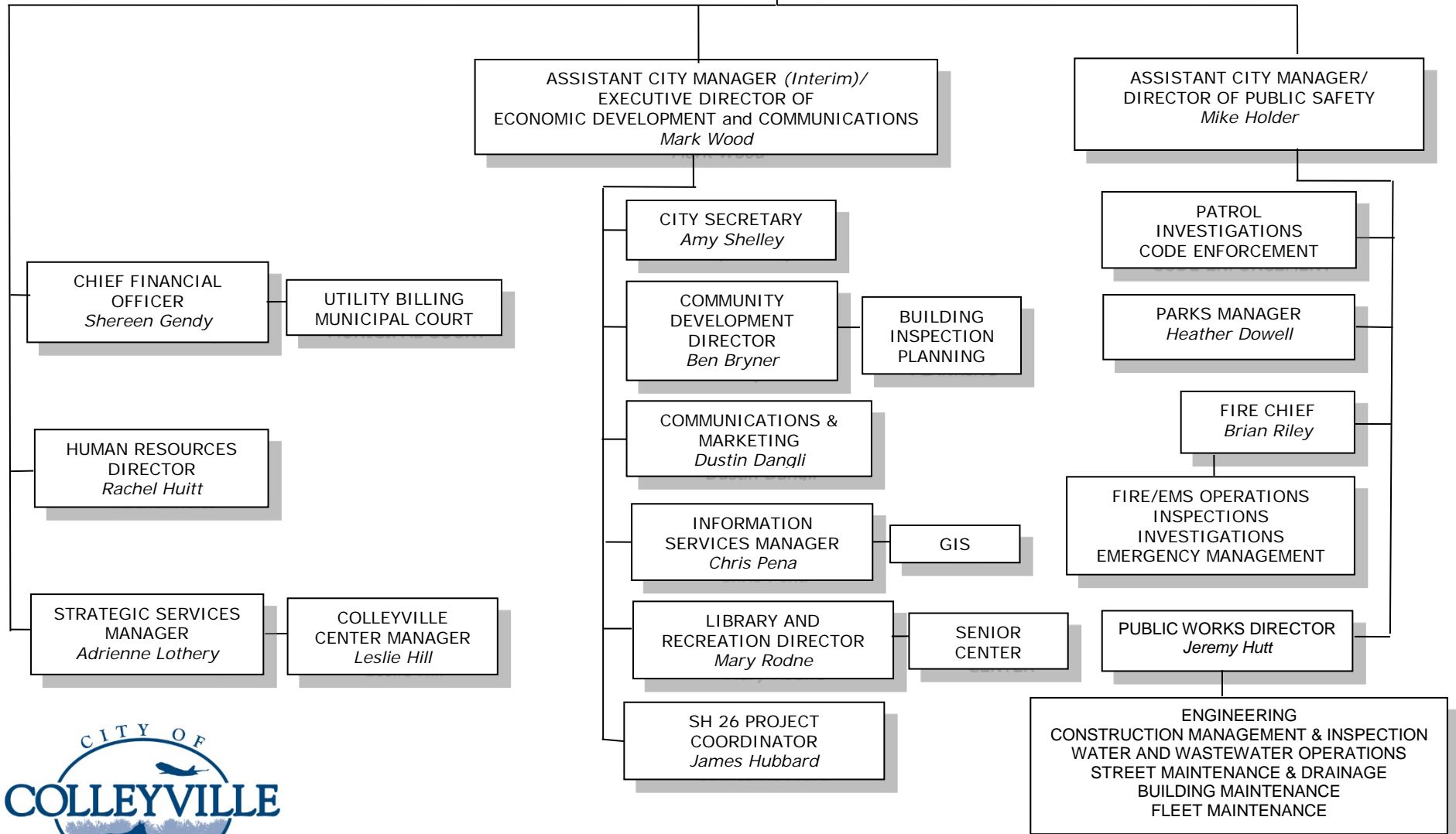
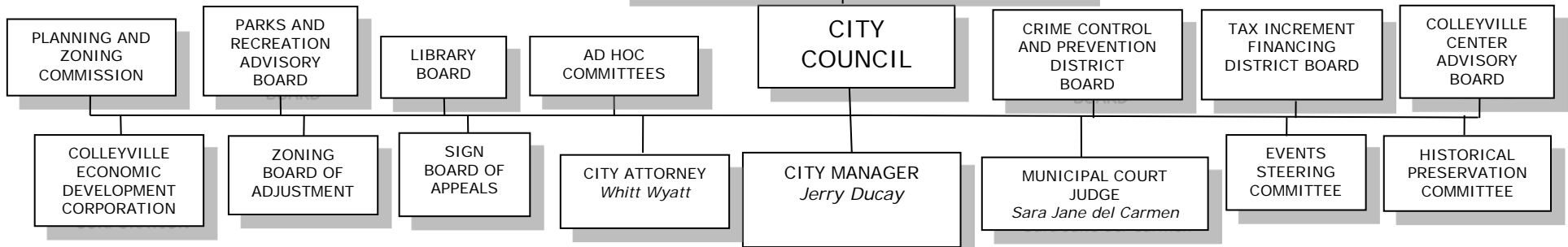


Shereen Gendy, MSA, CPA, CGFO
Chief Financial Officer



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, 2016

Christopher P. Morill

Executive Director/CEO

CITY OF COLLEYVILLE, TEXAS

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

CITY OFFICIALS

YEAR ENDED SEPTEMBER 30, 2017

Richard Newton
Mayor

Tammy Nakamura
Councilmember, Place 1

Bobby Lindamood
Mayor Pro Tem and
Councilmember, Place 2

Kathy Wheat
Councilmember, Place 3

George W. Dodson
Councilmember, Place 4

Nancy Coplen
Councilmember, Place 5

Mike Taylor
Councilmember, Place 6

Jerry Ducay
City Manager

Shereen Gendy
Chief Financial Officer

Karen Hines
Accounting Manager

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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, 2017, 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

The City of Colleyville's 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, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, for the year then ended in 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 21 – 31 and 82 – 83 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 March 2, 2018, 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.

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

Waco, Texas
March 2, 2018

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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, 2017. 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 – 8 of this report.

FINANCIAL HIGHLIGHTS

- The assets of the City of Colleyville exceeded its liabilities as of September 30, 2017, by \$205,882,475 (net position). Of this amount, \$38,608,197 (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 \$3,764,661 from FY 2017 operations.
- As of the close of the current fiscal year, the City of Colleyville's governmental funds reported combined ending fund balances of \$40,531,493. Of this amount, \$8,866,760 is unassigned fund balance available for use within the City's fund designation and fiscal policies.
- As of September 30, 2017, unreserved, unassigned fund balance for the General Fund was \$8,866,760 or 43.6% 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 34 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 of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The fund financial statements for governmental funds, proprietary funds, and fiduciary funds can be found in the financial section of this report.

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 38 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 46 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.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City’s own programs. The Fiduciary fund statement is presented on page 50. The accounting used for fiduciary funds is similar to the accounting used for proprietary funds. The City has two agency funds: Employee activity and Sesquicentennial Fund. Agency funds are one of the City’s fiduciary fund types. The agency funds account for funds held in an agency capacity for the benefit of the City employees and for the benefit of the City’s historical purposes.

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 51 – 79 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 86 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 \$205,882,475 as of September 30, 2017.

The largest portion of the City’s net position (\$144,005,069) 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	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 44,138,502	\$ 44,128,921	\$ 20,613,149	\$ 18,131,916	\$ 64,751,651	\$ 62,260,837
Capital assets	<u>112,067,401</u>	<u>111,178,574</u>	<u>44,698,792</u>	<u>45,067,040</u>	<u>156,766,193</u>	<u>156,245,614</u>
Total assets	<u>156,205,903</u>	<u>155,307,495</u>	<u>65,311,941</u>	<u>63,198,956</u>	<u>221,517,844</u>	<u>218,506,451</u>
Deferred outflow of resources	<u>3,354,608</u>	<u>4,730,558</u>	<u>496,362</u>	<u>723,084</u>	<u>3,850,970</u>	<u>5,453,642</u>
Total deferred outflow of resources	<u>3,354,608</u>	<u>4,730,558</u>	<u>496,362</u>	<u>723,084</u>	<u>3,850,970</u>	<u>5,453,642</u>
Other liabilities	3,565,444	3,997,794	1,960,547	1,862,421	5,525,991	5,860,215
Long-term liabilities	<u>13,393,803</u>	<u>15,158,243</u>	<u>534,348</u>	<u>780,000</u>	<u>13,928,151</u>	<u>15,938,243</u>
Total liabilities	<u>16,959,247</u>	<u>19,156,037</u>	<u>2,494,895</u>	<u>2,642,421</u>	<u>19,454,142</u>	<u>21,798,458</u>
Deferred inflow of resources	<u>28,414</u>	<u>38,650</u>	<u>3,783</u>	<u>5,171</u>	<u>32,197</u>	<u>43,821</u>
Total deferred inflow of resources	<u>28,414</u>	<u>38,650</u>	<u>3,783</u>	<u>5,171</u>	<u>32,197</u>	<u>43,821</u>
Net position:						
Net investment in						
capital assets	99,881,334	97,982,160	44,123,735	44,010,618	144,005,069	141,992,778
Restricted	23,269,209	22,064,007	-	-	23,269,209	22,064,007
Unrestricted	<u>19,422,307</u>	<u>20,797,199</u>	<u>19,185,890</u>	<u>17,263,830</u>	<u>38,608,197</u>	<u>38,061,029</u>
Total net position	<u>\$ 142,572,850</u>	<u>\$ 140,843,366</u>	<u>\$ 63,309,625</u>	<u>\$ 61,274,448</u>	<u>\$ 205,882,475</u>	<u>\$ 202,117,814</u>

A portion of the City's net position (\$23,269,209) represents resources that are subject to external restriction on how they may be used. The remaining balance (\$38,608,197) 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, 2017, 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 \$1,729,484 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 73 of the report. The increase in net position of business type activities \$2,035,177 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. As of September 30, 2017, the city had \$1.1M in capital projects outstanding that are funded by the business-type activities. Pleasant Run John McCain to Tinker Waterline Replacement (\$765k), John McCain 12" Waterline Replacement (\$321k) and Replacement of 6" and 8" wastewater pipelines (\$12k). Tiered rates which have been in place since December 2012 were replaced with a flat rate structure in July 2016. The flat rate provides a more equitable basis for our residents by charging a flat base rate that varies depending on the meter size (rather than consumption) and a flat volumetric rate per thousand gallons of usage. The new rate structure gave the residents a relief from high water bills in summer months.

Risk to the City is minimized under the new utility rate structure adopted in Fiscal Year 2016, 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.

Analysis of the City's Operations – The following table provides a summary of the City's operations for the year ended September 30, 2017. Governmental activities increased the City of Colleyville's net position by \$1,729,484. Business-type activities contributed an increase to the City's net position of \$2,035,177.

CITY OF COLLEYVILLE'S CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 4,296,470	\$ 4,459,223	\$ 16,941,965	\$ 16,453,801	\$ 21,238,435	\$ 20,913,024
Operating grants and contributions	507,616	514,845	-	-	507,616	514,845
Capital grants and contributions	1,302,174	319,541	481,413	43,104	1,783,587	362,645
General revenues:						
Ad valorem taxes	14,548,461	13,790,347	-	-	14,548,461	13,790,347
Sales taxes	7,304,507	7,252,963	-	-	7,304,507	7,252,963
Franchise taxes	2,105,881	2,206,890	-	-	2,105,881	2,206,890
Other taxes	263,587	106,607	-	-	263,587	106,607
Investment earnings	148,933	142,343	100,525	76,014	249,458	218,357
Miscellaneous	168,865	150,630	-	-	168,865	150,630
Gain on sale of capital assets	17,000	51,849	-	71,003	17,000	122,852
Total revenues	<u>30,663,494</u>	<u>28,995,238</u>	<u>17,523,903</u>	<u>16,643,922</u>	<u>48,187,397</u>	<u>45,639,160</u>
Expenses:						
General government	4,881,741	4,449,317	-	-	4,881,741	4,449,317
Community development and engineering	1,672,823	1,558,750	-	-	1,672,823	1,558,750
Fire and rescue	5,524,975	4,783,421	-	-	5,524,975	4,783,421
Leisure services	4,987,965	4,701,443	-	-	4,987,965	4,701,443
Maintenance	1,243,614	689,861	-	-	1,243,614	689,861
Municipal court	606,269	448,420	-	-	606,269	448,420
Police	6,093,309	5,734,116	-	-	6,093,309	5,734,116
Streets and drainage	3,578,365	5,150,390	-	-	3,578,365	5,150,390
Water and wastewater	-	-	14,779,262	13,995,038	14,779,262	13,995,038
Drainage	-	-	646,145	563,268	646,145	563,268
Interest on long-term debt	408,268	614,159	-	-	408,268	614,159
Total expenses	<u>28,997,329</u>	<u>28,129,877</u>	<u>15,425,407</u>	<u>14,558,306</u>	<u>44,422,736</u>	<u>42,688,183</u>
Increases in net position before transfers	1,666,165	865,361	2,098,496	2,085,616	3,764,661	2,950,977
Transfers	<u>63,319</u>	<u>895,668</u>	<u>(63,319)</u>	<u>(895,668)</u>	<u>-</u>	<u>-</u>
Change in net position	1,729,484	1,761,029	2,035,177	1,189,948	3,764,661	2,950,977
Net position, beginning	<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>
Prior period adjustments	-	-	-	-	-	-
Net position, ending	<u>\$ 142,572,850</u>	<u>\$ 140,843,366</u>	<u>\$ 63,309,625</u>	<u>\$ 61,274,448</u>	<u>\$ 205,882,475</u>	<u>\$ 202,117,814</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.

In fiscal year 2017, the governmental funds' unrestricted fund balance increased by \$147,140 due to a number of factors. The General Fund is the only governmental fund that can have an unrestricted fund balance. The total General Fund revenue was over \$900,000 above budget, including \$600,000 in tax revenue (property taxes, sales taxes and franchise taxes). Colleyville benefits from a strong residential base which helps mitigate the negative effects of economic fluctuations. Despite the property tax rate reduction, the General Fund's property tax revenue was more than \$400,000 above budget. The excess revenue combined with the city's successful efforts to cut down on expenditures eliminated the need to spend the \$1 million budgeted strategic draw down of the fund balance. Also, in fiscal year 2017, the City Council provided direction to transfer the excess fund balance above 100 days of reserves (policy minimum requires 90 day reserve) to the Capital Projects Fund to fund future capital projects. The fiscal year 2017 excess fund balance allowed Council to authorize a transfer of \$582,012 to the Capital Projects Fund, in addition to the originally budgeted transfers of \$2,425,000, for a net increase in the Capital Projects Fund balance of \$3,007,012. The aforementioned transfers from the General Fund to the Capital Projects Fund were contained within funds that are in the governmental fund classification and did not change the total governmental activities fund balance.

The actual fiscal year 2017 Debt Service Fund balance decreased by \$67,306 primarily due to a planned budgeted utilization of \$49,723 of surplus fund balance (for the first annual payment of a ten-year lease-purchase agreement for a new fire engine) combined with a greater than anticipated property tax and investment interest revenues of \$98,197, as well as a \$125,000 down payment for the for the fire truck lease purchase. The fire truck purchase was budgeted and paid for in fiscal year 2016 but the expense and the reduction in fund balance were not recognized until fiscal year 2017, when the truck was delivered.

The unrestricted net position of the proprietary funds are \$16,913,756 for the Water and Wastewater Fund and \$2,272,134 for the Drainage Utility Fund. The net position of the Water and Wastewater Fund increased by \$1,703,499 and the Drainage Fund increased by \$331,678, due to the receipt of about \$500,000 in developers contributions and the city's diligent efforts to cut down on expenses. The water and wastewater sales were \$316,000 above budget and the Drainage fees were \$17,440 above budget. Tiered rates which have been in place since December 2012 were replaced with a flat rate structure in July 2016. The flat rate provides a more equitable basis for our residents by charging a flat base rate that varies depending on the meter size (rather than consumption) and a flat volumetric rate per thousand gallons of usage. The new rate structure gave the residents a relief from high water bills in summer months. The new rates did include the continued pass-through of the Trinity River Authority water and wastewater rate increases.

Governmental Activities – There was an increase of \$1,668,256 in revenue compared to fiscal year 2016. About \$870,000 of that increase was related to tax revenues. Colleyville benefits from a strong residential base which helps mitigate the negative effects of economic fluctuations. Property values have experienced a 9.14% growth over the prior year’s certified values. Despite the tax rate reduction from \$0.3559/\$100 valuation to \$0.33913/\$100 valuation, the city’s actual property tax revenue was more than \$750,000 above last year’s collections for the General Fund and the Debt Service Fund. The current year tax collection rate was 99.46% of the levy. In 2017, the City’s first hotel opened for business and the City collected about \$150,000 in hotel occupancy taxes. That is a new source of revenue for the City. There was also an increase in capital contributions of about \$1 million primarily due to an increase in the street developers contributions over the last year due to new construction.

In fiscal year 2017, there was a compensation and classification study performed. This resulted in a new compensation structure that was implemented in fiscal year 2018. Employees earning below the new minimum salary of their position’s pay range received a market adjustment to bring them into the new ranges, and feathering tenured employees into their ranges based on years of service to address compression. Also in fiscal year 2018, the City provided a staffing level of 206 full-time equivalents (FTEs), 2 FTEs more than in fiscal year 2017. The two new FTEs were added by bringing certain landscaping work in-house, as opposed to paying a contractor, and did not result in any net increase to the budget. Major capital purchases included six vehicles for the police department, a pothole patching unit for public works and a four-wheel drive fairway mower for the Parks department.

Business-type Activities – The City has two enterprise operations, the Water and Wastewater Fund and the Drainage Utility Fund. The total operating revenue of the Water and Sewer Fund was \$15,956,329 for the fiscal year with an increase of about \$460,000 from the prior year. The increase in the water and wastewater sales of about \$900,000 was offset by a decrease in impact fees of approximately \$425,000. The revenue increased primarily due to a 4.8% increase in consumption with only 1% increase in the number of the customers. Also, in December 2016, the volumetric rates went up to pass through the rate increase from the Trinity River Authority, the City’s provider of treated water. The increase in the Trinity River Authority rates was the primary factor behind the increase in the fund’s operating expense of about \$580,000. The coverage ratio for debt for this fund was 9.36 for the fiscal year, exclusive of transfers. The slight increase in the Drainage Utility Fund’s revenue increase of about \$30,000 was due to new residential and commercial construction.

General Fund Budgetary Highlights – 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 general fund revenues by approximately \$1.2 million annually. The City Council also provided direction to propose a 2016 tax rate that is as close to the effective tax rate as possible. In order to accomplish those objectives, general fund expenditures have been reduced by \$647,609 in total, compared to the fiscal year 2016 budget. Increased revenue from the proposed tax rate (1 cent above the effective rate) and other general fund revenue sources provide the funding needed for cost increases necessary to sustain current programs and services.

Items proposed for elimination were selected based on those that would have the least impact to citizen services, while maintaining the Council's priority of fiscal stewardship. When possible, expenditures were moved out of the General Fund to other eligible funding sources. This includes funding the compensation and classification study from the Strategic Initiatives Fund, the pavement condition assessment from the Capital Projects Fund, moving one existing police officer position to the Colleyville Crime Control and Prevention District (CCCPD) budget, funding various landscaping improvements and parks maintenance expenditures from the Voluntary Parks Fund, and funding library books and programming costs entirely out of the Voluntary Library Fund. 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 vacated as a result of a retirement.

The General Fund transferred out \$3,435,717 to several funds including \$428,706 to the Vehicle and Capital Equipment Replacement fund and \$3,007,012 to the Capital Projects Fund.

For the year ended September 30, 2017, revenues exceeded the final budget in the General Fund due to tax receipts being greater than anticipated, and overall expenditures were lower than the budget due to the city's efforts to cut down on expenditures and when possible, moving expenditures out of the General Fund to other eligible funding sources

Refer to the General Fund Statement of Revenue, Expenditures and Changes in Fund Balances – Budget and Actual on page 45 of this report for a detailed presentation of the actual General Fund operations compared to both the original and final budget for fiscal year 2017.

CAPITAL ASSETS

The City of Colleyville's investment in capital assets for its governmental and business-type activities as of September 30, 2017, amounts to \$156,766,193 (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 \$1.1 million in street improvements including Cheeksparger Road (\$575,000), Westcoat Road (\$325,000), Brown Trail (\$80,000) and Hunter Lane (\$90,000).
- Capitalized \$562,000 in infrastructure improvements at LD Lockett/Cottonbelt Trailhead.
- Capitalized \$287,000 in water and \$402,000 in wastewater.

CITY OF COLLEYVILLE'S CAPITAL ASSETS AT YEAR-END

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Land	\$ 9,178,641	\$ 9,178,641	\$ 304,839	\$ 304,839	\$ 9,483,480	\$ 9,483,480
Buildings and improvements	50,400,558	49,775,646	53,922	53,922	50,454,480	49,829,568
Equipment	12,872,812	12,404,954	2,019,281	1,966,904	14,892,093	14,371,858
Infrastructure/water						
distribution sewer collection	98,134,864	95,872,787	79,732,627	79,044,264	177,867,491	174,917,051
Construction in progress	2,309,931	661,576	1,100,366	-	3,410,297	661,576
Less: accumulated depreciation	(60,829,405)	(56,715,030)	(38,512,243)	(36,302,889)	(99,341,648)	(93,017,919)
Total capital assets	<u>\$ 112,067,401</u>	<u>\$ 111,178,574</u>	<u>\$ 44,698,792</u>	<u>\$ 45,067,040</u>	<u>\$ 156,766,193</u>	<u>\$ 156,245,614</u>

Additional information on the City's capital assets can be found in Note 4, pages 66 – 67 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 \$14,457,110. Of this amount, \$7,125,000 represents bonded debt backed by the full faith and credit of the government, \$6,105,000 represents bonds secured by sales tax revenues, \$155,000 represents bonds secured solely by water and sewer revenues, and \$475,000 represents bonds secured solely by drainage utility system revenues. The City's capitalized lease obligations of \$597,110 pertain to the prior year lease purchase of a fire pumper truck and mid-mount aerial platform fire apparatus, and equipment conversion.

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

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
General obligation bonds and certificates of obligation	\$ 7,125,000	\$ 8,550,000	\$ -	\$ -	\$ 7,125,000	\$ 8,550,000
Sales tax revenue bonds	6,105,000	6,525,000	-	-	6,105,000	6,525,000
Revenue bonds payable	-	-	630,000	1,090,000	630,000	1,090,000
Capitalized lease obligations	<u>597,110</u>	<u>362,251</u>	<u>-</u>	<u>-</u>	<u>597,110</u>	<u>362,251</u>
	<u>\$ 13,827,110</u>	<u>\$ 15,437,251</u>	<u>\$ 630,000</u>	<u>\$ 1,090,000</u>	<u>\$ 14,457,110</u>	<u>\$ 16,527,251</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. Additional information on the City of Colleyville's long term debt can be found in footnote 4 on pages 69 – 72 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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 several years. 2017 certified values increased 10.4% in total, compared to 2016 certified values. One of the City Council's highest priorities is minimizing the tax burden of our citizens. As such, careful consideration is given to the amount of revenue (and associated tax rate) needed, as opposed to simply maintaining a tax rate that brings in ever increasing amounts of revenue due to increased property values. Any tax rate above the effective rate (i.e. that bring in more revenue than the prior year, excluding revenue from new construction) must be fully justified, with the reasons for adopting such a rate clearly communicated. The fiscal year 2018 budget includes a tax rate of \$0.333834/\$100 valuation, a \$0.0053 reduction from the current \$0.33913 tax rate. This rate reduction serves to provide some relief to property owners receiving higher appraisal values, while also providing the revenue necessary to fund programs and services.

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 2018 sales tax is projected to have zero growth from fiscal year 2017 year-end projections due to the potential for construction to impact traffic to nearby businesses, and one percent growth is projected for the next several years. The City will be continuing efforts to support and market the impacted businesses during construction, furthering the objective to manage SH26 project impacts.

At the budget work session presentation on August 8, staff reviewed a five-year forecast for all operating funds to fiscal year 2022. 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 limited growth for the reasons mentioned above. The forecast for General Fund expenditures includes general costs 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. These forecasts help staff and the City Council focus on the long-term budgetary implications of current funding decisions. They also help to put long-term goals into perspective relative to the overall resources available.

One of the largest expenses of any City is the cost of the personnel to carry out the community's desired programs and services. The proposed budget provides a staffing level of 206 full-time equivalents (FTEs), 2 FTEs more than in fiscal year 2017. The two new FTEs were added by bringing certain landscaping work in-house, as opposed to paying a contractor, and did not result in any net increase to the budget. This year the City was fortunate to receive no increase on health insurance costs, which makes up the largest portion of the City's personnel budget after salaries. The fiscal year 2018 budget reflects the City Council's bold vision of fully implementing the recommendations of the 2017 Compensation and Classification Study. The study was a six month effort guided by a committee of citizens, Councilmembers, and staff. Final recommendations included updating pay ranges consistent with the market, bringing all employees into the new ranges, and feathering tenured employees into their ranges based on years of service to address compression for a total cost of just over \$657,000.

Water and wastewater base rates are directly related to the City's budget for the Utility Fund, and rates are set to only recover the City's cost of operating the utility system. Based on the fiscal year 2018 proposed budget, which includes declining debt payments and a slight increase in the number of customers, it is possible to lower base rates. The City Council recognized this opportunity to carry out their intention of creating a capital funding component in the rate structure, and approved staff's and the Water and Wastewater Rate Advisory Committee's recommendation to maintain current base rates in total, using the difference above what is needed for operations to create a separate CIP base rate. This change completes the City Council's objective to restructure water rates.

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 Shereen Gendy, 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, 2017

	Governmental Activities	Business-type Activities
ASSETS		
Cash and equivalents	\$ 23,829,563	\$ 14,277,766
Investments	16,505,608	2,919,775
Receivables (net of allowances for uncollectibles of \$262,534)		
Accounts	83,535	2,467,866
Property taxes	236,897	-
Loans	2,022,500	-
Due from other governments	1,421,897	-
Prepaid expenses	9,726	-
Inventories	1,426	190,842
Accrued interest	27,350	7,629
Restricted assets:		
Cash and equivalents	-	278,811
Investments	-	470,460
Capital assets:		
Land	9,178,641	304,839
Buildings and improvements	50,400,558	53,922
Equipment	12,872,812	2,019,281
Infrastructure/water distribution/sewer collection	98,134,864	79,732,627
Construction in progress	2,309,931	1,100,366
Less: accumulated depreciation	(60,829,405)	(38,512,243)
Total capital assets	112,067,401	44,698,792
Total assets	156,205,903	65,311,941
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	-	42,805
Deferred outflows related to pensions	3,354,608	453,557
	3,354,608	496,362
LIABILITIES		
Accounts payable	1,038,074	962,325
Accrued liabilities	221,315	31,481
Unearned revenues	57,606	-
Accrued interest payable	80,554	3,910
Advances from developers	47,548	212,506
Customer deposits	43,065	469,760
Noncurrent liabilities:		
Due within one year	2,077,282	280,565
Due in more than one year	13,393,803	534,348
Total liabilities	16,959,247	2,494,895
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	28,414	3,783
Total deferred outflows of resources	28,414	3,783
NET POSITION		
Net investment in capital assets	99,881,334	44,123,735
Restricted:		
Debt service	612,641	-
Court security and technology	158,853	-
Grant programs	11,530	-
Leisure services	353,561	-
Economic development	4,221,531	-
Streets and drainage	16,351,066	-
Police	1,560,027	-
Unrestricted	19,422,307	19,185,890
Total net position	\$ 142,572,850	\$ 63,309,625

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

<u>Total</u>	<u>Component Units</u>
\$ 38,107,329	\$ 13,560,312
19,425,383	5,401,594
2,551,401	-
236,897	-
2,022,500	-
1,421,897	-
9,726	-
192,268	-
34,979	15,998
278,811	-
470,460	-
9,483,480	6,878,536
50,454,480	-
14,892,093	-
177,867,491	12,655,623
3,410,297	-
(99,341,648)	(546,145)
<u>156,766,193</u>	<u>18,988,014</u>
<u>221,517,844</u>	<u>37,965,918</u>
42,805	-
3,808,165	-
<u>3,850,970</u>	<u>-</u>
2,000,399	531,109
252,796	-
57,606	-
84,464	6,288
260,054	-
512,825	-
2,357,847	610,000
<u>13,928,151</u>	<u>1,342,121</u>
<u>19,454,142</u>	<u>2,489,518</u>
32,197	-
<u>32,197</u>	<u>-</u>
144,005,069	17,035,893
612,641	-
158,853	-
11,530	-
353,561	-
4,221,531	-
16,351,066	-
1,560,027	-
<u>38,608,197</u>	<u>18,440,507</u>
<u>\$ 205,882,475</u>	<u>\$ 35,476,400</u>

CITY OF COLLEYVILLE, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 4,881,741	\$ 338,857	\$ 12,230	\$ 55,781
Community development	1,672,823	1,148,293	-	-
Fire and rescue	5,524,975	340,630	13,869	-
Leisure services	4,987,965	553,633	373,619	50,388
Maintenance	1,243,614	-	-	-
Municipal court	606,269	1,181,280	-	-
Police	6,093,309	98,859	107,898	-
Streets and drainage	3,578,365	634,918	-	1,196,005
Interest on long-term debt	408,268	-	-	-
Total governmental activities	<u>28,997,329</u>	<u>4,296,470</u>	<u>507,616</u>	<u>1,302,174</u>
Business-type activities:				
Water and wastewater	14,779,262	15,956,329	-	481,413
Drainage	646,145	985,636	-	-
Total business-type activities	<u>15,425,407</u>	<u>16,941,965</u>	<u>-</u>	<u>481,413</u>
Total primary government	<u>\$ 44,422,736</u>	<u>\$ 21,238,435</u>	<u>\$ 507,616</u>	<u>\$ 1,783,587</u>
Component unit				
Tax increment financing	\$ 226,352	\$ -	\$ -	\$ -
Total component unit	<u>\$ 226,352</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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				

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

Net (Expense) Revenue and Changes in Net Position

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$(4,474,873)	\$ -	\$(4,474,873)	\$ -
(524,530)	-	(524,530)	-
(5,170,476)	-	(5,170,476)	-
(4,010,325)	-	(4,010,325)	-
(1,243,614)	-	(1,243,614)	-
575,011	-	575,011	-
(5,886,552)	-	(5,886,552)	-
(1,747,442)	-	(1,747,442)	-
(408,268)	-	(408,268)	-
(22,891,069)	-	(22,891,069)	-
-	1,658,480	1,658,480	-
-	339,491	339,491	-
-	1,997,971	1,997,971	-
(22,891,069)	1,997,971	(20,893,098)	-
-	-	-	(226,352)
-	-	-	(226,352)
13,808,947	-	13,808,947	-
739,514	-	739,514	-
-	-	-	4,779,832
7,304,507	-	7,304,507	-
2,105,881	-	2,105,881	-
263,587	-	263,587	-
148,933	100,525	249,458	167,075
168,865	-	168,865	-
17,000	-	17,000	-
63,319	(63,319)	-	-
24,620,553	37,206	24,657,759	4,946,907
1,729,484	2,035,177	3,764,661	4,720,555
140,843,366	61,274,448	202,117,814	30,755,845
\$ 142,572,850	\$ 63,309,625	\$ 205,882,475	\$ 35,476,400

CITY OF COLLEYVILLE, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	General	Capital Projects	Debt Service
ASSETS			
Cash and cash equivalents	\$ 1,059,037	\$ 13,674,475	\$ 691,402
Investments	8,561,650	3,076,557	-
Receivables (net of allowances for uncollectibles)			
Accounts	83,535	-	-
Taxes	210,003	-	26,894
Loans	142,500	-	1,880,000
Due from other governments	747,877	-	1,793
Inventories	1,426	-	-
Accrued interest	14,106	-	-
Prepaid items	9,726	-	-
Total assets	<u>10,829,860</u>	<u>16,751,032</u>	<u>2,600,089</u>
LIABILITIES			
Accounts payable	623,578	398,333	-
Accrued liabilities	205,488	1,633	-
Unearned revenue	57,606	-	-
Advances from developers	47,548	-	-
Customer deposits	43,065	-	-
Total liabilities	<u>977,285</u>	<u>399,966</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	210,003	-	26,894
Unavailable revenue - municipal fines	12,005	-	-
Unavailable revenue - ambulance fees	70,499	-	-
Unavailable revenue - receivable from component unit	-	-	1,880,000
Total deferred inflows of resources	<u>292,507</u>	<u>-</u>	<u>1,906,894</u>
FUND BALANCES			
Non-spendable:			
Inventories	1,426	-	-
Prepaid items	9,726	-	-
Restricted:			
Streets and drainage	-	16,351,066	-
Debt service	-	-	693,195
Court security and technology	-	-	-
Grant programs	-	-	-
Leisure services	-	-	-
Economic development	-	-	-
Police	-	-	-
Committed:			
Strategic initiatives	682,156	-	-
Leisure services	-	-	-
Capital projects	-	-	-
Assigned:			
Capital projects	-	-	-
Leisure services	-	-	-
Unassigned	8,866,760	-	-
Total fund balances	<u>9,560,068</u>	<u>16,351,066</u>	<u>693,195</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,829,860</u>	<u>\$ 16,751,032</u>	<u>\$ 2,600,089</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

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

Other Governmental	Total Governmental Funds
\$ 8,404,649	\$ 23,829,563
4,867,401	16,505,608
-	83,535
-	236,897
-	2,022,500
672,227	1,421,897
-	1,426
13,244	27,350
-	9,726
<u>13,957,521</u>	<u>44,138,502</u>
16,163	1,038,074
14,194	221,315
-	57,606
-	47,548
-	43,065
<u>30,357</u>	<u>1,407,608</u>
-	236,897
-	12,005
-	70,499
-	1,880,000
<u>-</u>	<u>2,199,401</u>
-	1,426
-	9,726
-	16,351,066
-	693,195
158,853	158,853
11,530	11,530
353,561	353,561
4,221,531	4,221,531
1,560,027	1,560,027
-	682,156
1,617,104	1,617,104
4,885,496	4,885,496
1,100,457	1,100,457
18,605	18,605
-	8,866,760
<u>13,927,164</u>	<u>40,531,493</u>
<u>\$ 13,957,521</u>	
	112,067,401
	2,778,417
	2,199,401
	(15,003,862)
	<u>\$ 142,572,850</u>

CITY OF COLLEYVILLE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>
REVENUES			
Taxes	\$ 19,722,933	\$ -	\$ 736,053
Fees and fines	840,585	-	-
Licenses and permits	1,049,673	-	-
Intergovernmental	-	-	655,781
Charges for services	1,455,665	-	-
Capital improvement fees	-	612,134	-
Donations	-	-	-
Investment earnings	79,327	3,644	6,815
Miscellaneous	<u>80,655</u>	<u>80,659</u>	<u>-</u>
Total revenues	<u>23,228,838</u>	<u>696,437</u>	<u>1,398,649</u>
EXPENDITURES			
Current:			
General government	4,029,370	13,276	-
Community development and engineering	1,404,161	107,239	-
Fire and rescue	4,840,545	-	-
Leisure services	2,514,340	15,000	-
Maintenance	673,865	42,971	-
Municipal court	363,962	-	-
Police	4,576,807	999	-
Streets and drainage	1,332,402	182,881	-
Debt service:			
Principal	-	-	1,731,212
Interest and other charges	-	-	238,605
Capital outlay	<u>581,120</u>	<u>2,929,284</u>	<u>-</u>
Total expenditures	<u>20,316,572</u>	<u>3,291,650</u>	<u>1,969,817</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,912,266</u>	<u>(2,595,213)</u>	<u>(571,168)</u>
OTHER FINANCING SOURCES (USES)			
Capital lease	541,073	-	-
Sale of capital assets	17,000	-	-
Transfers in	-	3,007,012	503,862
Transfers out	<u>(3,435,717)</u>	<u>(30,796)</u>	<u>-</u>
Total other financing sources and uses	<u>(2,877,644)</u>	<u>2,976,216</u>	<u>503,862</u>
NET CHANGE IN FUND BALANCES	34,622	381,003	(67,306)
FUND BALANCES, BEGINNING	<u>9,525,446</u>	<u>15,970,063</u>	<u>760,501</u>
FUND BALANCES, ENDING	<u>\$ 9,560,068</u>	<u>\$ 16,351,066</u>	<u>\$ 693,195</u>

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

<u>Other Governmental</u>	<u>Total Governmental Funds</u>
\$ 3,700,030	\$ 24,159,016
377,609	1,218,194
-	1,049,673
12,688	668,469
29,993	1,485,658
-	612,134
449,130	449,130
59,123	148,909
<u>22,575</u>	<u>183,889</u>
<u>4,651,148</u>	<u>29,975,072</u>
124,089	4,166,735
-	1,511,400
30,214	4,870,759
765,857	3,295,197
-	716,836
179,167	543,129
920,600	5,498,406
-	1,515,283
420,000	2,151,212
181,872	420,477
<u>922,480</u>	<u>4,432,884</u>
<u>3,544,279</u>	<u>29,122,318</u>
<u>1,106,869</u>	<u>852,754</u>
-	541,073
-	17,000
532,820	4,043,694
(513,862)	(3,980,375)
<u>18,958</u>	<u>621,392</u>
1,125,827	1,474,146
<u>12,801,337</u>	<u>39,057,347</u>
<u>\$ 13,927,164</u>	<u>\$ 40,531,493</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, 2017

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

Net change in fund balances - total governmental funds:	\$ 1,474,146
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.	888,827
Revenues, in the statement of activities, that do not provide current financial resources, are not reported as revenues in the funds.	(524,583)
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.	1,610,347
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.	(1,713,648)
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>(5,605)</u>
Change in net position of governmental activities	<u>\$ 1,729,484</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 19,123,370	\$ 19,123,370	\$ 19,722,933	\$ 599,563
License and permits	931,500	931,500	1,049,673	118,173
Fees and fines	874,420	874,420	840,585	(33,835)
Charges for services	1,316,893	1,316,893	1,455,665	138,772
Investment earnings	25,000	25,000	79,327	54,327
Other	55,100	55,100	80,655	25,555
Total revenues	22,326,283	22,326,283	23,228,838	902,555
EXPENDITURES				
Current:				
General government	4,209,650	4,209,650	4,029,370	180,280
Community development and engineering	1,485,431	1,485,431	1,404,161	81,270
Fire and rescue	4,520,121	4,520,121	4,840,545	(320,424)
Leisure services	2,783,978	2,783,978	2,514,340	269,638
Maintenance	745,578	745,578	673,865	71,713
Municipal court	419,415	419,415	363,962	55,453
Police	4,702,861	4,702,861	4,576,807	126,054
Streets and drainage	1,600,593	1,600,593	1,332,402	268,191
Capital outlay	8,428	8,428	581,120	(572,692)
Total expenditures	20,476,055	20,476,055	20,316,572	159,483
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	1,850,228	1,850,228	2,912,266	1,062,038
OTHER FINANCING SOURCES (USES)				
Capital lease	-	-	541,073	541,073
Transfers out	(2,853,706)	(2,853,706)	(3,435,717)	(582,011)
Sale of capital assets	5,000	5,000	17,000	12,000
Total other financing sources and uses	(2,848,706)	(2,848,706)	(2,877,644)	(28,938)
NET CHANGE IN FUND BALANCE				
	(998,478)	(998,478)	34,622	1,033,100
FUND BALANCE, BEGINNING				
	9,525,446	9,525,446	9,525,446	-
FUND BALANCE, ENDING				
	\$ 8,526,968	\$ 8,526,968	\$ 9,560,068	\$ 1,033,100

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

CITY OF COLLEYVILLE, TEXAS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

SEPTEMBER 30, 2017

	Enterprise Funds		
	Water and Wastewater	Drainage Utility	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 12,315,672	\$ 1,962,094	\$ 14,277,766
Investments	2,720,161	199,614	2,919,775
Accounts receivable, net of allowances	2,350,303	117,563	2,467,866
Inventories	190,842	-	190,842
Restricted assets:			
Cash and cash equivalents	157,325	121,486	278,811
Investments	470,460	-	470,460
Total current assets	18,204,763	2,400,757	20,605,520
Non-current assets:			
Accrued interest receivable	7,324	305	7,629
Capital assets:			
Land and improvements	304,839	-	304,839
Buildings	53,922	-	53,922
Utility system	75,429,615	4,303,012	79,732,627
Equipment and furniture	1,568,241	451,040	2,019,281
Construction in progress	1,100,366	-	1,100,366
Less accumulated depreciation	(36,835,535)	(1,676,708)	(38,512,243)
Total non-current assets	41,628,772	3,077,649	44,706,421
Total assets	59,833,535	5,478,406	65,311,941
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	39,935	2,870	42,805
Deferred outflows related to pensions	378,091	75,466	453,557
Total deferred outflows of resources	418,026	78,336	496,362
LIABILITIES			
Current liabilities:			
Accounts payable	952,512	9,813	962,325
Accrued liabilities	26,370	5,111	31,481
Accrued interest payable	1,163	2,747	3,910
Advances from developers	95,613	116,893	212,506
Customer deposits	469,760	-	469,760
Compensated absences	13,162	2,403	15,565
Revenue bonds payable	155,000	110,000	265,000
Total current liabilities	1,713,580	246,967	1,960,547
Non-current liabilities:			
Compensated absences	52,646	17,743	70,389
Net pension obligation	61,980	12,040	74,020
Revenue bonds payable	24,939	365,000	389,939
Total non-current liabilities	139,565	394,783	534,348
Total liabilities	1,853,145	641,750	2,494,895
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	3,216	567	3,783
Total deferred inflows of resources	3,216	567	3,783
NET POSITION			
Net investment in capital assets	41,481,444	2,642,291	44,123,735
Unrestricted	16,913,756	2,272,134	19,185,890
Total net position	\$ 58,395,200	\$ 4,914,425	\$ 63,309,625

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, 2017

	Enterprise Funds		
	Water and Wastewater	Drainage Utility	Total
OPERATING REVENUES			
Metered water sales	\$ 10,958,905	\$ -	\$ 10,958,905
Wastewater service charges	3,876,154	-	3,876,154
Drainage service charges	-	972,082	972,082
Other charges and services	1,075,890	13,554	1,089,444
Miscellaneous	45,380	-	45,380
Total operating revenues	15,956,329	985,636	16,941,965
OPERATING EXPENSES			
Personnel services	1,833,303	395,231	2,228,534
Maintenance and contractual services	10,709,725	79,197	10,788,922
Materials and supplies	134,848	22,330	157,178
Depreciation and amortization	2,093,361	131,706	2,225,067
Total operating expenses	14,771,237	628,464	15,399,701
OPERATING INCOME	1,185,092	357,172	1,542,264
NON-OPERATING REVENUES (EXPENSES)			
Interest and investment revenues	89,306	11,219	100,525
Interest expense and fiscal charges	(8,025)	(17,681)	(25,706)
Total non-operating revenues (expenses)	81,281	(6,462)	74,819
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	1,266,373	350,710	1,617,083
Capital contributions	481,413	-	481,413
Transfers out	(44,287)	(19,032)	(63,319)
CHANGE IN NET POSITION	1,703,499	331,678	2,035,177
TOTAL NET POSITION, BEGINNING	56,691,701	4,582,747	61,274,448
TOTAL NET POSITION, ENDING	\$ 58,395,200	\$ 4,914,425	\$ 63,309,625

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, 2017

	Enterprise Funds		
	Water and Wastewater	Drainage Utility	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 15,789,019	\$ 1,095,130	\$ 16,884,149
Cash paid to suppliers for goods and services	(10,733,340)	(93,550)	(10,826,890)
Cash paid to employees for services	(1,636,513)	(360,100)	(1,996,613)
Net cash provided by operating activities	3,419,166	641,480	4,060,646
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers out	(44,287)	(19,032)	(63,319)
Net cash used for noncapital financing activities	(44,287)	(19,032)	(63,319)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(1,841,106)	-	(1,841,106)
Capital grants and contributions	481,413	-	481,413
Principal paid on debt	(350,001)	(110,000)	(460,001)
Interest paid on debt	(8,025)	(17,680)	(25,705)
Net cash used for capital and related financing activities	(1,717,719)	(127,680)	(1,845,399)
CASH FLOWS FROM INVESTING ACTIVITIES			
(Purchase) sale of investments	4,869,266	219,635	5,088,901
Earnings on investments	89,306	11,219	100,525
Net cash provided (used) by investing activities	4,958,572	230,854	5,189,426
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,615,732	725,622	7,341,354
CASH AND CASH EQUIVALENTS, BEGINNING	5,857,265	1,357,958	7,215,223
CASH AND CASH EQUIVALENTS, ENDING	\$ 12,472,997	\$ 2,083,580	\$ 14,556,577

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, 2017

	Enterprise Funds		
	Water and Wastewater	Drainage Utility	Totals
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income	\$ 1,185,092	\$ 357,172	\$ 1,542,264
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and amortization expense	2,093,361	131,706	2,225,067
Changes in assets and liabilities:			
Decrease (increase) in assets:			
Accounts receivable	(180,520)	(7,399)	(187,919)
Inventory	(55,617)	-	(55,617)
Accrued interest receivable	13,643	1,113	14,756
Increase (decrease) in liabilities:			
Accounts payable	155,832	7,501	163,333
Accrued liabilities	4,459	1,202	5,661
Compensated absences payable	(7,342)	1,922	(5,420)
Customer deposits	13,210	-	13,210
Advances from developers	-	116,893	116,893
Net pension liability	199,673	32,007	231,680
Accrued interest payable	(2,625)	(637)	(3,262)
Net cash provided by operations	<u>\$ 3,419,166</u>	<u>\$ 641,480</u>	<u>\$ 4,060,646</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, 2017

	<u>Agency Fund</u>
ASSETS	
Cash and investments	\$ <u>25,246</u>
Total assets	\$ <u><u>25,246</u></u>
LIABILITIES	
Due to other agencies and individuals	\$ <u>25,246</u>
Total liabilities	\$ <u><u>25,246</u></u>

CITY OF COLLEYVILLE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

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 discretely 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 reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

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 uncollectible accounts receivable for utility billing is estimated as a percentage of sales calculated based on historical experience. 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 imposed nonexchange revenues. Assets from imposed nonexchange transactions are recorded when the entity has enforceable legal claim to the asset, or when the entity receives resources, whichever comes first. The enforceable legal claim date for property taxes is the assessment date. The assessment date has been designated in the enabling legislation as of October 1. The City's property tax is levied on the assessed value listed as of the prior January 1. Taxes are due upon receipt of the tax bill. All unpaid taxes become delinquent if not paid before February 1 of the current fiscal year.

F. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies and vehicle repair parts. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

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 cost, 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, which 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 \$(15,003,862) difference are as follows:

Bonds payable	\$ (13,230,000)
Bond premiums	(238,957)
Capital leases payable	(597,110)
Accrued interest payable	(80,554)
Compensated absences	(<u>857,241</u>)
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$ (<u>15,003,862</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 \$888,827 difference are as follows:

Capital outlay	\$ 4,392,545
Capital contributions	1,196,005
Depreciation expense	(<u>4,699,723</u>)
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>888,827</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 \$(524,583) difference are as follows:

Property taxes	\$ 63,420
Ambulance revenue	11,992
Adjudicated fines	5
CEDC	(<u>600,000</u>)
Net adjustment to <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ (<u>524,583</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 \$1,610,347 difference are as follows:

Principal payments	\$ 2,151,420
Capital lease - proceeds	<u>(541,073)</u>
Net adjustment to reduce <i>fund balance -total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 1,610,347</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 \$(5,605) difference are as follows:

Compensated absences	\$(17,606)
Accrued interest	<u>12,001</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>\$(5,605)</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 prepared for various boards are 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, 2017.

- (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 \$320,424, and \$572,692. This overage was funded by under spending in other functions. The debt service fund had expenditures in excess of appropriations of \$115,780. This was due to the down payment for the fire truck lease purchase agreement being budgeted in fiscal year 2016, but actually delivered in fiscal year 2017.

4. DETAILED NOTES ON ALL FUNDS

Deposits and Investments

In fiscal year 2016, the City adopted GASB Statement No. 72 (“GASB 72”), *Fair Value Measurement and Application*. GASB 72 was issued to address accounting and financial reporting issues related to fair value measurements.

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; and Level 3 inputs are significant unobservable inputs. As of September 30, 2017, the City held the following fair value measurements:

	9/30/2017	Fair Value Measurement Using			Percent of Total Portfolio	Weighted Average Maturity (Days)
		(Level 1)	(Level 2)	(Level 3)		
Primary government						
Cash and cash equivalents						
Cash deposits - City	\$ 23,857,404	\$ -	\$ -	\$ -		
Cash deposits - trust and agency	25,246	-	-	-		
Total cash and cash equivalents	<u>23,882,650</u>	<u>-</u>	<u>-</u>	<u>-</u>		
Investments measured at net asset value per share:						
Investment pools:						
LOGIC	14,528,736	-	-	-	42.20%	34
Investments in certificates of deposits						
Certificates of deposits	4,591,089	-	-	-		
Investments by fair value level:						
Debt securities:						
Federal Farm Credit Bonds	5,528,506	-	5,528,506	-	16.06%	100
Federal Home Loan Bank Bonds	4,289,321	1,249,754	3,039,567	-	12.46%	88
Federal Home Loan Mortgage Corporation	3,488,592	3,488,592	-	-	10.13%	56
Federal National Mortgage Association	1,998,335	999,887	998,448	-	5.80%	12
Total investments	<u>34,424,579</u>	<u>5,738,233</u>	<u>9,566,521</u>	<u>-</u>		
Total cash and investments of the primary government	<u>\$ 58,307,229</u>	<u>\$ 5,738,233</u>	<u>\$ 9,566,521</u>	<u>\$ -</u>		
Portfolio weighted average maturity (days)						62
Component unit						
Cash deposits	\$ 2,969	\$ -	\$ -	\$ -		
LOGIC	13,557,343	-	-	-	39.38%	34
Federal Farm Credit Bonds	2,352,387	-	2,352,387	-	6.83%	100
Federal Home Loan Bank Bonds	3,049,207	1,699,745	1,349,462	-	8.86%	88
Total cash and investments of the component	<u>18,961,906</u>	<u>1,699,745</u>	<u>3,701,849</u>	<u>-</u>		
Total cash and investments of the reporting entity	<u>\$ 77,269,135</u>	<u>\$ 7,437,978</u>	<u>\$ 13,268,370</u>	<u>\$ -</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.

U.S. Government Agency Securities classified as Level 1 of the fair value hierarchy are valued using the documented trade history in exact security pricing model.

\$6,181,200 of U.S. Government Agency Securities classified as Level 2 of the fair value hierarchy are valued using the documented trade history in exact security pricing model. \$1,199,700 of U.S. Government Agency Securities classified as Level 2 of the fair value hierarchy are valued using the option-adjusted discounted cash flow model. \$5,887,470 of U.S. Government Agency Securities classified as Level 2 of the fair value hierarchy are valued using the present value of expected future cash flow model.

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 LOGIC pool has a redemption notice period of one day and may redeem daily. The investment pool's authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state emergency that affects the pool's liquidity.

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, 2017.

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	Debt Service	Nonmajor Funds	Water and Wastewater	Drainage Utility	
Receivables:						
Accounts	\$ 304,849	\$ -	\$ -	\$ 2,391,523	\$ 117,563	\$ 2,813,935
Taxes	210,003	26,894	-	-	-	236,897
Due from other governments	747,877	1,793	672,227	-	-	1,421,897
Loans	142,500	1,880,000	-	-	-	2,022,500
Accrued interest	<u>14,106</u>	<u>-</u>	<u>13,244</u>	<u>7,324</u>	<u>305</u>	<u>34,979</u>
Gross receivables	1,419,335	1,908,687	685,471	2,398,847	117,868	6,530,208
Less: allowance for uncollectibles	<u>(221,314)</u>	<u>-</u>	<u>-</u>	<u>(41,220)</u>	<u>-</u>	<u>(262,534)</u>
Net total receivables	<u>\$ 1,198,021</u>	<u>\$ 1,908,687</u>	<u>\$ 685,471</u>	<u>\$ 2,357,627</u>	<u>\$ 117,868</u>	<u>\$ 6,267,674</u>

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. The assessed value, net of exemptions, upon which the fiscal 2017 levy was based, was \$4,501,835,710.

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, 2017, was \$.3391 per \$100 of assessed valuation.

Taxes are due by January 31 following the levy date. Tax collections, including related penalties and interest, was \$15,533,114 for the year ended September 30, 2017. Property taxes receivable at September 30, 2017, were \$236,897.

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, 2017, was as follows:

Primary Government

	Beginning Balance	Increases	Decreases/ Reclasses	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 9,178,641	\$ -	\$ -	\$ 9,178,641
Construction in progress	<u>661,576</u>	<u>3,309,658</u>	<u>(1,661,303)</u>	<u>2,309,931</u>
Total assets not being depreciated	<u>9,840,217</u>	<u>3,309,658</u>	<u>(1,661,303)</u>	<u>11,488,572</u>
Capital assets, being depreciated:				
Buildings and improvements	49,775,646	29,680	595,232	50,400,558
Machinery and equipment	12,404,954	1,053,206	(585,348)	12,872,812
Infrastructure	<u>95,872,787</u>	<u>1,196,006</u>	<u>1,066,071</u>	<u>98,134,864</u>
Total capital assets being depreciated	<u>158,053,387</u>	<u>2,278,892</u>	<u>1,075,955</u>	<u>161,408,234</u>
Less accumulated depreciation:				
Buildings and improvements	(18,981,354)	(1,652,831)	-	(20,634,185)
Machinery and equipment	(9,499,187)	(1,083,595)	585,348	(9,997,434)
Improvements other than buildings	<u>(28,234,489)</u>	<u>(1,963,297)</u>	<u>-</u>	<u>(30,197,786)</u>
Total accumulated depreciation	<u>(56,715,030)</u>	<u>(4,699,723)</u>	<u>585,348</u>	<u>(60,829,405)</u>
Total capital assets being depreciated, net	<u>101,338,357</u>	<u>(2,420,831)</u>	<u>1,661,303</u>	<u>100,578,829</u>
Governmental activities capital assets, net	<u>\$ 111,178,574</u>	<u>\$ 888,827</u>	<u>\$ -</u>	<u>\$ 112,067,401</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 304,839	\$ -	\$ -	\$ 304,839
Construction in progress	<u>-</u>	<u>1,100,366</u>	<u>-</u>	<u>1,100,366</u>
Total assets not being depreciated	<u>304,839</u>	<u>1,100,366</u>	<u>-</u>	<u>1,405,205</u>
Capital assets, being depreciated:				
Buildings and improvements	53,922	-	-	53,922
Machinery and equipment	1,966,904	52,377	-	2,019,281
Improvements other than buildings	<u>79,044,264</u>	<u>688,363</u>	<u>-</u>	<u>79,732,627</u>
Total capital assets being depreciated	<u>81,065,090</u>	<u>740,740</u>	<u>-</u>	<u>81,805,830</u>
Less accumulated depreciation:				
Buildings and improvements	(50,817)	(622)	-	(51,439)
Machinery and equipment	(1,403,068)	(240,622)	-	(1,643,690)
Improvements other than buildings	<u>(34,849,004)</u>	<u>(1,968,110)</u>	<u>-</u>	<u>(36,817,114)</u>
Total accumulated depreciation	<u>(36,302,889)</u>	<u>(2,209,354)</u>	<u>-</u>	<u>(38,512,243)</u>
Total capital assets being depreciated, net	<u>44,762,201</u>	<u>(1,468,614)</u>	<u>-</u>	<u>43,293,587</u>
Business-type activities capital assets, net	<u>\$ 45,067,040</u>	<u>\$ (368,248)</u>	<u>\$ -</u>	<u>\$ 44,698,792</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Component unit:				
Capital assets, not being depreciated:				
Construction in progress	\$ 9,418,864	\$ 3,236,759	\$ -	\$ 12,655,623
Total assets not being depreciated	<u>9,418,864</u>	<u>3,236,759</u>	<u>-</u>	<u>12,655,623</u>
Capital assets, being depreciated:				
Improvements other than buildings	6,879,118	(582)	-	6,878,536
Total capital assets being depreciated	<u>6,879,118</u>	<u>(582)</u>	<u>-</u>	<u>6,878,536</u>
Less accumulated depreciation:				
Improvements other than buildings	(404,390)	(141,755)	-	(546,145)
Total accumulated depreciation	<u>(404,390)</u>	<u>(141,755)</u>	<u>-</u>	<u>(546,145)</u>
Total capital assets being depreciated, net	<u>6,474,728</u>	<u>(142,337)</u>	<u>-</u>	<u>6,332,391</u>
Component unit capital assets, net	<u>\$ 15,893,592</u>	<u>\$ 3,094,422</u>	<u>\$ -</u>	<u>\$ 18,988,014</u>

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

Governmental activities:	
General government	\$ 447,322
Fire and rescue	478,907
Leisure services	1,178,645
Maintenance	16,064
Police	557,120
Streets and drainage	<u>2,021,665</u>
Total depreciation expense - governmental activities	<u>\$ 4,699,723</u>
Business-type activities:	
Water and wastewater	\$ 2,078,365
Drainage utility	<u>130,989</u>
Total depreciation expense - business-type activities	<u>\$ 2,209,354</u>

Construction Commitments

The government has active construction projects as of September 30, 2017. The major projects are listed as follows:

Project	Spent-to-date	Remaining Commitment
Bedford Road Retaining Wall	\$ 951,988	\$ 228,175
Frontier Court Drainage	41,600	6,400
Glade Road Design Phase 1	650,852	13,513
Glade Road ROW Phase 1 Consultant	251,148	1,907
Glade Road ROW Phase 1 Acquisition	879,928	45,072
Glade Road Reconstruction Phase 1	1,059,029	944,317
Glade Road Design Phases 2-4	553,611	388,519
Pleasant Run - John McCain to Shelton - Design	311,907	35,593
Water Project 9: Misc. Repairs to Elevated Storage Tanks	-	226,600
Glade Road PH II ROW Consultant	-	132,500
John McCain Rehabilitation	103,733	1,543,489
Pleasant Run - Rehabilitation	1,609,603	3,328,958
Water Project 11: John McCain 12" Water Line Replacement	321,272	124,728
Water Project 8: Pressure Relief and Flow Control Valves Design	1,740	49,600
WW Project 3: Replacement Pipelines on Manning Dr. Design	12,400	7,600
Total	<u>\$ 6,748,811</u>	<u>\$ 7,076,971</u>

Interfund Transactions

The composition of interfund transfers as of September 30, 2017, is as follows:

Interfund Transfers

	Transfer In				Total
	General	Capital Projects	Debt Service	Nonmajor Government Funds	
Transfer Out:					
General	\$ -	\$ 3,007,012	\$ -	\$ 428,705	\$ 3,435,717
Nonmajor governmental	-	-	503,862	10,000	513,862
Capital projects	-	-	-	30,796	30,796
Water and wastewater	-	-	-	44,287	44,287
Drainage fee	-	-	-	19,032	19,032
Total Transfers Out	<u>\$ -</u>	<u>\$ 3,007,012</u>	<u>\$ 503,862</u>	<u>\$ 532,820</u>	<u>\$ 4,043,694</u>

The transfer of \$3,007,012 from the General Fund to the Capital Projects and nonmajor governmental funds represents transfers for capital replacement. The transfer of \$503,862 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.

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:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	2% - 5%	\$ <u>13,230,000</u>
		\$ <u><u>13,230,000</u></u>

Long-term liability activity for the year ended September 30, 2017, was as follows:

	<u>Balance September 30, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance September 30, 2017</u>	<u>Amounts Due Within One Year</u>
<u>Governmental activities</u>					
General obligation bonds and certificates of obligation	\$ 8,550,000	\$ -	\$ 1,425,000	\$ 7,125,000	\$ 1,460,000
Premium on bonds	239,163	-	206	238,957	-
Sales tax revenue bonds	6,525,000	-	420,000	6,105,000	425,000
Capital lease obligations	362,251	541,073	306,214	597,110	138,732
Net pension obligation	199,843	1,176,747	828,813	547,777	-
Compensated absences	<u>839,635</u>	<u>513,460</u>	<u>495,854</u>	<u>857,241</u>	<u>53,550</u>
Total governmental activities	<u>16,715,892</u>	<u>2,231,280</u>	<u>3,476,087</u>	<u>15,471,085</u>	<u>2,077,282</u>
<u>Business-type activities</u>					
Revenue bonds and certificates of obligation	1,090,000	-	460,000	630,000	265,000
Premium on bonds	49,878	-	24,939	24,939	-
Net pension obligation	27,023	158,922	111,925	74,020	-
Compensated absences	<u>91,374</u>	<u>61,597</u>	<u>67,017</u>	<u>85,954</u>	<u>15,565</u>
Total business-type activities	<u>1,258,275</u>	<u>220,519</u>	<u>663,881</u>	<u>814,913</u>	<u>280,565</u>
Total primary government	<u>\$ 17,974,167</u>	<u>\$ 2,451,799</u>	<u>\$ 4,139,968</u>	<u>\$ 16,285,998</u>	<u>\$ 2,357,847</u>
<u>Component unit</u>					
Tax increment financing fund					
Note payable to primary government	\$ 2,480,000	\$ -	\$ 600,000	\$ 1,880,000	\$ 610,000
Bond premium	<u>96,161</u>	<u>-</u>	<u>24,040</u>	<u>72,121</u>	<u>-</u>
Total component unit	<u>\$ 2,576,161</u>	<u>\$ -</u>	<u>\$ 624,040</u>	<u>\$ 1,952,121</u>	<u>\$ 610,000</u>

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

Governmental activities long-term liabilities at September 30, 2017, 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%.	\$ 1,050,000
\$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.	-
\$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%.	480,000
\$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>5,595,000</u>
Total General Obligation Bonds and Certificates of Obligation	<u>\$ 7,125,000</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>\$ 6,105,000</u>
Total Revenue Bonds	<u>\$ 6,105,000</u>

Business-type activities long-term liabilities at September 30, 2017, 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>\$ 155,000</u>
Total Water and Wastewater Fund	<u>\$ 155,000</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>\$ 475,000</u>
Total Drainage Utility Fund	<u>\$ 475,000</u>
Total Business-type activities	<u>\$ 630,000</u>

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, 2017, the City was in compliance with these requirements.

The City's component unit, the Tax Increment Financing District, long-term liabilities at September 30, 2017, 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%. \$ 1,880,000

Total Tax Increment Financing District \$ 1,880,000

Governmental Activities

September 30,	General		Revenue Bonds	
	Obligation Bonds and Certificates of Obligation		Principal	Interest
	Principal	Interest		
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	425,000	56,225	490,000	130,752
2023-2027	2,275,000	117,925	2,645,000	363,528
2023-2027	<u>-</u>	<u>-</u>	<u>1,170,000</u>	<u>33,984</u>
	<u>\$ 7,125,000</u>	<u>\$ 645,291</u>	<u>\$ 6,105,000</u>	<u>\$ 1,130,040</u>

Business-type Activities

September 30,	Revenue Bonds	
	Principal	Interest
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>\$ 630,000</u>	<u>\$ 36,244</u>

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

<u>September 30,</u>	Revenue Bonds	
	Principal	Interest
2018	\$ 610,000	\$ 44,200
2019	625,000	28,725
2020	645,000	9,675
	\$ 1,880,000	\$ 82,600

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.

On October 10, 2016 the City entered into a capital lease agreement for a 2017 Pierce Impel Pumper Fire Engine. The total amount financed was \$541,073. The City will make annual payments of \$48,485 through October 2025 at an interest rate of 2.883%.

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Machinery and equipment	\$ 1,694,191
Less: accumulated depreciation	(900,174)
Total	\$ 794,017

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2017, were as follows:

	Governmental Activities
2018	\$ 165,323
2019	165,323
2020	48,484
2021	48,484
2022	48,484
2023-2027	193,945
Total minimum lease payments	670,043
Less: amount representing interest	(72,933)
Present value of minimum lease payments	\$ 597,110

Defined Benefit Pension Policies

Plan Descriptions

The City participates as one of 872 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an 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, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	111
Inactive employees entitled to but not yet receiving benefits	130
Active employees	<u>186</u>
	<u><u>427</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 7.73% and 8.57% in calendar years 2016 and 2017, respectively. The city's contributions to TMRS for the year ended September 30, 2017, were \$1,048,848, and were equal to the required contributions.

Net Pension Liability

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

Actuarial assumptions:

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

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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. 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, 2016, 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. 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). The target allocation and best estimates of arithmetic real rates of return for each major assets class in fiscal year 2017 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%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	7.75%
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 12/31/2015	\$ 49,029,491	\$ 48,802,624	\$ 226,867
Changes for the year:			
Service cost	1,920,420	-	1,920,420
Interest	3,302,291	-	3,302,291
Difference between expected and actual experience	205,568	-	205,568
Changes of assumptions	-	-	-
Contributions - employer	-	922,484	(922,484)
Contributions - employee	-	851,897	(851,897)
Net investment income	-	3,298,224	(3,298,224)
Benefit payments, including refunds of employee contributions	(2,133,755)	(2,133,755)	-
Administrative expense	-	(37,249)	37,249
Other changes	-	(2,007)	2,007
Net changes	<u>3,294,524</u>	<u>2,899,594</u>	<u>394,930</u>
Balance at 12/31/2016	<u>\$ 52,324,015</u>	<u>\$ 51,702,218</u>	<u>\$ 621,797</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%) of 1-percentage-higher (7.75%) than the current rate:

	<u>1% Decrease in Discount Rate (5.75%)</u>	<u>Discount Rate (6.75%)</u>	<u>1% Increase in Discount Rate (7.75%)</u>
City's net pension liability	\$ 7,954,436	\$ 621,797	\$(5,419,645)

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.tmr.org.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended September 30, 2017, the City recognized pension expense of \$2,160,659.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 213,407	\$ 32,197
Changes in actuarial assumptions	544,197	-
Difference between projected and actual investment earnings	2,243,649	-
Contributions subsequent to the measurement date	<u>806,912</u>	<u>-</u>
Total	<u>\$ 3,808,165</u>	<u>\$ 32,197</u>

\$806,912 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 September 30,	
2018	\$ 1,044,766
2019	1,040,385
2020	855,222
2021	<u>28,682</u>
	<u>\$ 2,969,055</u>

Tax Abatements

The City negotiates Chapter 380 sales tax rebate agreements on an individual basis. The City has tax rebate agreements with one entity as of September 30, 2017:

Purpose	Percentage of Taxes Abated during the Fiscal Year	Amount of Taxes Abated during the Fiscal Year
Company desires to purchase and use new building materials within the City that will generate additional sales and use tax revenue for the City	80%	\$ 10,329

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 2017 amounted to approximately \$7,588,127 and \$2,624,416, respectively.

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 2017, 2016, and 2015 were \$18,793, \$18,639, and \$17,776, 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
09/30/15	0.15%	0.15%	100%
09/30/16	0.15%	0.15%	100%
09/30/17	0.15%	0.15%	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, 2017

Plan Year	2014	2015	2016
A. Total pension liability			
Service Cost	\$ 1,598,908	\$ 1,820,192	\$ 1,920,420
Interest (on the Total Pension Liability)	2,938,763	3,149,676	3,302,291
Difference between expected and actual experience	136,216	(55,444)	205,568
Changes in assumptions	-	937,119	-
Benefit payments, including refunds of employee contributions	<u>(1,728,299)</u>	<u>(1,814,665)</u>	<u>(2,133,755)</u>
Net change in total pension liability	2,945,588	4,036,878	3,294,524
Total pension liability - beginning	<u>42,047,025</u>	<u>44,992,613</u>	<u>49,029,491</u>
Total pension liability - ending (a)	<u>\$ 44,992,613</u>	<u>\$ 49,029,491</u>	<u>\$ 52,324,015</u>
B. Plan fiduciary net position			
Contributions - Employer	\$ 745,874	\$ 903,631	\$ 922,484
Contributions - Employee	763,324	822,553	851,897
Net Investment Income	2,657,437	72,103	3,298,224
Benefit payments, including refunds of employee contributions	(1,728,299)	(1,814,665)	(2,133,755)
Administrative Expenses	(27,747)	(43,918)	(37,249)
Other	<u>(2,281)</u>	<u>(2,170)</u>	<u>(2,007)</u>
Net change in plan fiduciary net position	2,408,308	(62,466)	2,899,594
Plan fiduciary net position - beginning	<u>46,456,782</u>	<u>48,865,090</u>	<u>48,802,624</u>
Plan fiduciary net position - ending (b)	<u>\$ 48,865,090</u>	<u>\$ 48,802,624</u>	<u>\$ 51,702,218</u>
C. Net pension liability - ending (a) - (b)	<u>\$ (3,872,477)</u>	<u>\$ 226,867</u>	<u>\$ 621,797</u>
D. Plan fiduciary net position as a percentage of total pension liability	108.61%	99.54%	98.81%
E. Covered employee payroll	\$ 10,904,635	\$ 11,750,753	\$ 12,169,964
F. Net position liability as a percentage of covered employee payroll	-35.51%	1.93%	5.11%

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, 2017

Fiscal Year	2014	2015	2016	2017
Actuarial determined contribution	\$ 738,034	\$ 868,363	\$ 941,907	\$ 1,048,848
Contributions in relation to the actuarially determined contribution	738,034	868,363	941,907	1,048,848
Contribution deficiency (excess)	-	-	-	-
Covered employee payroll	10,707,890	11,640,489	12,281,471	12,528,384
Contributions as a percentage of covered employee payroll	6.89%	7.46%	7.67%	8.37%

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 scale 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 court 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.

Hotel Tax Fund – This fund is used to account for all hotel occupancy tax revenues which are restricted by state statute and can only be used on expenditures related to tourism activities.

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 of CEDC capital facilities. Financing is provided primarily by the revenue from certificate of obligation bonds.

Vehicle/Equipment Replacement – This fund is used to account for the replacement of vehicle and other capital equipment.

CITY OF COLLEYVILLE, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2017

	Special Revenue Funds		
	Voluntary Park	Voluntary Library	Police Asset Forfeiture
ASSETS			
Cash and cash equivalents	\$ 26,248	\$ 70,775	\$ 9,077
Investments	849,518	358,949	-
Due from other governments	-	-	-
Accrued interest	614	1,687	-
Total assets	876,380	431,411	9,077
LIABILITIES			
Accounts payable	-	2,383	-
Accrued liabilities	-	-	-
Total liabilities	-	2,383	-
FUND BALANCES			
Restricted	-	-	9,077
Committed	876,380	429,028	-
Assigned	-	-	-
Total fund balances	876,380	429,028	9,077
Total liabilities and fund balances	\$ 876,380	\$ 431,411	\$ 9,077

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>
\$ 311,696	\$ 138,573	\$ 10,701	\$ -	\$ -	\$ 3,397
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>311,696</u>	<u>138,573</u>	<u>10,701</u>	<u>-</u>	<u>-</u>	<u>3,397</u>
-	1,278	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>1,278</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	137,295	-	-	-	3,397
311,696	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>10,701</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>311,696</u>	<u>137,295</u>	<u>10,701</u>	<u>-</u>	<u>-</u>	<u>3,397</u>
<u>\$ 311,696</u>	<u>\$ 138,573</u>	<u>\$ 10,701</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,397</u>

CITY OF COLLEYVILLE, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

SEPTEMBER 30, 2017

	Special Revenue Funds		
	Colleyville Economic Development	Crime District	Kidsville Maintenance
ASSETS			
Cash and cash equivalents	\$ 2,404,845	\$ 1,274,683	\$ 8,408
Investments	1,497,107	-	-
Due from other governments	328,494	286,357	-
Accrued interest	6,715	-	-
Total assets	4,237,161	1,561,040	8,408
LIABILITIES			
Accounts payable	12,450	45	-
Accrued liabilities	3,180	10,045	-
Total liabilities	15,630	10,090	-
FUND BALANCES			
Restricted	4,221,531	1,550,950	8,408
Committed	-	-	-
Assigned	-	-	-
Total fund balances	4,221,531	1,550,950	8,408
Total liabilities and fund balances	\$ 4,237,161	\$ 1,561,040	\$ 8,408

Special Revenue Funds

Special Donations	Court Technology	Court Security	TDPA Grant	Public Art	Juvenile Case Manager	Hotel Fund
\$ 61,586	\$ 75,178	\$ 60,113	\$ 8,133	\$ 7,904	\$ 24,538	\$ 88,896
-	-	-	-	-	-	-
-	-	-	-	-	-	57,376
-	-	-	-	-	-	-
<u>61,586</u>	<u>75,178</u>	<u>60,113</u>	<u>8,133</u>	<u>7,904</u>	<u>24,538</u>	<u>146,272</u>
-	-	2	-	-	5	-
-	-	177	-	-	792	-
-	-	179	-	-	797	-
61,586	75,178	59,934	8,133	-	23,741	146,272
-	-	-	-	-	-	-
-	-	-	-	7,904	-	-
<u>61,586</u>	<u>75,178</u>	<u>59,934</u>	<u>8,133</u>	<u>7,904</u>	<u>23,741</u>	<u>146,272</u>
<u>\$ 61,586</u>	<u>\$ 75,178</u>	<u>\$ 60,113</u>	<u>\$ 8,133</u>	<u>\$ 7,904</u>	<u>\$ 24,538</u>	<u>\$ 146,272</u>

CITY OF COLLEYVILLE, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

SEPTEMBER 30, 2017

	Capital Project Funds		
	Colleyville Tomorrow	Parks Tomorrow	Park Land Dedication
ASSETS			
Cash and cash equivalents	\$ 1,884,083	\$ 1,033,637	\$ 250,573
Investments	474,525	-	1,173,994
Due from other governments	-	-	-
Accrued interest	1,228	-	1,662
Total assets	2,359,836	1,033,637	1,426,229
LIABILITIES			
Accounts payable	-	-	-
Accrued liabilities	-	-	-
Total liabilities	-	-	-
FUND BALANCES			
Restricted	-	-	-
Committed	2,359,836	1,033,637	1,426,229
Assigned	-	-	-
Total fund balances	2,359,836	1,033,637	1,426,229
Total liabilities and fund balances	\$ 2,359,836	\$ 1,033,637	\$ 1,426,229

Capital Project Funds

<u>CEDC Capital Project</u>	<u>Vehicle/ Equipment Replacement</u>	<u>Total Governmental Funds</u>
\$ 65,794	\$ 585,811	\$ 8,404,649
-	513,308	4,867,401
-	-	672,227
<u>-</u>	<u>1,338</u>	<u>13,244</u>
<u>65,794</u>	<u>1,100,457</u>	<u>13,957,521</u>
-	-	16,163
<u>-</u>	<u>-</u>	<u>14,194</u>
<u>-</u>	<u>-</u>	<u>30,357</u>
-	-	6,305,502
65,794	-	6,502,600
<u>-</u>	<u>1,100,457</u>	<u>1,119,062</u>
<u>65,794</u>	<u>1,100,457</u>	<u>13,927,164</u>
<u>\$ 65,794</u>	<u>\$ 1,100,457</u>	<u>\$ 13,957,521</u>

CITY OF COLLEYVILLE, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Special Revenue Funds		
	Voluntary Park	Voluntary Library	Police Asset Forfeiture
REVENUES			
Taxes	\$ -	\$ -	\$ -
Fees and fines	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Donations	163,705	163,705	-
Investment earnings	76	2,757	-
Miscellaneous	-	-	7,575
Total revenues	163,781	166,462	7,575
EXPENDITURES			
Current:			
General government	-	-	-
Community development and engineering	-	-	-
Fire and rescue	-	-	-
Leisure services	108,930	150,887	-
Municipal court	-	-	-
Police	-	-	610
Debt service:			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay	-	-	-
Total expenditures	108,930	150,887	610
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	54,851	15,575	6,965
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources and uses	-	-	-
NET CHANGE IN FUND BALANCES	54,851	15,575	6,965
FUND BALANCES, BEGINNING	821,529	413,453	2,112
FUND BALANCES, ENDING	\$ 876,380	\$ 429,028	\$ 9,077

Special Revenue Funds

Tree Preservation	Library Donation	Recreational Event	Colleyville Center Development	Recycling	LEOSE
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
284,724	-	-	-	-	-
-	5,783	-	-	-	4,012
-	-	-	-	-	-
-	20,874	15,568	-	-	-
-	-	-	-	-	-
-	-	-	-	15,000	-
<u>284,724</u>	<u>26,657</u>	<u>15,568</u>	<u>-</u>	<u>15,000</u>	<u>4,012</u>
2,537	-	-	-	16,627	-
-	-	-	-	-	-
-	-	-	-	-	-
6,233	28,585	15,473	5,857	-	-
-	-	-	-	-	-
-	-	-	-	-	3,233
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>8,770</u>	<u>28,585</u>	<u>15,473</u>	<u>5,857</u>	<u>16,627</u>	<u>3,233</u>
<u>275,954</u>	<u>(1,928)</u>	<u>95</u>	<u>(5,857)</u>	<u>(1,627)</u>	<u>779</u>
21,700	-	-	-	-	-
-	-	-	-	-	-
<u>21,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
297,654	(1,928)	95	(5,857)	(1,627)	779
<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>\$ 311,696</u>	<u>\$ 137,295</u>	<u>\$ 10,701</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,397</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, 2017

	Special Revenue Funds		
	Colleyville Economic Development	Crime District	Kidsville Maintenance
REVENUES			
Taxes	\$ 1,872,562	\$ 1,681,196	\$ -
Fees and fines	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Donations	-	-	-
Investment earnings	7,099	8,719	-
Miscellaneous	-	-	-
Total revenues	<u>1,879,661</u>	<u>1,689,915</u>	<u>-</u>
EXPENDITURES			
Current:			
General government	63,626	-	-
Community development and engineering	-	-	-
Fire and rescue	-	-	-
Leisure services	418,004	-	11,829
Municipal court	-	-	-
Police	-	906,665	-
Debt service:			
Principal	420,000	-	-
Interest and other charges	181,872	-	-
Capital outlay	<u>31,525</u>	<u>202,097</u>	<u>-</u>
Total expenditures	<u>1,115,027</u>	<u>1,108,762</u>	<u>11,829</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>764,634</u>	<u>581,153</u>	<u>(11,829)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	<u>-</u>	<u>(513,862)</u>	<u>-</u>
Total other financing sources and uses	<u>-</u>	<u>(513,862)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	764,634	67,291	(11,829)
FUND BALANCES, BEGINNING	<u>3,456,897</u>	<u>1,483,659</u>	<u>20,237</u>
FUND BALANCES, ENDING	<u>\$ 4,221,531</u>	<u>\$ 1,550,950</u>	<u>\$ 8,408</u>

Special Revenue Funds

Special Donations	Court Technology	Court Security	TDPA Grant	Public Art	Juvenile Case Manager	Hotel Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 146,272
-	21,599	16,181	-	-	55,105	-
2,893	-	-	-	-	-	-
-	21,765	8,228	-	-	-	-
34,890	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>37,783</u>	<u>43,364</u>	<u>24,409</u>	<u>-</u>	<u>-</u>	<u>55,105</u>	<u>146,272</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
30,214	-	-	-	-	-	-
20,059	-	-	-	-	-	-
-	90,006	32,703	-	-	56,458	-
2,993	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>53,266</u>	<u>90,006</u>	<u>32,703</u>	<u>-</u>	<u>-</u>	<u>56,458</u>	<u>-</u>
(15,483)	(46,642)	(8,294)	-	-	(1,353)	146,272
9,096	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>9,096</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(6,387)	(46,642)	(8,294)	-	-	(1,353)	146,272
<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>-</u>
<u>\$ 61,586</u>	<u>\$ 75,178</u>	<u>\$ 59,934</u>	<u>\$ 8,133</u>	<u>\$ 7,904</u>	<u>\$ 23,741</u>	<u>\$ 146,272</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, 2017

	Capital Project Funds		
	Colleyville Tomorrow	Parks Tomorrow	Park Land Dedication
REVENUES			
Taxes	\$ -	\$ -	\$ -
Fees and fines	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Donations	-	-	50,388
Investment earnings	20,721	10,708	6,497
Miscellaneous	-	-	-
Total revenues	20,721	10,708	56,885
EXPENDITURES			
Current:			
General government	-	-	-
Community development and engineering	-	-	-
Fire and rescue	-	-	-
Leisure services	-	-	-
Municipal court	-	-	-
Police	-	-	-
Debt service:			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay	-	13,120	406,549
Total expenditures	-	13,120	406,549
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	20,721	(2,412)	(349,664)
OTHER FINANCING SOURCES (USES)			
Transfers in	63,318	-	-
Transfers out	-	-	-
Total other financing sources and uses	63,318	-	-
NET CHANGE IN FUND BALANCES	84,039	(2,412)	(349,664)
FUND BALANCES, BEGINNING	2,275,797	1,036,049	1,775,893
FUND BALANCES, ENDING	\$ 2,359,836	\$ 1,033,637	\$ 1,426,229

Capital Project Funds

<u>CEDC Capital Project</u>	<u>Vehicle/ Equipment Replacement</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 3,700,030
-	-	377,609
-	-	12,688
-	-	29,993
-	-	449,130
-	2,546	59,123
-	-	22,575
-	2,546	4,651,148
-	41,299	124,089
-	-	-
-	-	30,214
-	-	765,857
-	-	179,167
-	7,099	920,600
-	-	420,000
-	-	181,872
-	269,189	922,480
-	317,587	3,544,279
-	(315,041)	1,106,869
-	438,706	532,820
-	-	(513,862)
-	438,706	18,958
-	123,665	1,125,827
65,794	976,792	12,801,337
\$ 65,794	\$ 1,100,457	\$ 13,927,164

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, 2017

	<u>Budget</u>	<u>Actual</u>	Variance with Budget - Positive (Negative)
REVENUES			
Taxes	\$ 642,420	\$ 736,053	\$ 93,633
Intergovernmental	655,781	655,781	-
Investment earnings	<u>2,251</u>	<u>6,815</u>	<u>4,564</u>
Total revenues	<u>1,300,452</u>	<u>1,398,649</u>	<u>98,197</u>
EXPENDITURES			
Debt service:			
Principal retirement	1,731,212	1,731,212	-
Interest and fiscal charges	<u>122,825</u>	<u>238,605</u>	<u>(115,780)</u>
Total expenditures	<u>1,854,037</u>	<u>1,969,817</u>	<u>(115,780)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(553,585)</u>	<u>(571,168)</u>	<u>(17,583)</u>
OTHER FINANCING SOURCES			
Transfers in	<u>503,862</u>	<u>503,862</u>	<u>-</u>
Total other financing sources	<u>503,862</u>	<u>503,862</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(49,723)</u>	<u>(67,306)</u>	<u>(17,583)</u>
FUND BALANCE, BEGINNING	<u>760,501</u>	<u>760,501</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 710,778</u>	<u>\$ 693,195</u>	<u>\$(17,583)</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.

CITY OF COLLEYVILLE, TEXAS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
SEPTEMBER 30, 2017

	Employee Activity Fund	Sesquicentennial Fund	Total
ASSETS			
Cash and cash equivalents	\$ <u>4,700</u>	\$ <u>20,546</u>	\$ <u>25,246</u>
Total assets	\$ <u><u>4,700</u></u>	\$ <u><u>20,546</u></u>	\$ <u><u>25,246</u></u>
LIABILITIES			
Due to other agencies and individuals	\$ <u>4,700</u>	\$ <u>20,546</u>	\$ <u>25,246</u>
Total liabilities	\$ <u><u>4,700</u></u>	\$ <u><u>20,546</u></u>	\$ <u><u>25,246</u></u>

CITY OF COLLEYVILLE, TEXAS

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

AGENCY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Employee Activity Fund			Balance 09/30/17
	Balance 10/01/16	Additions	Deletions	
Cash and cash equivalents	\$ 5,773	\$ 3,769	\$ 4,842	\$ 4,700
Total assets	\$ 5,773	\$ 3,769	\$ 4,842	\$ 4,700
Due to other agencies and individuals	\$ 5,773	\$ 3,769	\$ 4,842	\$ 4,700
Total liabilities	\$ 5,773	\$ 3,651	\$ 4,842	\$ 4,700

	Sesquicentennial Fund			Balance 09/30/17
	Balance 10/01/16	Additions	Deletions	
Cash and cash equivalents	\$ 19,716	\$ 830	\$ -	\$ 20,546
Total assets	\$ 19,716	\$ 830	\$ -	\$ 20,546
Due to other agencies and individuals	\$ 19,716	\$ 830	\$ -	\$ 20,546
Total liabilities	\$ 19,716	\$ 830	\$ -	\$ 20,546

	Total Agency Funds			Balance 09/30/17
	Balance 10/01/16	Additions	Deletions	
Cash and cash equivalents	\$ 25,489	\$ 4,599	\$ 4,842	\$ 25,246
Total assets	\$ 25,489	\$ 4,599	\$ 4,842	\$ 25,246
Due to other agencies and individuals	\$ 25,489	\$ 4,481	\$ 4,842	\$ 25,128
Total liabilities	\$ 25,489	\$ 4,481	\$ 4,842	\$ 25,128

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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.	104
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	114
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.	120
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.	126
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.	128

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		
	2008	2009	2010
Governmental activities:			
Net investment in capital assets	\$ 77,484,725	\$ 79,243,497	\$ 81,970,674
Restricted for:			
Debt service	889,689	1,040,896	1,057,699
Court security and technology	-	-	-
Grant programs	-	-	-
Leisure services	-	-	-
Economic development	-	-	-
Streets and drainage	-	-	-
Police	-	-	-
Unrestricted	21,862,136	27,498,864	25,936,703
Total governmental activities net position	\$ 100,236,550	\$ 107,783,257	\$ 108,965,076
Business-type activities:			
Net investment in capital assets	\$ 39,442,148	\$ 39,174,562	\$ 39,080,043
Restricted for:			
Debt service	1,024,349	987,181	983,225
Unrestricted	7,837,790	8,127,736	7,747,336
Total business-type activities net position	\$ 48,304,287	\$ 48,289,479	\$ 47,810,604
Primary government:			
Net investment in capital assets	\$ 116,926,873	\$ 118,418,059	\$ 121,050,717
Restricted for:			
Debt service	1,914,038	2,028,077	2,040,924
Court security and technology	-	-	-
Grant programs	-	-	-
Leisure services	-	-	-
Economic development	-	-	-
Streets and drainage	-	-	-
Police	-	-	-
Unrestricted	29,699,926	35,626,600	33,684,039
Total primary government net position	\$ 148,540,837	\$ 156,072,736	\$ 156,775,680

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
2011	2012	2013	2014	2015	2016	2017	
\$ 83,166,142	\$ 83,211,988	\$ 84,414,252	\$ 89,754,051	\$ 98,958,693	\$ 97,982,160	\$ 99,881,334	
1,106,893	1,159,092	857,143	831,073	744,295	692,093	612,641	
153,420	91,637	101,411	109,766	154,901	215,142	158,853	
23,208	21,116	16,489	9,190	9,844	10,751	11,530	
201,184	207,736	207,770	224,064	233,472	233,290	353,561	
1,863,900	1,998,845	2,277,373	2,733,995	2,975,894	3,456,897	4,221,531	
6,428,106	8,192,568	8,432,946	12,188,836	13,838,090	15,970,063	16,351,066	
994,913	1,143,454	1,223,271	1,403,502	1,485,735	1,485,771	1,560,027	
<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>19,422,307</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>	<u>\$ 142,572,850</u>	
\$ 38,892,098	\$ 38,395,708	\$ 39,269,943	\$ 41,567,161	\$ 44,823,618	\$ 44,010,618	\$ 44,123,735	
662,050	-	-	-	-	-	-	
<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>19,185,890</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>	<u>\$ 63,309,625</u>	
\$ 122,058,240	\$ 121,607,696	\$ 123,684,195	\$ 131,321,212	\$ 143,782,311	\$ 141,992,778	\$ 144,005,069	
1,768,943	1,159,092	857,143	831,073	744,295	692,093	612,641	
153,420	91,637	101,411	109,766	154,901	215,142	158,853	
23,208	21,116	16,489	9,190	9,844	10,751	11,530	
201,184	207,736	207,770	224,064	233,472	233,290	353,561	
1,863,900	1,998,845	2,277,373	2,733,995	2,975,894	3,456,897	4,221,531	
6,428,106	8,192,568	8,432,946	12,188,836	13,838,090	15,970,063	16,351,066	
994,913	1,143,454	1,223,271	1,403,502	1,485,735	1,485,771	1,560,027	
<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>38,608,197</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>	<u>\$ 205,882,475</u>	

CITY OF COLLEYVILLE, TEXAS

CHANGES IN NET POSITION

(Accrual Basis of Accounting)

	Fiscal Year		
	2008	2009	2010
EXPENSES			
Governmental activities:			
General government	\$ 2,814,874	\$ 2,945,481	\$ 2,691,905
Community Development and Engineering	1,481,124	1,530,901	1,645,221
Fire and rescue	3,958,111	4,113,793	4,419,945
Leisure services	4,033,105	3,941,259	4,118,769
Maintenance	417,265	455,752	423,783
Municipal court	324,020	291,724	302,756
Police	4,657,438	4,841,217	4,836,274
Streets and drainage	3,129,730	3,503,519	3,885,182
Interest on long-term debt	<u>1,101,714</u>	<u>1,051,180</u>	<u>1,000,061</u>
Total governmental activities expenses	<u>21,917,381</u>	<u>22,674,826</u>	<u>23,323,896</u>
Business-type activities:			
Water and wastewater	11,179,548	10,612,372	11,242,553
Drainage	593,600	658,016	572,234
Interest on long-term debt	<u>362,642</u>	<u>331,361</u>	<u>296,288</u>
Total business-type activities expenses	<u>12,135,790</u>	<u>11,601,749</u>	<u>12,111,075</u>
Total primary government program expenses	<u>\$ 34,053,171</u>	<u>\$ 34,276,575</u>	<u>\$ 35,434,971</u>
PROGRAM REVENUES			
Governmental activities:			
Charges for services:			
General government	\$ 16,000	\$ 15,000	\$ 15,000
Community Development and Engineering	1,332,453	666,914	647,298
Fire and rescue	250,814	271,216	235,225
Leisure services	563,738	6,595,487	468,426
Municipal court	1,171,919	1,002,008	1,213,178
Police	79,699	51,631	94,059
Streets and drainage	358,688	215,619	345,780
Operating grants and contributions	1,856,567	713,189	543,516
Capital grants and contributions	<u>3,973,954</u>	<u>360,023</u>	<u>423,873</u>
Total governmental activities program revenues	<u>9,603,832</u>	<u>9,891,087</u>	<u>3,986,355</u>

TABLE 2

		Fiscal Year						
		2011	2012	2013	2014	2015	2016	2017
\$	2,715,154	\$ 3,125,214	\$ 4,075,001	\$ 4,103,928	\$ 4,676,185	\$ 4,449,317	\$ 4,881,741	
	1,402,669	1,397,839	1,429,755	1,613,311	1,582,461	1,558,750	1,672,823	
	4,421,496	4,321,929	4,529,225	4,625,036	5,264,026	4,783,421	5,524,975	
	4,191,960	4,124,619	4,106,822	3,776,068	4,042,252	4,701,443	4,987,965	
	412,513	400,306	494,545	575,696	684,301	689,861	1,243,614	
	303,839	319,445	586,709	501,604	522,422	448,420	606,269	
	4,878,055	4,579,570	4,961,444	5,019,343	5,681,698	5,734,116	6,093,309	
	3,657,591	3,073,530	5,322,510	4,128,365	4,404,701	5,150,390	3,578,365	
	849,390	780,029	724,458	717,045	536,161	614,159	408,268	
	<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>	<u>28,997,329</u>	
	12,009,187	12,258,587	12,544,530	13,238,893	14,055,232	13,995,038	14,779,262	
	742,160	723,994	707,647	571,886	833,599	563,268	646,145	
	-	-	-	-	-	-	-	
	<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>15,425,407</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>	<u>44,422,736</u>	
\$	97,234	\$ 28,408	\$ 15,000	\$ 15,000	\$ 17,500	\$ 15,075	\$ 338,857	
	868,363	1,146,518	927,690	1,387,329	1,587,038	1,356,581	1,148,293	
	305,882	335,308	308,339	377,021	327,264	387,705	340,630	
	1,213,167	520,433	501,260	510,991	503,098	505,203	553,633	
	970,143	1,015,804	1,271,095	1,268,447	1,474,485	1,306,924	1,181,280	
	70,709	81,056	70,513	71,022	75,415	93,566	98,859	
	296,350	338,845	316,338	347,565	802,551	794,169	634,918	
	822,056	490,069	468,361	486,869	450,559	514,845	507,616	
	405,347	381,308	1,158,050	5,943,465	7,712,266	319,541	1,302,174	
	<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>	<u>6,106,260</u>	

CITY OF COLLEYVILLE, TEXAS

CHANGES IN NET POSITION

(Accrual Basis of Accounting)

	Fiscal Year		
	2008	2009	2010
PROGRAM REVENUES			
Business-type activities:			
Charges for services:			
Water and wastewater	\$ 11,114,892	\$ 11,303,868	\$ 11,414,425
Drainage	859,013	874,637	897,361
Capital grants and contributions	<u>1,415,785</u>	<u>63,293</u>	<u>147,014</u>
Total business-type activities program revenues	<u>13,389,690</u>	<u>12,241,798</u>	<u>12,458,800</u>
 Total primary government program revenues	 <u>\$ 22,993,522</u>	 <u>\$ 22,132,885</u>	 <u>\$ 16,445,155</u>
NET (EXPENSE) REVENUES			
Governmental activities	\$(12,313,549)	\$(12,783,739)	\$(19,337,541)
Business-type activities	<u>1,253,900</u>	<u>640,049</u>	<u>347,725</u>
Total primary government net expense	<u>(11,059,649)</u>	<u>(12,143,690)</u>	<u>(18,989,816)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION			
Governmental activities:			
Taxes			
Property	11,367,967	12,121,420	12,557,716
Franchise	1,818,060	2,017,440	1,867,065
Sales	4,740,964	4,718,976	4,936,484
Other	82,532	74,198	75,365
Investment earnings	804,864	471,524	76,968
Miscellaneous	96,348	77,854	82,833
Gain on sale of capital assets	116,112	25,237	65,306
Transfers	<u>841,936</u>	<u>823,797</u>	<u>857,622</u>
Total governmental activities	<u>19,868,783</u>	<u>20,330,446</u>	<u>20,519,359</u>
Business-type activities:			
Investment earnings	380,595	168,940	15,158
Gain on sale of capital assets	-	-	15,864
Transfers	<u>(841,936)</u>	<u>(823,797)</u>	<u>(857,622)</u>
Total business-type activities	<u>(461,341)</u>	<u>(654,857)</u>	<u>(826,600)</u>
 Total primary government	 <u>19,407,442</u>	 <u>19,675,589</u>	 <u>19,692,759</u>
CHANGE IN NET POSITION			
Governmental activities	7,555,234	7,546,707	1,181,818
Business-type activities	<u>792,559</u>	<u>(14,808)</u>	<u>(478,875)</u>
Total primary government	<u>\$ 8,347,793</u>	<u>\$ 7,531,899</u>	<u>\$ 702,943</u>

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

TABLE 2
(continued)

Fiscal Year						
2011	2012	2013	2014	2015	2016	2017
\$ 14,355,418	\$ 14,034,600	\$ 14,661,491	\$ 14,789,614	\$ 15,800,163	\$ 15,499,159	\$ 15,956,329
903,089	918,323	928,863	939,868	948,565	954,642	985,636
<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>481,413</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>17,423,378</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>	<u>\$ 23,529,638</u>
\$(17,783,416)	\$(17,784,732)	\$(21,193,823)	\$(14,652,687)	\$(14,444,031)	\$(22,836,268)	\$(22,891,069)
<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>1,997,971</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>	<u>(20,893,098)</u>
12,414,948	12,414,457	12,497,692	12,950,832	13,493,621	13,790,347	14,548,461
2,031,268	2,207,463	2,074,731	2,172,801	2,319,723	2,206,890	7,304,507
5,056,597	5,495,730	5,902,557	6,472,195	6,705,914	7,252,963	2,105,881
80,731	65,808	68,592	98,160	107,977	106,607	263,587
95,822	108,192	77,269	39,697	100,843	142,343	148,933
55,454	74,041	85,562	61,643	82,873	150,630	168,865
-	147,969	-	810,020	-	51,849	17,000
<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>63,319</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>	<u>24,620,553</u>
38,674	4,084	38,987	23,655	52,480	76,014	100,525
-	-	103,437	40,814	5,062	71,003	-
<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>(63,319)</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>37,206</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>	<u>24,657,759</u>
2,810,283	3,810,796	625,120	9,132,953	9,545,510	1,761,029	1,729,484
<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>2,035,177</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>	<u>\$ 3,764,661</u>

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CITY OF COLLEYVILLE, TEXAS

**FUND BALANCES
GOVERNMENTAL FUNDS**

LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General fund										
Non-spendable	\$ -	\$ -	\$ -	\$ 2,147	\$ 132,664	\$ 1,759	\$ 1,269	\$ 2,119	\$ 9,388	\$ 11,152
Committed	-	-	-	706,942	813,536	813,536	813,536	813,536	796,438	682,156
Unassigned	<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>	<u>8,866,760</u>
Total general fund	<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>	<u>\$ 9,560,068</u>
All other governmental funds										
Non-spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	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	23,349,763
Committed	-	-	-	5,967,620	6,193,060	6,262,082	6,793,236	7,150,127	6,402,557	6,502,600
Assigned	-	-	-	1,148,548	954,818	910,611	765,908	812,939	996,929	1,119,062
Unassigned	-	-	-	-	-	(4,975)	-	-	-	-
Unassigned, reported in:										
Special revenue funds	5,696,905	7,267,350	5,664,493	-	-	-	-	-	-	-
Capital projects funds	<u>7,811,492</u>	<u>12,369,631</u>	<u>11,524,206</u>	-	-	-	-	-	-	-
Total all other governmental funds	<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>	<u>\$ 30,971,425</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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
REVENUES										
Taxes	\$ 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	\$ 24,159,016
Developer contributions	226,488	-	-	-	-	-	-	-	-	-
Licenses, fees and permits	1,113,595	646,302	607,132	923,590	1,130,426	857,135	1,090,012	1,303,710	1,337,928	1,049,673
Capital improvement fees	358,688	208,622	334,075	281,260	322,498	300,900	333,496	785,992	766,398	612,134
Fines and penalties	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	1,218,194
Charges for services	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	1,485,658
Interest	804,864	471,524	76,968	95,823	110,550	77,269	39,697	100,842	142,330	148,909
Intergovernmental	1,437,935	350,468	100,807	541,709	124,056	76,506	556,954	1,377,763	224,367	668,469
Donations	548,093	401,432	379,853	602,401	406,789	487,066	918,613	981,282	421,497	449,130
Miscellaneous	116,280	155,100	97,833	70,453	89,041	100,562	76,643	97,873	165,642	183,889
Total revenues	<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>	<u>29,975,072</u>
EXPENDITURES										
General government	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	4,166,735
Comm Development/Eng	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	1,511,400
Fire	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	4,870,759
Police	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	3,295,197
Leisure services	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	727,986
Streets and drainage	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	543,129
Municipal court	323,059	291,893	302,172	302,666	319,084	586,911	501,027	508,566	461,393	5,498,406
Maintenance	410,636	449,806	417,946	405,911	394,830	489,685	570,011	662,480	690,007	1,515,283
Capital outlay	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	4,421,734
Debt service:										
Interest	2,584,790	1,033,148	944,751	838,320	757,594	697,140	716,228	524,414	563,660	420,477
Principal	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	2,151,212
Total expenditures	<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>	<u>29,122,318</u>

CITY OF COLLEYVILLE, TEXAS

CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (1,522,636)	\$ 4,894,936	\$ (3,713,268)	\$ 940,633	\$ 1,724,973	\$ (1,892,824)	\$ 2,010,472	\$ (182,684)	\$ 932,583	\$ 852,754
OTHER FINANCING SOURCES (USES)										
Bonds issued	-	-	-	2,945,000	-	-	-	-	-	-
Refunding bonds	-	-	-	-	-	-	7,330,000	-	6,225,000	-
Notes payable	-	-	-	-	-	-	-	-	-	-
Capital lease	176,150	-	981,238	-	894,534	209,425	-	-	-	541,073
Sale of capital assets	98,168	33,759	65,306	7,098	147,969	-	925,033	20,598	95,796	17,000
Premium on bond issue	-	-	-	6,561	-	-	-	-	239,163	-
Payments to escrow	-	-	-	(3,012,910)	-	-	(7,600,000)	-	(6,373,776)	-
Transfers in	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	4,552,668
Transfers out	(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)	(4,489,349)
Total other financing sources (uses)	1,116,254	857,556	1,904,166	804,628	2,124,371	1,321,965	1,835,325	1,199,188	1,081,851	621,392
NET CHANGE IN FUND BALANCES	\$ (406,382)	\$ 5,752,492	\$ (1,809,102)	\$ 1,745,261	\$ 3,849,344	\$ (570,859)	\$ 3,845,797	\$ 1,016,504	\$ 2,014,434	\$ 1,474,146
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	17.6%	15.3%	14.3%	14.5%	13.6%	12.3%	9.3%	8.3%	8.0%	10.4%

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
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
2017	4,712,035,716	113,056,889	323,256,895	4,501,835,710	0.3391	4,501,835,710

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.

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
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
2017	0.32191	0.01722	0.33913	1.4539	1.3900	1.39670	1.3160	1.5200	0.25400	0.144730	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	2017		2009	
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
Colleyville Downs (KRG Colleyville LLC)	\$ 33,883,995	0.75%	\$ -	- %
Town Center (Velocis Colleyville)	33,603,245	0.75%	-	- %
Toll Dallas TX LLC	20,154,400	0.45%	-	- %
Oncor Electric Delivery	16,036,630	0.36%	-	- %
Lifetime Fitness Real Estate	13,685,000	0.30%	12,275,000	0.34%
Standard Pacific of Texas Inc	12,032,695	0.27%	-	- %
Memory Care Facility (Welltower Inc)	10,965,235	0.24%	-	- %
Colleyville Lofts Venture LLC	9,502,079	0.21%	-	- %
Mainvue TX LLC	7,689,461	0.17%	-	- %
Atmos Energy/Mid Tex	7,046,620	0.16%	6,042,358	0.17%
Walmart Real Estate Trust	7,009,811	0.16%	-	- %
Melvin & Martindale Ltd	-	- %	25,806,252	0.71%
TXU Electric Delivery	-	- %	17,858,176	0.49%
Albertsons Inc	-	- %	14,416,298	0.40%
Colleyville Plaza LP	-	- %	6,508,174	0.18%
Private Individual Taxpayer	-	- %	6,283,500	0.17%
G Points SC Ltd (Shopping Ctr)	-	- %	6,042,358	0.17%
American National Bank of Texas	-	- %	5,880,738	0.16%
RP25 Development LP	-	- %	5,801,685	0.16%
Total	\$ <u>171,609,171</u>	<u>3.81%</u>	\$ <u>106,914,539</u>	<u>2.96%</u>

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
2008	\$ 12,024,882	\$ 11,903,333	99.0%	\$ 121,542	\$ 12,024,875	100.00%
2009	12,875,919	12,734,871	98.9%	140,871	12,875,742	100.00%
2010	13,351,922	13,166,515	98.6%	185,189	13,351,705	100.00%
2011	13,183,932	13,063,575	99.1%	120,061	13,183,636	100.00%
2012	13,163,735	13,082,029	99.4%	81,440	13,163,469	100.00%
2013	13,291,462	13,207,902	99.4%	82,965	13,290,867	100.00%
2014	13,722,602	13,681,269	99.7%	38,819	13,720,087	99.98%
2015	14,305,704	14,242,584	99.6%	54,878	14,297,462	99.94%
2016	14,675,127	14,612,632	99.6%	3,026	14,615,658	99.59%
2017	15,508,345	15,423,832	99.5%	-	15,423,832	99.46%

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

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TABLE 9

CITY OF COLLEYVILLE, TEXAS

PRINCIPAL WATER CUSTOMERS

CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2017		2009	
	Water Usage	Percentage of Total City Water Usage	Water Usage	Percentage of Total City Water Usage
School District	26,391,900	1.15%	38,616,200	1.61%
Shopping Center	13,100,100	0.57%	12,114,500	0.50%
Fitness Facility	13,041,800	0.57%	10,932,900	0.46%
Health Care Facility	5,337,200	0.23%	-	- %
Shopping Center	5,151,500	0.23%	-	- %
Cemetary	4,956,000	0.22%	5,935,000	0.25%
Irrigation Meters	4,077,200	0.18%	-	- %
HOA	3,949,400	0.17%	2,821,800	0.12%
Grocery Store	3,728,600	0.16%	8,393,800	- %
HOA	3,625,000	0.16%	3,886,400	0.16%
School District	3,335,900	0.15%	-	- %
Condominium Irrigation Meters	3,256,400	0.14%	4,671,900	0.19%
Hotel	3,246,500	0.14%	-	- %
Car Wash	3,069,600	0.13%	2,815,800	0.12%
HOA	2,985,500	0.13%	-	- %
HOA	2,812,000	0.12%	3,055,400	0.13%
Shopping Center	2,792,900	0.12%	-	- %
HOA	2,668,600	0.12%	-	- %
HOA	2,613,400	0.11%	-	- %
Restaurant	2,489,300	0.11%	3,883,800	0.16%
Total	112,628,800	4.92%	97,127,500	3.70%

Source: City utility billing records.

Notes: City chose not to include the exact names to protect the customers confidentiality.

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			
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	362,251	239,163	505,000	585,000	-	49,878	16,816,292	1.05%	696
2017	7,125,000	6,105,000	597,110	238,957	155,000	475,000	-	24,939	14,721,006	0.88%	598

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

See Table 15 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		
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
2017	7,363,957	612,641	6,751,316	0.15%	274

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 15.

CITY OF COLLEYVILLE, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF SEPTEMBER 30, 2017

Government Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes			
Birdville Independent School District	\$ 266,624,695	0.080%	\$ 213,300
Carroll Independent School District	269,575,246	0.370%	997,428
Grapevine-Colleyville Independent School District	438,049,452	22.760%	99,700,055
Hurst-Euless-Bedford Independent School District	412,119,890	1.580%	6,511,494
Keller Independent School District	706,960,916	3.500%	24,743,632
Tarrant County	321,795,000	2.960%	9,525,132
Tarrant County Hospital District	20,835,000	2.960%	<u>616,716</u>
Subtotal overlapping debt			142,307,758
City direct debt	14,066,067	100.000%	<u>14,066,067</u>
Total direct and overlapping debt			<u>\$ 156,373,825</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.

CITY OF COLLEYVILLE, TEXAS
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2017											
										Assessed value	\$ 4,501,835,710
										Debt limit (2.5% of assessed value)	112,545,893
										Debt applicable to limit:	
										General obligation bonds	7,363,957
										Less: Amount set aside for repayment of general obligation debt	(612,641)
										Total net debt applicable to limit	<u>6,751,316</u>
										Legal debt margin	<u>\$ 105,794,577</u>
Fiscal Year											
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	
Debt limit	\$ 85,026,795	\$ 87,755,997	\$ 94,131,390	\$ 93,904,439	\$ 93,842,538	\$ 94,792,672	\$ 97,887,202	\$ 102,578,670	\$ 103,422,828	\$ 112,545,893	
Total net debt applicable to limit	<u>15,385,131</u>	<u>13,624,104</u>	<u>12,242,301</u>	<u>10,403,107</u>	<u>8,815,908</u>	<u>7,817,857</u>	<u>6,828,927</u>	<u>6,175,705</u>	<u>7,857,907</u>	<u>6,751,316</u>	
Legal debt margin	<u>\$ 69,641,664</u>	<u>\$ 74,131,893</u>	<u>\$ 81,889,089</u>	<u>\$ 83,501,332</u>	<u>\$ 85,026,630</u>	<u>\$ 86,974,815</u>	<u>\$ 91,129,692</u>	<u>\$ 96,402,965</u>	<u>\$ 95,564,921</u>	<u>\$ 105,794,577</u>	
Total net debt applicable to the limit as a percentage of debt limit.	18.09%	15.52%	13.01%	11.08%	9.39%	8.25%	6.98%	6.02%	7.60%	6.00%	

Note:

Under state finance law, the City's outstanding general obligation debt should not exceed 2.50 percent of total assessed property value.

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		
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	3,812,975	460,000	30,100	3,322,875	
2016	15,638,670	11,965,525	3,673,145	345,000	20,325	3,307,820	
2017	16,045,635	12,673,136	3,372,499	350,000	9,900	3,012,599	

TABLE 14

Fiscal Year	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		
2008	\$ 902,232	\$ 510,259	\$ 391,973	\$ 165,000	\$ 96,984	\$ 129,989	\$ 1,300,260	\$ 270,000	\$ 380,013	\$ 650,247	
2009	889,163	500,677	388,486	170,000	90,138	128,348	1,264,385	275,000	368,195	621,190	
2010	915,734	484,712	431,022	175,000	82,930	173,092	1,317,161	290,000	356,290	670,871	
2011	905,271	551,049	354,222	152,163	58,979	143,080	1,319,517	300,000	344,195	675,322	
2012	908,387	531,705	376,682	205,000	51,244	120,438	1,426,909	315,000	331,588	780,321	
2013	930,427	541,598	388,829	210,000	41,733	137,096	1,534,635	330,000	318,365	886,270	
2014	941,416	416,957	524,459	220,000	35,398	269,061	1,673,351	-	138,390	1,534,961	
2015	959,833	700,939	258,894	225,000	27,847	6,047	1,725,809	395,000	205,416	1,125,393	
2016	966,687	414,619	552,068	105,000	22,121	424,947	1,864,084	410,000	193,824	1,260,260	
2017	996,855	493,796	503,059	110,000	18,391	374,668	1,872,563	420,000	181,872	1,270,691	

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

Calendar Year	Population	Personal Income	Per Capita Personal Income	Tarrant County Unemployment Rate
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%
2017	24,630	207,438	68,236	3.4%

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	2017		2009	
	Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment
Grapevine Colleyville ISD	611	5.9%	150	2.6%
Market Street	345	3.3%	200	3.5%
Lifetime Fitness	250	2.4%	230	4.0%
City of Colleyville	206	2.0%	199	3.4%
Covenant Christian Academy	130	1.3%	-	- %
Whole Foods Market	125	1.2%	-	- %
Albertsons	118	1.1%	110	1.9%
LaHacienda Ranch	100	1.0%	100	1.7%
Walmart Neighborhood Market	72	0.7%	-	- %
US Memory Care	60	0.6%	-	- %
Morgan Stanley	-	- %	122	2.1%
DigiMedical Solutions	-	- %	90	1.6%
Mac's Steak and Seafood	-	- %	80	1.4%
TGW Insurance	-	- %	75	1.3%
Neo Industries	-	- %	60	1.0%
Crème de la Crème	-	- %	60	1.0%
Sonshine Academy	-	- %	60	1.0%
Total	2,017	19.5%	1,536	26.5%

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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government										
Management services	5	4	4	4	4	4	4	4	3.75	5
Finance/court	6	6	6	6	6	8	8	8	8	9
Planning	3	3	2	2	2	2	4	3	4	4
Building	6	6	5	4	3	3	3.5	5	5	5
Other	6.5	7.5	9.5	11	11	13	11.625	13.52	14.14	12.14
Police										
Officers	37	38	38	38	39	40	41	42.5	43	43
Civilians	14	14	13	6	6	6	6.5	7	6.5	6
Fire										
Firefighters and officers	33	33	33	33	35	36	38	41	41	41
Civilians	1	1	2	1	1	1	1	1	1	1
Other public works										
Engineering	5	5	4	4.5	3	3	4.05	3.95	4.75	2.75
Other	3	3	3	3	3	3	3	3	3	3
Streets	10	10	10	10	10	7	8.35	8.35	8.35	8.35
Parks and recreation	13.5	13.5	16.5	16	16	16	15.75	15	15	17
Library	8	8	9.5	11.5	11.5	12	13	13.625	13	13
Colleyville center	4.5	4.5	4.5	4.5	4.5	3.5	4	4.5	4.5	4.0
Water/wastewater	29	29	28	24	24.5	23	24.675	25.025	24.225	25.6
Drainage	<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>	<u>6.41</u>
Total	<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>	<u>206.0</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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government										
Building permits issued	131	90	77	104	155	103	108	181	182	136
Building inspections conducted	8,108	5,641	6,149	6,737	8,310	8,292	7,807	7,307	8,940	10,666
Police										
Physical arrests	514	809	764	666	653	632	863	800	918	602
Calls for service	15,292	23,480	12,242	27,254	48,076	61,270	58,522	51,537	43,492	34,437
Traffic violations	15,621	12,550	13,822	11,354	11,980	11,766	19,955	21,450	20,790	13,016
Fire										
Emergency responses	681	737	762	830	724	557	627	694	1,783	1,768
Ambulance calls	667	693	751	765	803	829	950	959	1,037	967
Inspections	666	796	784	397	342	306	317	363	400	361
Other public works										
Street resurfacing (miles)	8.5	13.9	8.0	6.2	1.0	4.0	1.7	3.7	10.9	6.8
Parks and recreation										
Athletic field participants	5,159	4,617	4,296	4,378	3,946	4,287	4,315	4,434	4,302	4,517
Community center rentals	627	507	373	410	404	398	412	452	376	405
Library										
Volumes in collection	50,348	54,659	58,147	62,997	65,740	69,736	74,525	77,664	80,452	82,182
Total volumes borrowed	211,674	238,459	244,458	235,238	244,613	250,737	234,667	228,160	222,128	227,252
Water										
Customers	8,893	8,960	9,014	9,103	9,285	9,396	9,507	9,631	9,858	9,987
Average daily consumption (thousands of gallons)	6,619	6,578	5,990	7,928	7,217	6,785	6,539	6,451	5,889	6,355
Peak daily consumption (thousands of gallons)	16,764	16,674	18,207	18,935	18,707	17,052	15,204	19,866	15,724	12,434
Wastewater										
Customers	8,138	8,315	8,389	8,457	8,603	8,731	8,817	8,905	9,071	9,270

Source: Various City departments

TABLE 19

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

Function/Program	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	13	13	13	13	12	12	12	13	13	13
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Public works										
Streets (miles)	312	312	318	282	282	282	283	283	283	289
Streetlights	1,010	1,168	1,188	1,169	1,169	1,175	1,175	1,227	1,269	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	225	225
Playgrounds	6	6	6	6	6	6	6	6	7	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)	192	199	200	195	201	202	204	205	206	206
Fire hydrants	1,271	1,340	1,345	1,362	1,389	1,389	1,403	1,422	1,507	1,517
Storage capacity (thousands of gallons)	4,900	9,900	9,900	8,500	8,500	8,500	8,500	8,500	8,500	8,500
Wastewater										
Sanitary sewers (miles)	164	166	170	162	169	170	172	172	179	180
Storm sewers (miles)	59	63	63	58	64	58	60	67	69	70

Source: Various City departments

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

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, 2017, 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 March 2, 2018.

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 over financial reporting 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
March 2, 2018