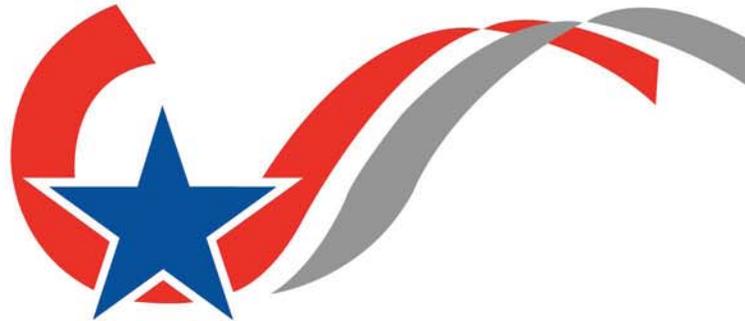




CITY OF COLLEGE STATION
Home of Texas A&M University®



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED SEPTEMBER 30, 2012
CITY OF COLLEGE STATION, TEXAS



CITY OF COLLEGE STATION

Home of Texas A&M University®

Mission Statement

On behalf of the citizens of College Station, home of Texas A&M University, we will promote and advance the community's quality of life.

www.cstx.gov

CITY OF COLLEGE STATION, TEXAS

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

**PREPARED BY THE
CITY OF COLLEGE STATION FISCAL SERVICES DEPARTMENT
JEFF KERSTEN, EXECUTIVE DIRECTOR, BUSINESS SERVICES
BUDGET & FINANCIAL REPORTING DIVISION**

CITY OF COLLEGE STATION, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

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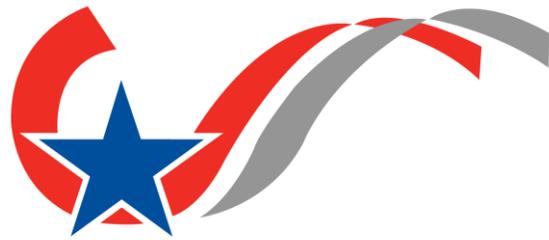
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CITY OF COLLEGE STATION
Home of Texas A&M University®



February 1, 2013

Honorable Mayor, Members of the City Council, and
Citizens of the City of College Station
College Station, Texas

The Interim City Manager and the Fiscal Services Department are pleased to submit the Comprehensive Annual Financial Report for the City of College Station, Texas (the "City") for the fiscal year ended September 30, 2012.

This report is published to provide to the City Council, City staff, our citizens, our bondholders and other interested parties detailed information concerning the financial condition and activities of the City government. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

To the best of our knowledge and belief, the data is accurate in all material aspects, and is organized in a manner designed to fairly present the financial position and results of operations of the City as measured by the financial activity of its various funds. We also believe that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

Ingram, Wallis & Company, P.C., Certified Public Accountants, has issued an unqualified ("clean") opinion on the city's financial statements for the year ended September 30, 2012. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal.

CITY PROFILE

Location

The City of College Station, incorporated in 1938, is located in Brazos County in East Central Texas, approximately 140 miles north of the Gulf of Mexico, approximately 90 miles northwest of Houston, approximately 165 miles south of Dallas and approximately 100 miles east of Austin, in an area referred to as the Brazos Valley. The City currently has a land area of 50.8 square miles and a current estimated population of 97,462 as of September 2012. The City has the power, by state statute, to extend its corporate limits by annexation, which it has done periodically.

Structure

The City of College Station is a home rule city operating under the Council-Manager form of government. The City Council is composed of a mayor and six council members, elected at large, who enact local laws, determine policies and adopt the annual budget. The City Manager is appointed by the City Council and is responsible for the daily management of the City. The Basic Financial Statements of the City include all government activities, organizations and functions for which the City is financially responsible as defined by the Governmental Accounting Standards Board. Based on these criteria, no other governmental organizations are included in this report. For additional information on the reporting entity, refer to Note I-A in the basic financial statements.

Services Provided

The City provides its citizens those services that have proven to be necessary and meaningful and which the City can provide at the least cost. Major services provided under general government and enterprise functions are: police and fire protection, emergency ambulance service, electric services, water and wastewater services, sanitation services, parks and recreation facilities, library services, street improvements and general administrative services. Internal services of the City, accounted for on a cost reimbursement basis, are fleet services, equipment replacement, risk management, employee health and disability coverage.

Accounting System and Budgetary Control

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with the revenues recorded when available and measurable, and expenditures recorded when the services or goods are received and the liabilities incurred. Accounting records for the City's utilities and other proprietary activities are maintained on a full accrual basis with revenues recorded when earned and expenses recorded as goods or services are provided to the user.

In developing and maintaining the City's accounting system, consideration is given to the adequacy of the internal control structure. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition, and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal accounting control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The City charter provides that the City Council shall adopt the annual budget prepared by City Management as revised by the City Council. This budget is reviewed and revised by the City Council and is formally adopted by the passage of a budget ordinance. The City Manager is authorized to transfer budgeted amounts between line items and departments within all funds other than the General Fund. The City Council must authorize transfers between General Fund departments and all increases in total spending in any fund.

Budgetary control over spending is at the department level within the City's General Fund and at the individual fund appropriation in all other funds. The City's departments have direct access to review budgets as often as necessary. Monthly closing reports are prepared and reviewed by management showing revenues, expenditures, and balance sheets. Summarized financial reports and budget reports are provided to the City Council on a quarterly basis.

FACTORS AFFECTING FINANCIAL CONDITION

Economic Conditions

Economic conditions have been a bit more positive than they have been in several years. Sales tax revenues have seen stronger growth in the past year, and property values have increased as well. Growth has been seen in the northern part of the City with all of the activity planned in the University Drive/Northgate area, as well as the anticipated activity in the bio-corridor area. Growth also continues in the southern part of the City with the progress of new and expanded medical facilities, and continued retail development in the Tower Point area. However, there is still a great deal of uncertainty in the economy. Decisions on important issues such as the future renovation or replacement of Kyle Field at Texas A&M University could have significant impacts on the local economy depending on the decisions that are made.

In 2009 sales tax collections in College Station fell for the first time in many years. In fiscal year 2010, sales tax revenue was down by 0.6 percent. However, in 2011 and 2012 sales tax revenues increased by 5.1% and 5.9% respectively. Sales tax revenues are anticipated to grow modestly in the near future.

College Station continues to see development. Overall, total new building permits increased 30% when compared to last year for the same time period, with new single-family homes permits increasing 34% and new commercial permits decreasing 37%. Total ad valorem assessed valuation increased by approximately \$206 million or approximately 3.6 percent for fiscal year 2012 over fiscal year 2011. Commercial development continued to occur with new and redevelopment construction.

The City of College Station's major asset is being the home of Texas A&M University (TAMU). TAMU is located on an approximately 5,200 acre campus within the City. TAMU has a significant economic impact on the City, contributing over a billion dollars annually to the local economy. TAMU has consistently ranked among the top 50 universities in the United States. Each year, TAMU's approximately 2,500 faculty members conduct an estimated \$700 million worth of research and development. Student enrollment at TAMU was 50,227 as of September 2012. TAMU employs more than 20,000 full-time and part-time staff. The impact of budget reductions from the State of Texas continues to be monitored to determine how they may impact the local economy, and the City of College Station.

2012 Major Accomplishments

Below are highlight accomplishments for 2012.

- **Maintained a Balanced Budget:** Each department examined its organizational structure, programs, and practices in preparation for the budget. This resulted in the implementation of a reorganizational plan. It significantly improved efficiency by refocusing resources on core services and identified \$1.5 million in cost savings.
- **Continued to Provide Competitive Compensation and Benefits:** As stated above the economic conditions are improving for the City, which allowed for pay increases to employees in 2012. Maintaining a competitive pay and benefit structure allows the City to attract and retain well qualified employees who are on the front lines of providing services to the citizens and visitors of College Station. The City continues to implement a step plan for the Police Department, with the second phase of the plan put in place during 2012. Continuing the implementation of the step pay plan will allow the Police Department to be more competitive in recruiting and retaining officers. The City continues to provide generous benefits, such as 3 options for Medical, Dental & Prescription insurance, life insurance, defined benefit pension plan, post-employment medical insurance, etc., – all at a competitive cost to the employee. However, plans are being made for minor reductions in retirement benefits beginning in 2013.

- **Continued Utility Transfer Policy Changes:** Last year the City began a multi-year plan to reduce the transfer from the Electric Utility to the General Fund. This policy change was made to ensure that the transfer from the Electric Utility is reasonable, and not a significant burden on the electric utility and electric rates. The City transitioned from a policy that capped the transfer at 10.5% of electric operating revenues, to an in lieu of franchise fee based on KWH electric sales. The new policy has the transfer capped at 6% of electric operating revenues. The transfer was reduced in FY12 by \$2.0 million, and the FY13 transfer is approved to be reduced by an additional \$1.0 million. This results in a total reduction in the transfer to the General Fund of \$3.0 million. This reduction is necessary to ensure the long term financial health of the Electric Utility, which has seen rate increases in recent years due to increases in purchased power costs. A 4% rate increase was forecast in FY12, but was postponed to FY13. This increase has been postponed again, resulting in no rate increase budgeted for FY13.
- **Increased Public Safety:** A new Fire Station has been constructed in College Station to address the need for protection for high rise buildings being built on the Texas A & M campus as well as the new apartment buildings being built close to campus. There were 18 new firefighter positions added, along with a new ambulance, and fire engine. The construction of Fire Station #6 was approved in the 2008 bond authorization and has recently been completed with the grand opening occurring in December 2012.
- **Improved Mobility:** The City continues to focus on traffic and transportation projects. During 2012, several streets were rehabilitated or reconstructed, including Rock Prairie West, Brothers Blvd, Post Oak Circle, Muirfield Village, Jones Butler and Hardwood. In addition to maintaining existing streets, planning and construction continue on new streets and thoroughfares, sidewalk projects, and hike and bike trails throughout the City.
- **Major Capital Projects Completed in 2012**
 - MDT Public Safety System Replacement
 - Northgate Street Meters
 - University Park
 - Emerald Forest Park Improvements
 - John Crompton Park – Phase III
 - Skate Park
 - Brothers Park Running Turf
 - W.A.Tarrow Park
 - Water Cooling Tower Media Replacement
 - Reclaimed Water – Phase I
 - Southwood 5-7 Water and Sewer Line Rehab
 - Carters Creek Wastewater Treatment Plant Lab and SCADA Building
 - Scott and White Sewer Line and Lift Station
 - Electric Dispatch Building
 - Sandstone and Thomas Parks Shade Covers
- **Major Projects in Design, under Construction or to be Completed in 2013** – Many projects began design during the past year and will commence or complete construction this coming year. These include projects approved with the 2008 bond election.
 - Wireless Infrastructure
 - Network and Data Security Upgrade
 - Fire Station #6
 - Library Expansion
 - Fire Emergency Response Alerting System
 - Southwest Park
 - Creekview Neighborhood Park
 - Beachy Central Park Improvements
 - East District Maintenance Shop

- Lick Creek Nature Center
- Lick Creek Iron Bridge Trail
- Lincoln Center Addition
- Wolf Pen Creek Electrical Improvements
- Wolf Pen Creek Erosion Management Study
- Drainage Master Plan
- Jones Butler (Penberthy) Extension
- Lincoln Sidewalks
- Traffic Signal at Wellborn and F&B
- College Main Rehab
- Sandy Point Chemical System Replacement
- Cooling Tower Expansion
- Bee Creek Parallel Trunk Line
- Northgate Electric Substation

LONG-TERM FINANCIAL PLANNING

Long-Term Financial Planning Process

- **Operations and Maintenance:** Every year, the City prepares a balanced budget, with the involvement of the City Council, City Managers, Executive Management Team, department heads, finance staff and other employees. There are planning meetings held throughout this year long process, where discussions regarding the future of the City's financial health are a high priority. Financial forecasts are developed for the next year, as well as for the next 5 years for each major fund. These forecasts take historical trends, changes in policy, and economic conditions (now and projected) into consideration as applicable. The City also puts aside funds for major purchases in future years (Equipment Replacement Fund) and monitors the fund balances on every fund to ensure adherence to the City's reserve policy.
- **Capital Improvement Program:** A major component of the budgeting process every year is the Capital Improvement Program (CIP). Extensive planning takes place throughout the year involving every department in the City with input from the City Council and appointed citizen committees and boards (Planning and Zoning Board, Parks Board, etc.). Discussion takes place regarding the currently funded projects as well as the currently unfunded projects to determine what changes should be made to the CIP and where potentially needed future funding will come from. During this process, attention is given to the impact the projects will have on future operations & maintenance costs.

Anticipated Long-Term Financial Impacts

- **Biomedical Corridor:** The purpose of the BioCorridor is to attract bio-related industries that develop life-changing medical technologies, build tax base, and attract high-paying jobs and investment to the City. The City of College Station and the City of Bryan entered into an Interlocal Agreement hoping to create a monumental economic development endeavor. The impact of this endeavor would foster growth in the community for several years, in the areas of biotechnology, retail, commercial, office, entertainment and high-density residential. In anticipation of this growth, plans are being made to increase the required infrastructure projects in our Capital Projects funding forecasts. In June 2012 the U.S. Department of Health and Human Services and its Biomedical Advanced Research and Development Authority (BARDA) announced a \$285 million contract for the establishment of a Center for Innovation in Advanced Development and Manufacturing at Texas A&M University.

- **Texas A&M (TAMU) Football:**
 - During 2012, Texas A&M University joined the Southeastern Conference (SEC), which has had an impact on the City's economy by increasing the number of visitors from outside of Texas. Each year, the number of home games impacts the revenue the City receives primarily from Sales Tax and Hotel Occupancy Tax. One game more or less each year can have a significant impact. Also, according to Forbes, the popularity of Johnny "Football" Manziel (quarterback and Heisman Trophy winner) has the potential of boosting TAMU's recruiting pipeline and undergraduate applications for the next several years – and potentially "infringe upon the University of Texas and their historic stronghold within the state". This would result in continued growth for our community in the years to come.
 - Kyle Field (TAMU football field) holds approximately 87,000 fans. Over the last several months, Texas A&M has been discussing rebuilding or rehabilitating Kyle Field. This could have an economic impact on the City, depending on how they plan to do the construction – if the construction plan results in fewer seats available during the football season.

In anticipation of the impact on this community, revenue has been conservatively increased in our operations and maintenance fund forecasts for the next couple of years, then reduced for the years of construction. As a result, the fund balances have been forecasted to grow conservatively in anticipation of reduced sales tax and hotel tax revenue for the years of construction.

- **Development of the Medical Corridor:** The intent of the Medical District is to create opportunities for new development, accommodating and enhancing the growing concentration of medical uses in the area. The Medical District Master Plan establishes guiding principles for the development of approximately 1,700 acres in south College Station to accommodate medical facilities, walkable village centers, commercial space, and a variety of residential unit types. The Master Plan includes an extensive linked network of trails and open spaces to further the overarching concept of a healthy community focused on wellness. In anticipation of the creation of this district, discussions are taking place on what the increased infrastructure needs are and how the City will fund these needs.

OTHER INFORMATION

Independent Audit

Section 37 of the City's Charter requires that not less than thirty (30) days prior to the end of each fiscal year, the City Council shall designate a qualified public accountant or accountants who, as of the end of the fiscal year, shall make an independent audit of accounts and other evidences of financial transactions of the city government and shall submit the report to the City Council. Such accountants shall have no personal interest, direct or indirect, in the fiscal affairs of the city government. They shall not maintain any account or record of the city business, but, within specifications approved by the City Council, shall post-audit the books and documents kept by the Department of Fiscal Services and any separate or subordinate accounts kept by any other office, department or agency of the city government.

The City of College Station has engaged Ingram, Wallis & Company, Certified Public Accountants, of Bryan, Texas to perform the audit, and their opinion has been included in this report. It should be noted that the auditors included all funds in their audit, performed their audit in accordance with U.S. generally accepted auditing standards, and concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of

College Station's financial statements for the fiscal year ended September 30, 2012 are fairly presented in conformity with U.S. generally accepted accounting principles. The independent auditors' report is presented as the first component of the financial section of this report.

Certificate of Achievement

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 College Station for its Comprehensive Annual Financial Report ("CAFR") for the Fiscal Year ended September 30, 2011. This was the twenty-eighth out of twenty-nine consecutive years 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 our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Responsibility for Financial Reporting

The City's Senior Management, including the Interim City Manager and the Executive Director Business Services, accept the responsibility for the accuracy, integrity, consistency, and reliability of the financial statements. They also acknowledge their responsibility for assuring the continuous monitoring of the City's system of internal controls for compliance in order to prevent misappropriation of assets and fraudulent financial reporting. Additionally, they confirm their commitment to fostering a strong ethical climate and communicating those standards to employees through personnel rules, administrative regulations, and City law.

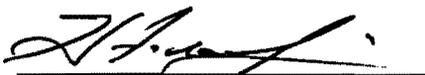
Acknowledgement

The preparation of this report could not have been accomplished without the efforts and dedicated services of the entire staff of the Fiscal Services Department. Appreciation is also expressed to City employees throughout the organization, especially those employees who were instrumental in the successful completion of this report.

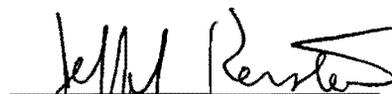
Acknowledgement is also given to the representatives of Ingram, Wallis & Company for their assistance in producing the final product.

Our appreciation is also extended to the Mayor and City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and prudent manner.

Respectfully submitted,

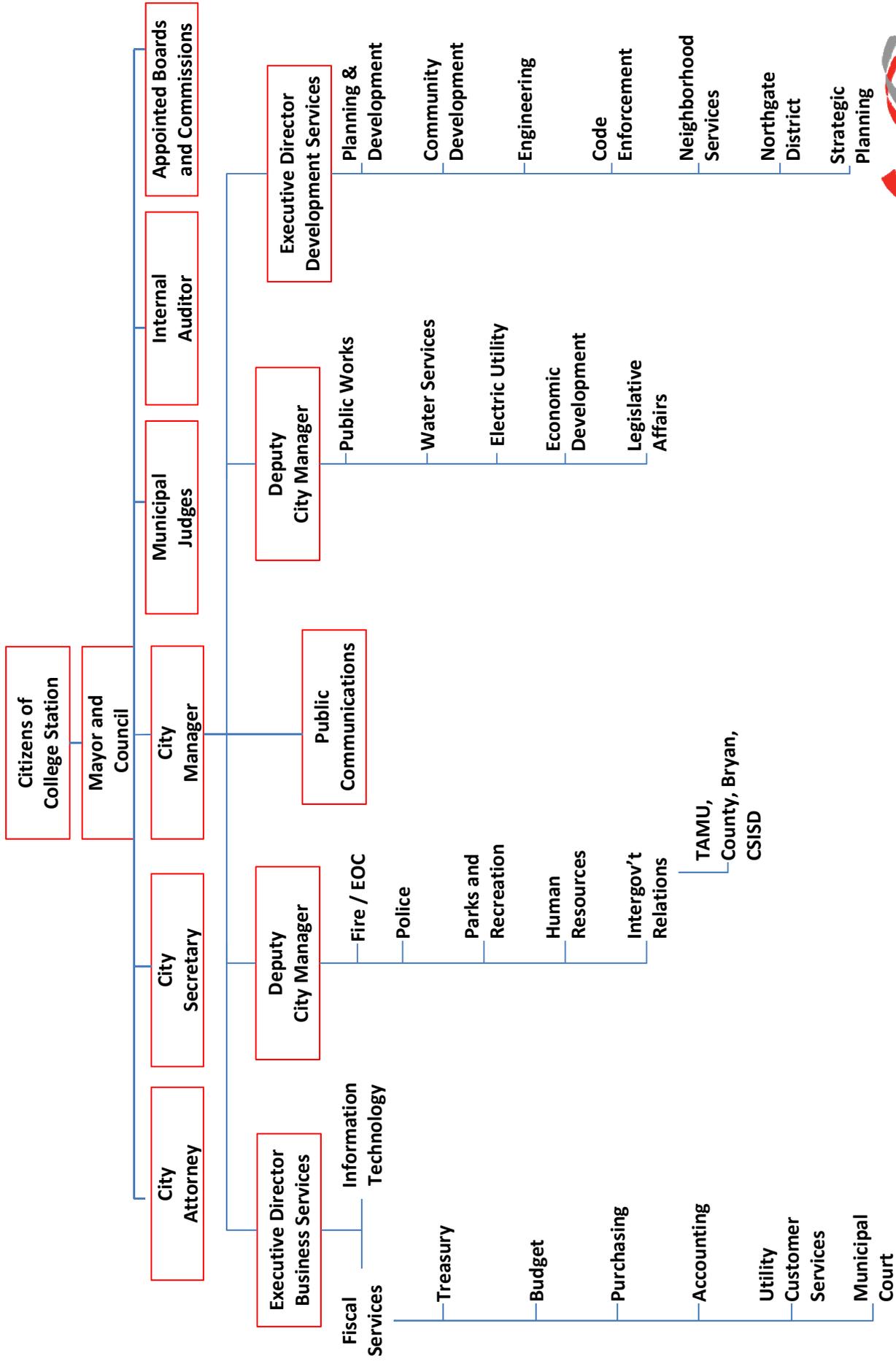


H. Frank Simpson
Interim City Manager



Jeff Keisten
Executive Director,
Business Services

CITY ORGANIZATION



City of College Station, Texas Fiscal Year 2012

Principal City Officials

Elected Officials

Mayor	Nancy Berry
City Council Place 1	Blanche Brick
City Council Place 2	Jess Fields
City Council Place 3	Karl Mooney
City Council Place 4	Katy-Marie Lyles
City Council Place 5	Julie Schultz
City Council Place 6/Mayor Pro Tem.....	Dave Ruesink

City Administration

City Manager	David Neeley
Deputy City Manager	Kathy Merrill
Deputy City Manager	Frank Simpson
Executive Director, Business Services	Jeff Kersten
Executive Director, Planning and Development Services	Bob Cowell, Jr.
Director of Public Communications	Jay Socol
Director of Water Services Department	David Coleman
Director of Electric Utility.....	David Massey
Chief of Police	Jeffrey Capps
Fire Chief	Robert B. Alley
Director of Public Works	Charles Gilman
Director of Parks and Recreation	David Schmitz
Director of Information Technology	Ben Roper
Director of Human Resources	Alison Pond
City Attorney	Carla Robinson
City Secretary	Sherry Mashburn
Internal Auditor.....	Ty Elliott

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of College Station
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Mouill

President

Jeffrey R. Emmer

Executive Director



Ingram, Wallis & Co., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
Members of the City Council of
the City of College Station, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of College Station, Texas (the "City") as of and for the year ended September 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to

describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 13 through 28 and 72 through 74 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and related schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Ingram, Wallis & Company

Bryan, Texas
February 1, 2013

Management's Discussion and Analysis

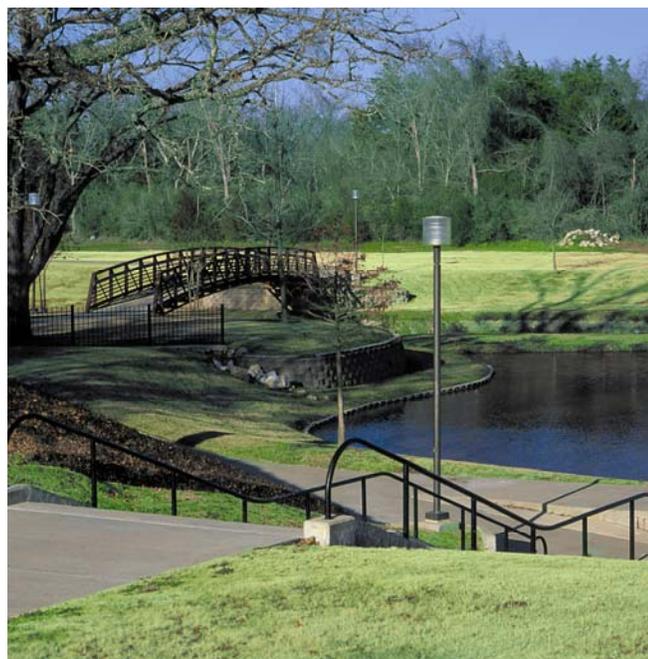
For the Fiscal Year Ended September 30, 2012

(Unaudited)

This section of the City of College Station's (the "City") Comprehensive Annual Financial Report presents a narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent Fiscal year by \$421,850,110 (net assets). Of this amount \$77,663,219 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$11,181,109 during the fiscal year.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$62,742,420 a decrease of \$7,977,684 when compared to the prior year.
- Approximately 24.2 percent of the combined governmental funds ending fund balance, or \$15,186,915 are available for spending at the City's discretion (unassigned fund balance).
- During fiscal year 2012, the City's total debt decreased by \$ 705,000 (0.3%). This reduction is comprised of several factors: the issuance of general obligation improvement bonds and certificates of obligation for new projects; refunding of general obligation improvement bonds, certificates of obligation, and utility revenue bonds; defeasance of certain certificates of obligation; and retirement of general obligation improvement bonds, certificates of obligation and utility revenue bonds. Details can be found in the notes to the financial statements.



OVERVIEW OF THE FINANCIAL STATEMENTS

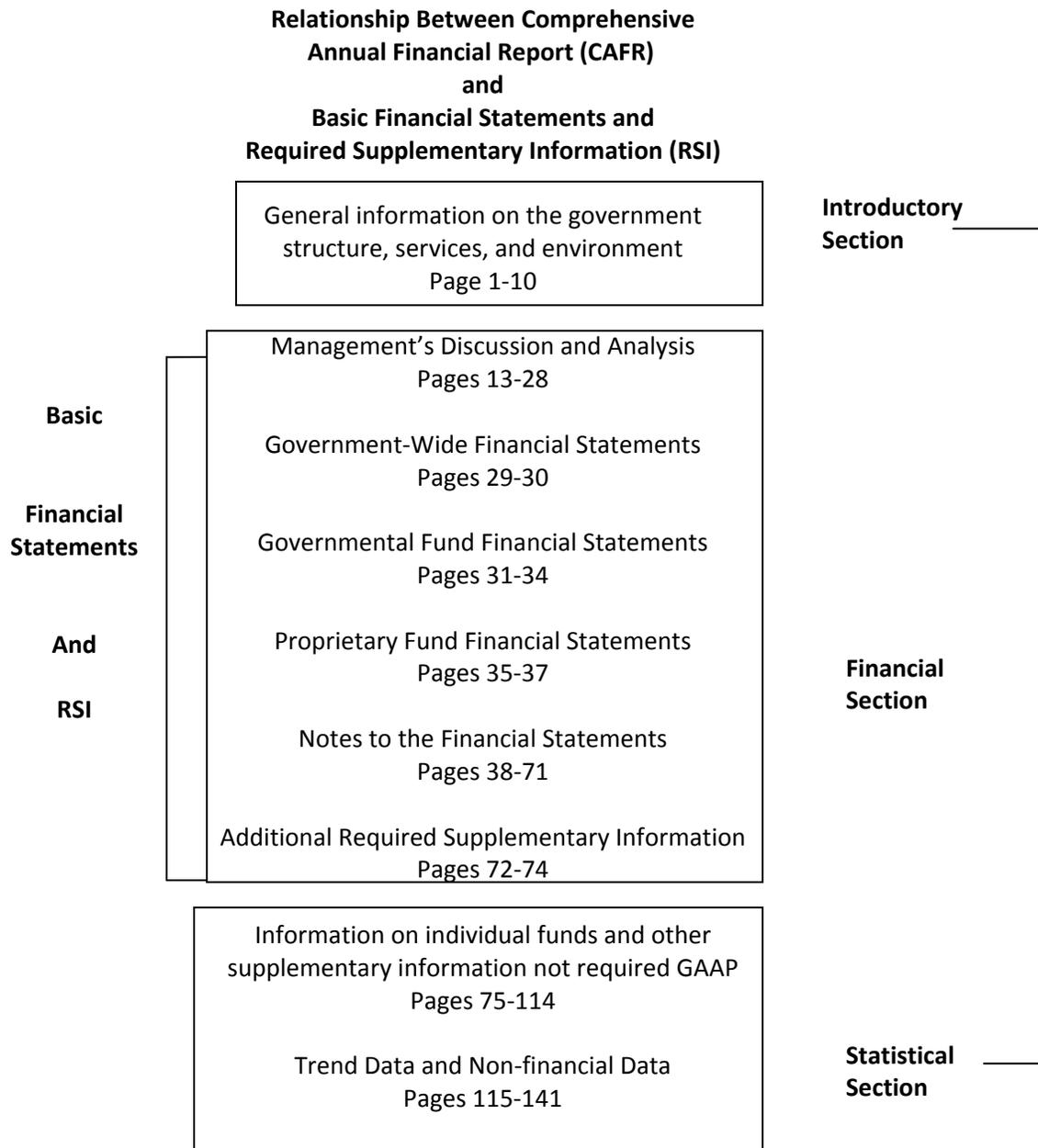
This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components:

- (1) **Government-wide** financial statements
- (2) **Fund** financial statements
- (3) **Notes** to the financial statements.

This report also contains other **supplementary information** in addition to the basic financial statements themselves.

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2012
(Unaudited)

The following diagram illustrates the relationship between the different components of this report:



Management's Discussion and Analysis

For the Fiscal Year Ended September 30, 2012

(Unaudited)

Government-Wide Financial Statements

The **government-wide financial statements** are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The **statement of net assets** presents information on all of the City's assets and liabilities, with the differences between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether or not the financial position of the City is improving or deteriorating.

The **statement of activities** presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues pertaining to uncollected taxes and expenses pertaining to earned but unused vacation.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other 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, fiscal services, police, information technology, planning and development, fire, municipal services, streets, drainage, traffic, park and recreation, and citizen and neighborhood resources. The business-type activities of the City include electric, water, wastewater, sanitation, and the Northgate parking garage. The government-wide financial statements can be found on pages 29-30.

Fund Financial Statements

A fund is 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 **governmental** funds and **proprietary** funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial states, governmental fund financial statements focus on near-term inflows and outflows 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 determining what financial resources are available in the near future to finance the City's programs.

Because the focus of governmental funds is narrower than that of 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 fund balance sheet and the governmental fund statement of

Management's Discussion and Analysis

For the Fiscal Year Ended September 30, 2012

(Unaudited)

revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains several individual governmental funds organized according to their type (special revenue, debt service and capital projects). 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, Debt Service Fund and Streets Projects Fund, all of which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. The governmental fund financial statements can be found on pages 31-34.

The City adopts an annual appropriated budget for its General Fund, Debt Service Fund, Special Revenue Funds, and Capital Projects Funds. A budgetary comparison statement has been provided for the General Fund, Debt Service Fund, Special Revenue Funds and Capital Projects Funds to demonstrate compliance with their budgets.

Proprietary Funds

Proprietary funds are generally used to account for services for which the City charges customers—either outside customers or internal units or departments of the City. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The City maintains the following two types of proprietary funds:

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the operations of the electric, water, wastewater, sanitation, and parking activities of the City. The Electric, Water, and Wastewater funds are considered to be major funds of the City, while the remaining funds (Sanitation and Northgate Parking Garage) are presented in aggregate as non-major enterprise funds. Individual fund data for the nonmajor enterprise funds can be found in the form of combining statements elsewhere in this report.

Internal service funds are used to report activities that provide supplies and services for certain City programs and activities. The City uses internal service funds to account for fleet maintenance and utility customer services. It also uses internal service funds to account for equipment replacement; employee benefits; and unemployment, workers' compensation, and property and casualty insurance. All of these services, with the exception of utility customer service, predominantly benefit governmental rather than business-type functions and have been included within governmental activities in the government-wide financial statements. The Utility Customer Service Fund has been included with the business-type activities in the government-wide financial statements. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The proprietary fund financial statement can be found on pages 35-37.

Management's Discussion and Analysis

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(Unaudited)

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report presents on pages 72-74, certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits and other postemployment benefits to its employees and the General Fund budget-to actual comparison.

Combining Statements

The combining statements referred to earlier in connection with the nonmajor governmental funds, the nonmajor enterprise funds, and the internal service funds are presented on pages 84-114 immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve as a useful indicator of government's financial position. For the City, assets exceeded liabilities by \$421,850,110 at the close of the most recent fiscal year. The largest portion of the City's net assets (78.0 percent) reflects its investment of \$328,999,412 in capital assets (e.g., land, buildings, and equipment) less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated for these liabilities.

Net Assets	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Assets						
Current and other assets	\$ 86,482,799	\$ 94,819,234	\$ 85,818,899	\$ 76,111,057	\$ 172,301,698	\$ 170,930,291
Capital assets	238,028,556	231,624,649	305,406,104	301,471,929	543,434,660	533,096,578
Total assets	324,511,355	326,443,883	391,225,003	377,582,986	715,736,358	704,026,869
Liabilities						
Long-term liabilities						
outstanding	102,751,989	107,943,840	140,098,230	133,149,710	242,850,219	241,093,550
Other liabilities	19,211,970	19,692,719	31,824,059	32,571,599	51,036,029	52,264,318
Total liabilities	121,963,959	127,636,559	171,922,289	165,721,309	293,886,248	293,357,868
Net assets						
Invested in capital assets,						
net of related debt	149,875,513	145,546,799	179,123,899	175,059,669	328,999,412	320,606,468
Restricted	13,606,487	25,565,107	1,580,992	1,588,631	15,187,479	27,153,738
Unrestricted	39,065,396	27,695,418	38,597,823	35,213,377	77,663,219	62,908,795
Total net assets	\$ 202,547,396	\$ 198,807,324	\$ 219,302,714	\$ 211,861,677	\$ 421,850,110	\$ 410,669,001

Management's Discussion and Analysis

For the Fiscal Year Ended September 30, 2012

(Unaudited)

An additional portion of the City's net assets, \$15,187,479 (3.6 percent) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets, \$77,663,219 (18.4 percent) may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City was able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for the business-type activities. The same situation held true for the prior fiscal year. The City's net assets increased by \$14,510,522 as a result of fiscal year 2012 operations, as compared to the increase of \$8,303,007 for fiscal year 2011 operations. The year over year difference is mostly attributable to decreases in expenditures primarily in purchased power in the Electric Fund in fiscal year 2012.

The following table provides a summary of the City's operations for the year ended September 30, 2012 and highlights key elements of the change in the City's net assets:

Changes in Net Assets:	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program revenues:						
Charges for services	\$ 12,288,801	\$ 12,645,831	\$ 134,113,489	\$ 140,304,292	\$ 146,402,290	\$ 152,950,123
Operating grants and contributions	2,766,187	1,875,849	9,718	3,746	2,775,905	1,879,595
Capital grants and contributions	4,216,095	3,964,442	6,890,916	3,857,585	11,107,011	7,822,027
General revenues:						
Property taxes	24,978,388	24,333,373	-	-	24,978,388	24,333,373
Sales and mixed beverage taxes	21,878,057	20,717,598	-	-	21,878,057	20,717,598
Other taxes	5,815,164	5,711,869	-	-	5,815,164	5,711,869
Interest and investment income	283,648	368,868	316,035	341,698	599,683	710,566
Total revenues	72,226,340	69,617,830	141,330,158	144,507,321	213,556,498	214,125,151
Expenses						
General government	8,348,922	9,455,960	-	-	8,348,922	9,455,960
Fiscal services	3,313,726	3,384,388	-	-	3,313,726	3,384,388
Police	16,696,975	15,082,452	-	-	16,696,975	15,082,452
Fire	13,706,222	11,749,054	-	-	13,706,222	11,749,054
Planning & development svcs	4,912,517	3,364,877	-	-	4,912,517	3,364,877
Public works	13,717,564	20,629,662	-	-	13,717,564	20,629,662
Capital projects	819,296	648,589	-	-	819,296	648,589
Parks & recreation	9,638,581	10,146,043	-	-	9,638,581	10,146,043
Library	1,142,580	1,130,433	-	-	1,142,580	1,130,433
Information technology	4,268,524	4,165,064	-	-	4,268,524	4,165,064
Interest on long term debt	3,273,938	4,079,379	-	-	3,273,938	4,079,379
Unallocated depreciation	1,149,609	1,130,283	-	-	1,149,609	1,130,283
Electric utility	-	-	87,221,859	93,277,853	87,221,859	93,277,853
Water utility	-	-	11,132,787	9,960,837	11,132,787	9,960,837
Wastewater utility	-	-	10,952,853	10,114,867	10,952,853	10,114,867
Sanitation services	-	-	7,825,491	6,558,278	7,825,491	6,558,278
Parking operations	-	-	924,532	944,125	924,532	944,125
Total expenses	80,988,454	84,966,184	118,057,522	120,855,960	199,045,976	205,822,144
Incr (Decr) in net assets before transfers	(8,762,114)	(15,348,354)	23,272,636	23,651,361	14,510,522	8,303,007
Transfers net	12,502,186	13,562,095	(12,502,186)	(13,562,095)	-	-
Increase in net assets	3,740,072	(1,786,259)	10,770,450	10,089,266	14,510,522	8,303,007
Net assets at beginning of year	198,807,324	200,959,230	211,861,677	201,772,411	410,669,001	402,731,641
Prior period adjustment	-	(365,647)	(3,329,413)	-	(3,329,413)	(365,647)
Net assets at end of year	\$ 202,547,396	\$ 198,807,324	\$ 219,302,714	\$ 211,861,677	\$ 421,850,110	\$ 410,669,001

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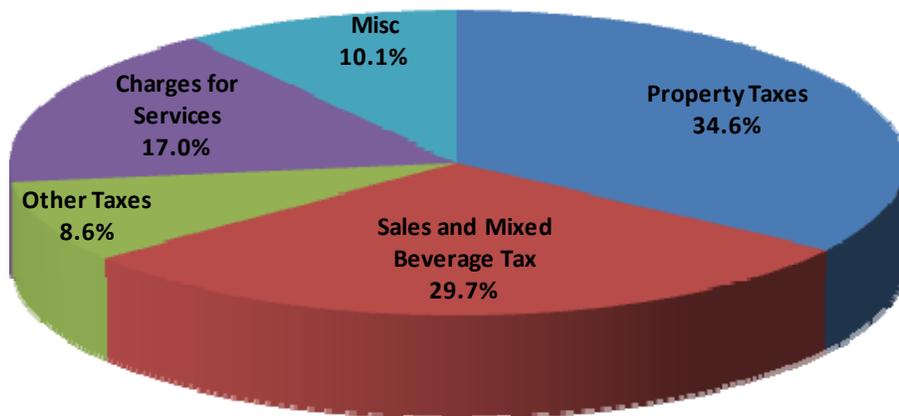
Governmental Activities: Governmental activities increased the City of College Station's net assets by \$3,740,072. Key elements of this net increase are as follows:

- Sales and mixed beverage taxes increased 5.6% over the prior year reflecting continued recovery in the local economy. All of the other governmental activity revenues increased 3% over the prior year.
- Expenditures decreased 4.7% over the prior year as a result of management restructuring and process re-engineering throughout the year.

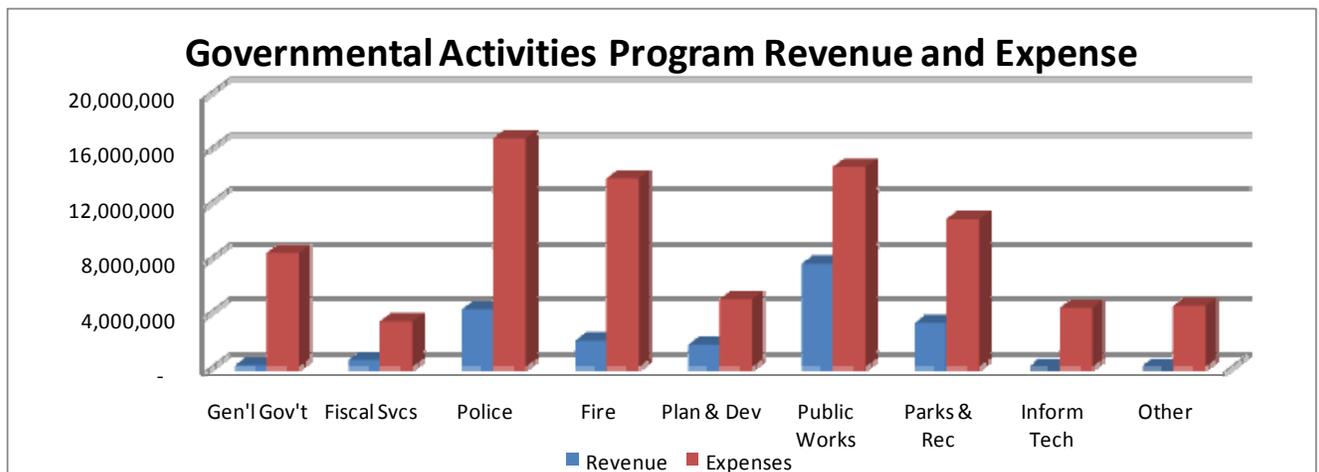
The chart below illustrates the City's governmental activities revenues by source:

Governmental Activities Revenue By Source

\$72,226,340



This chart depicts governmental activity program revenues relative to program expenses:



Management's Discussion and Analysis

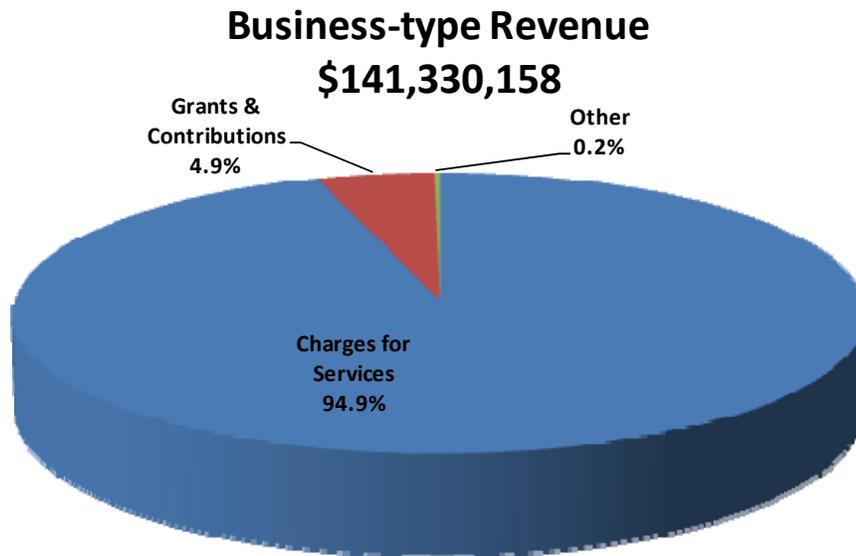
For the Fiscal Year Ended September 30, 2012

(Unaudited)

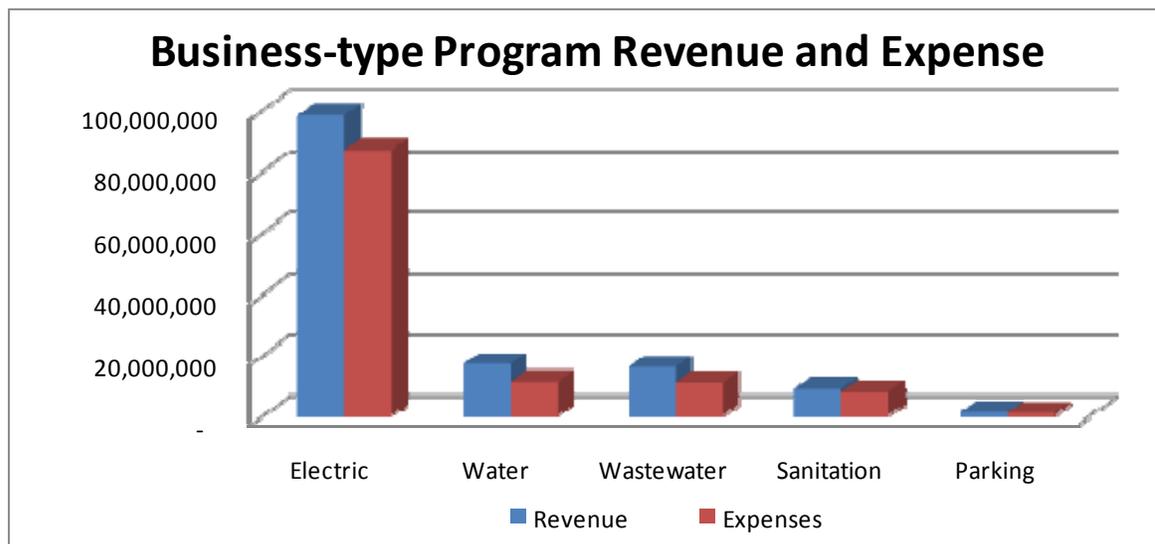
Business-type Activities: Business-type activities increased the City of College Station's net assets by \$10,770,450. Key elements of this increase are as follows:

- Charges for utility services and associated costs decreased from the prior year due to less extreme weather conditions. This, along with a 5% rate increase in the Wastewater Utility resulted in net revenue of \$3,879,534.
- Also, capital infrastructure contributions from various developments throughout the City resulted in an increase in net assets of \$6,890,916.

Revenues for the City's business-type activities are presented in the following chart:



Another chart depicts business-type activity program revenues relative to program expenses:



Management's Discussion and Analysis

For the Fiscal Year Ended September 30, 2012

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FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted previously, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. 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. The types of major governmental funds reported by the City include the General Fund, Debt Service Fund, and Streets Projects Fund. Other governmental funds of the City are reported as nonmajor funds.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$62,742,420. Approximately 24.2 percent (\$15,186,915) of this total amount constitutes unassigned fund balance and is available for spending at the City's discretion. The remainder of fund balance is reserved to indicate that is not available for new spending because it has already been committed as follows:

Nonspendable	\$ 6,943,250
Restricted	\$ 36,556,922
Committed	\$ 3,618,354
Assigned	\$ 436,979
Unassigned	\$ 15,186,915

A detailed breakdown of the fund balance can be found in Note IV. I. Components of Fund Balances.

Revenues for governmental functions totaled \$69,248,249 in fiscal year ended September 30, 2012, an increase of 3.7 percent or \$2,501,604 from the fiscal year ended September 30, 2011. Expenditures for governmental functions totaling \$91,582,832 increased by approximately 3.4 percent or \$3,000,297 from the fiscal year ended September 30, 2011. Other financing sources and uses (net) was \$14,356,899. As a result, in fiscal year 2012, expenditures for governmental functions exceeded revenues by \$7,977,684. This is primarily due to construction progress on the Fire Station #6 capital project during the fiscal year.

The General fund is the chief operating fund of the City of College Station. At the end of the current fiscal year, the unassigned fund balance was \$15,186,915 while the total fund balance was \$16,492,693. The City's fiscal and budgetary policies require that the General Fund's fund balance be at least equal to 15 percent of budgeted expenditures, a percentage equal to 55 days of expenditures. The total fund balance is approximately 26.1 percent of fiscal year 2012 amended budgeted expenditures and exceeds the minimum requirement set by policy.

As a measure of fund's liquidity, it is useful to compare both unassigned and total fund balance to total fund actual expenditures. Unassigned fund balance represents 25.3 percent of total general fund expenditures, while total fund balance represents 27.5 percent of total general fund expenditures. The

Management's Discussion and Analysis

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(Unaudited)

total fund balance for the general fund continues to meet and exceed the Fiscal and Budgetary Policy of having 15 percent of expenditures available in fund balance.

The General Fund's fund balance increased by \$2,099,660 during the current fiscal year. The Key factors in this change follow:

- The fiscal year 2012 original budget anticipated a minimal increase in fund balance as a result of budget reductions due primarily to restructuring and process improvement.
- Sales tax revenues came in higher than anticipated in fiscal year 2012.

The Debt Service Fund ended the fiscal year with a fund balance of \$3,802,443. This entire amount is reserved for the payment of debt service. The net decrease in fund balance during the current fiscal year was \$502,153. This decrease is due to the refunding of bonds during fiscal year 2012 that will reduce future debt service needs. Revenues received during the year were enough to cover principal retirements and interest payments.

The Streets Projects fund ended the fiscal year with a balance of \$12,114,922. This entire amount is either reserved for encumbrances related to current capital projects or reserved for future capital projects. The net decrease in fund balance during the current fiscal year was \$1,464,050. This decrease was attributable to construction progress on street capital projects during the fiscal year.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail.

At the end of the current fiscal year, the City's proprietary funds reported combined ending net assets of \$219,302,714. Of this amount, 17.6 percent (\$38,597,823) constitutes unrestricted net assets. The remainder of net assets for the proprietary funds, \$180,704,891, is reported as follows:

- Invested in capital assets, net related debt (\$179,123,899), and
- Restricted for debt service (\$1,580,992).

Operating revenues for proprietary activities totaled \$133,257,747 for the fiscal year, a decrease of 4.0 percent or \$5,565,616 from the previous fiscal year. Operating expenses decreased \$6,127,063 or 5.3 percent for the same period. Operating income was \$22,888,115 for the fiscal year. The proprietary funds reported net non-operating expenses of \$12,117,665 at the end of fiscal year 2012 as compared to net non-operating expenses of \$11,726,079 in the previous fiscal year. Also, the Proprietary Funds reported a prior period adjustment of \$3,329,413 (see Note IV.G) resulting in an overall increase of \$7,441,037 in net assets for fiscal year 2012.

Electric Fund

At the end of the fiscal year, the unrestricted net assets for the Electric Fund totaled \$5,975,296. The City's policy with regard to its enterprise funds is to maintain at least 15 percent of annual operating expenses in working capital, a percentage equal to 55 days of expenses. At September 30, 2012, Electric

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(Unaudited)

Fund working capital equaled approximately 18.2 percent of annual operating expenses, as compared to 9.3 percent at September 30, 2011.

Electric Fund operating revenues decreased by 4.1 percent (\$4,118,649) during fiscal year 2012, while operating expenses decreased 7.9 percent (\$7,240,653) during the same period. This resulted in operating income of \$12,230,586. The increase in operating income is attributable to the decrease in purchased power costs with the less intense weather conditions during fiscal year 2012 as compared to the prior year's drought conditions. The operating income when combined with the net non-operating expenses resulted in an increase in net assets of \$4,496,962 in the Electric Fund during the fiscal year.

Water Fund

Unrestricted net assets for the Water Fund at September 30, 2012 were \$9,149,574. Water Fund operating revenues decreased by 12.4 percent (\$2,132,235) during fiscal year 2012. Operating expenses of \$8,461,539 increased 4.1 percent (\$337,078) over fiscal year 2011. This resulted in operating income of \$6,594,776. The operating income when combined with the net non-operating expenses and prior period adjustment (see Note IV.G) resulted in an increase in net assets of \$1,026,079 in the Water Fund during the fiscal year.

Wastewater Fund

The Wastewater Fund's unrestricted net assets at the end of the end of fiscal year 2012 were \$7,667,088. The Wastewater Fund ended the fiscal year with a working capital balance of \$9,678,304 which was 63.1 percent higher than fiscal year 2011.

Operating revenues in Wastewater Fund were \$13,226,361 or \$585,969 (4.6 percent) increase over the previous fiscal year. Operating expenses increased from \$9,115,656 to \$9,550,503 or 4.8 percent while operating income increased by 4.3 percent from \$3,524,736 to \$3,675,858. The operating income when combined with the net non-operating expenses and prior period adjustment (see Note IV.G) resulted in an increase in net assets of \$1,062,341 in the Wastewater Fund during the fiscal year.

Budgetary Highlights

The final amended budget for fiscal year 2012 totaled \$255,830,273 for all funds. Of this amount \$218,067,311 (85.2 percent) was budgeted for operations and maintenance expenditures and \$37,762,962 (14.8 percent) was budgeted for capital improvement projects.

In the General Fund the final amended budget showed a decrease in fund balance of \$2,563,184. The actual change in fund balance was an increase of \$2,099,660. The following are some of the key factors in the change in fund balance:

- Revenues were higher than the budget estimate due to modest increases in sales tax revenues.
- Expenditures were overall lower due to reduced spending during the fiscal year.

Strategic planning is a driving force in the preparation of the City's budget. The City Council has identified the following areas of strategic priority:

Management's Discussion and Analysis

For the Fiscal Year Ended September 30, 2012

(Unaudited)

- Financially Sustainable City
- Providing Core Services and Infrastructure
- Neighborhood Integrity
- Diverse Growing Economy
- Improving Mobility
- Sustainable City

Budget resources were included in the fiscal year 2012 to address these priorities.

CAPITAL ASSETS

The City of College Station's investment in capital assets for its governmental and business-type activities as of September 30, 2012 amounted to \$543,434,660 (net of accumulated depreciation). This investment in capital assets includes land, utility systems, building and building improvements, improvements other than buildings, machinery and equipment, infrastructure, and construction in progress.

Capital Assets at Year End Net of Accumulated Depreciation

	Governmental Activities	Business-Type Activities	Total
Land	\$ 43,050,894	\$ 690,750	\$ 43,741,644
Utility systems	-	276,636,432	276,636,432
Buildings and building improvements	24,516,756	4,861,474	29,378,230
Improvements other than buildings	21,053,596	-	21,053,596
Machinery and equipment	12,893,590	2,787,122	15,680,712
Infrastructure	119,437,220	-	119,437,220
Construction in progress	17,076,500	20,430,326	37,506,826
	\$238,028,556	\$ 305,406,104	\$543,434,660

Major capital projects completed by the City during the 2012 fiscal year include the following:

- MDT Radio System Replacement
- Northgate Street Meters
- University Park
- Emerald Forest Park Improvements
- John Crompton Park – Phase III
- Skate Park
- Brothers Park Running Turf
- W.A.Tarrow Park
- Water Cooling Tower Media Replacement
- Reclaimed Water – Phase I
- Southwood 5-7 Water and Sewer Line Rehab
- Carters Creek Wastewater Treatment Plant Lab and SCADA Building
- Scott and White Sewer Line and Lift Station
- Electric Dispatch Building
- Sandstone and Thomas Parks Shade Covers

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Additional information on the City's capital assets can be found in Note IV-C to the financial statements.

Debt Administration

At the end of the 2012 fiscal year, the City of College Station had total debt outstanding of \$241,535,000. Of this amount, \$196,475,000 (81.3 percent) is comprised of debt backed by the full faith and credit of the City. Certificates of Obligation that fund business-type activities in the Electric, Water, Wastewater and Northgate Parking Garage Funds are also backed by the surplus of revenue derived from each enterprise funds revenue source. The remaining debt \$45,060,000 (18.7 percent), is revenue bonds secured by specified revenue sources from the City's combine utility system.

Year-End Outstanding Debt Payable

	Governmental Activities	Business-Type Activities	Total
General Obligation Bonds	\$ 75,695,000	\$ 36,280,000	\$ 111,975,000
Certificates of Obligation	21,415,000	63,085,000	84,500,000
Revenue Bonds	-	45,060,000	45,060,000
	<u>\$ 97,110,000</u>	<u>\$ 144,425,000</u>	<u>\$ 241,535,000</u>

The City's total debt decreased by \$705,000 (0.3 percent) during the current fiscal year. The change in total debt was a result of the following:

- Issuance of \$21,085,000 general obligation improvement bonds and refunding bonds.
- Refunding of \$18,870,000 general obligation improvement bonds, certificates of obligation, and utility revenue bonds.
- Issuance of \$16,415,000 in certificates of obligation, which funded business-type activities.
- Defeasance of \$2,305,000 certificates of obligation, series 2009.
- Retirement of \$12,380,000 in general obligation improvement bonds and certificates of obligation, and the retirement of \$4,650,000 in utility revenue bonds.

The City's General Obligation and Certificates of Obligation have an underlying rating of AA by Standard & Poor's ("S&P") and Aa2 by Moody's Investors Service ("Moody's"). The underlying rating for the City's revenue bonds are A+ by S&P and Aa2 by Moody's.

Additional information on the City's long-term debt can be found in Note IV-H to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Economic conditions have been a bit more positive than they have been in several years. Sales tax revenues have seen stronger growth in the past year, and property values have increased as well. Growth has been seen in the northern part of the City with all of the activity planned in the University Drive/Northgate area, as well as the anticipated activity in the bio-corridor area. Growth also continues in the southern part of the City with the progress of new and expanded medical facilities, and continued retail development in the Tower Point area. However, there is still a great deal of uncertainty in the economy. Decisions on important issues such as the future renovation or replacement of Kyle Field at

Management's Discussion and Analysis

For the Fiscal Year Ended September 30, 2012

(Unaudited)

Texas A&M University could have significant impacts on the local economy depending on the decisions that get made.

The following are some key fiscal and economic indicators for College Station including:

- The total certified value of property in the City of College Station for 2012 is \$5,944,312,987. This is an increase over last year of 3.6%. This increase was due in part to new property values from new construction of \$119,411,912 added to the tax rolls. Existing property values increased by approximately 1.5% in 2012.
- Since 1995 taxable values have increase from approximately \$1.5 billion to approximately \$5.9 billion currently.
- A local economy that has maintained an annual unemployment rate of less that 5 percent since 1990 saw higher unemployment of 5.4% in 2012.
- Sales and mixed drink beverage tax revenue, the largest revenue stream in the General Fund saw a healthy increase of 5.6% in fiscal year 2012.

Preparation of the fiscal year 2013 budget was again a challenging budget to prepare, but we believe it reflects the policy and strategic direction of this City Council. The economic conditions that the City faced over the last several years resulted in slower revenue growth, which impacted the long term financial condition of the City. Adding to this challenge is the uncertainty in State funding for education at all levels in Texas; increasing demands for services in a growing community, including the operating costs for Fire Station #6; and policy changes to reduce the utility transfer from Electric Fund to the General Fund.

Reorganization Plan and Budget Reductions

During FY2012, a significant organization restructuring was implemented. There are additional changes that are being implemented for FY13 after further review of the organization structure and services that are provided. The reorganization impacts several departments and will result in recurring cost savings to the City, as well as significantly improve efficiency by refocusing resources on core services.

These reductions will result in savings of a little over \$500,000 in FY13. The reductions included the elimination of 10 budgeted Full Time Equivalent positions throughout the organization; 7 of the positions were filled, with 2 of the employees in the filled positions being transferred to other positions while one may continue to work on a contract basis. While these are again difficult decisions to make, we believe they are in the best interest of the city, as the savings generated will provide additional resources for strategic priorities including public safety.

Over the last several years, a total of \$7.6 million has been removed from the budget through efficiency improvements with no major reduction in services. This includes the elimination of 53.75 Full Time Equivalent positions. The FY13 base budget included the elimination of the 10.0 positions discussed earlier. During this same period (FY09 – FY13), 43 public safety positions have been added to the budget. This includes the staffing for the new Fire Station on University Drive opening this fall, as well as additional Police staff in the Police Department. We continue to look for and implement efficiencies in the way services are provided in order to meet service demands.

Management's Discussion and Analysis

For the Fiscal Year Ended September 30, 2012

(Unaudited)

Utility Transfer Policy Changes

Last year we began a multi-year plan to reduce the transfer from the Electric Utility to the General Fund. This policy change was made to ensure that the transfer from the Electric Utility is reasonable, and not a significant burden on the electric utility and electric rates. We have transitioned from a policy that capped the transfer at 10.5% of electric operating revenues, to an in lieu of franchise fee based on KWH electric sales. The new policy has the transfer capped at 6% of electric operating revenues. The transfer was reduced in FY12 by \$2.0 million, and the FY13 transfer is approved to be reduced by an additional \$1.0 million. This results in a total reduction in the transfer to the General Fund of \$3.0 million. This reduction is necessary to ensure the long term financial health of the Electric Utility, which has seen rate increases in recent years due to increases in purchased power costs. A 4% rate increase was forecast in FY12, but was postponed to FY13. This increase has been postponed again, resulting in no rate increase for FY13.

Increased Service Levels

The following are some significant increases in service levels in the fiscal year 2013 budget.

Core Services and Infrastructure – Police Department - To address increased congestion and crime in the Northgate Entertainment District, the approved Police Department budget includes \$895,681 for the addition of 1 Sergeant, 6 officers and associated vehicles and equipment. The approved budget also includes funding in the amount of \$62,423 for the addition of a Police Assistant in the Criminal Investigation Division to allow Police Officers to focus on tasks that require a sworn officer.

Core Services and Infrastructure - Public Works - Funds in the amount of \$280,700 are approved in the Public Works budget for traffic and transportation projects. This includes \$45,000 for a traffic signal synchronization and timing project, \$50,000 for an upgrade to fiber optic traffic signal communication \$100,000 for a Traffic Operations Master Plan, and \$35,700 for an Asset Management and Work Order System for Traffic. Also included is \$50,000 for an Intersection Operational Improvement Analysis.

Tax Rate

The fiscal year 2013 budget was prepared using the effective tax rate of 43.0687 cents per \$100 assessed valuation. This is a net decrease of 0.7308 cents from the fiscal year 2012 tax rate of 43.7995 cents. The fiscal year 2013 approved tax rate reduces the Debt Service portion of the tax rate by 0.5901, and reduces the General Fund portion of the tax rate by 0.1407 cents.

Utility Rates

The fiscal year 2013 budget includes a 5 percent increase in the Wastewater Fund. This rate increase is needed to meet the operating, non-operating, debt service and capital needs of the fund. The fiscal year 2013 budget does not include a rate increase in the Electric Fund, Water Fund, Sanitation Fund, or Drainage Fund.

Capital Improvements

The fiscal year 2013 budget for capital improvements total \$40,490,202. The City anticipates significant expenditures for infrastructure projects throughout the city. These projects include rehabilitation of utilities, drainage ways, and streets. In November 2008 voters authorized \$76,950,000 in future General obligation Bonds for Streets, traffic, fire station projects, the library expansion project, and parks and recreation projects. Some of the more significant upcoming capital projects are as follows:

Management's Discussion and Analysis

For the Fiscal Year Ended September 30, 2012

(Unaudited)

- Bird Pond Road and Cooner Street Rehabilitation, Royder/Live Oak Improvements
- Rock Prairie Road improvement projects (Design, Right of Way Acquisition)
- Health Science Center Parkway per the bio-corridor agreement with the City of Bryan
- Traffic Signal Projects at Wellborn/F&B and SH 30/Copperfield
- Hike and Bike Trails
- University Drive Pedestrian Improvements Ph II
- Creek View Park Development
- Lick Creek Park Trail Projects
- Lick Creek Nature Center
- Veteran's Park Maintenance Shop Expansion
- Electrical Improvements at Wolf Pen Creek
- Wireless Infrastructure and Fiber Optic Infrastructure
- Network and Data Security Upgrade
- Timekeeping System
- Phone System Replacement
- Northgate Substation – Electric
- Cooling Tower Expansion and 3 million gallon ground storage reservoir rehabilitation – Water
- Health Science Center Parkway Water Line Extension – Water
- East Side FM 158 Sewer Line Project - Wastewater
- South Knoll/ The Glade Rehabilitation – Water/Wastewater
- Bee Creek Parallel Trunkline – Wastewater
- Royder/Live Oak Sewer Line – Wastewater
- Wastewater Plant Improvements – Wastewater
- Utility Technology projects – Electric/Water/Wastewater
- Erosion Control along Wolf Pen Creek - Drainage

The City plans to issue \$11,425,000 in general obligation bonds from the 2003 and 2008 authorization for the following: \$6,325,000 for street and transportation improvements, \$600,000 for traffic signals, \$4,250,000 for parks and recreation projects and \$250,000 for facility projects. The City also plans to issue \$125,000 in certificates of obligations for general government capital projects. The City also plans to issue \$23,275,000 in long term debt for the following utility projects: \$11,125,000 for electric capital projects, \$3,900,000 for water capital projects and \$8,250,000 for wastewater capital projects. In addition, a total of \$7,375,000 in cash for the utility funds is projected to be used for capital projects in fiscal year 2013.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City of College Station's financial position for all who have an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

City of College Station
Fiscal Services Department
ATTN: Executive Director, Business Services
PO Box 9960
College Station, Texas 77840-9960

Or visit our website at <http://www.cstx.gov>.

CITY OF COLLEGE STATION, TEXAS

Statement of Net Assets

September 30, 2012

	Governmental Activities	Business-type Activities	Total
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and cash equivalents	\$ 65,844,867	\$ 29,344,479	\$ 95,189,346
Investments	9,561,665	4,261,200	13,822,865
Receivables (net of all. for uncollectible)	6,434,862	19,425,805	25,860,667
Inventories	7,177,562	1,949,421	9,126,983
Internal balances	(3,129,094)	3,129,094	-
Prepays	23,073	-	23,073
Restricted assets			
Cash and cash equivalents	11,086	8,857,532	8,868,618
Investments	1,610	1,286,229	1,287,839
Equity in joint venture	-	12,213,396	12,213,396
Loan receivable	-	4,550,000	4,550,000
Deferred charges, net	557,168	801,743	1,358,911
Capital assets (net of acc. depreciation)			
Land and construction in progress	60,127,394	21,121,076	81,248,470
Other capital assets (net of acc. depreciation)	177,901,162	284,285,028	462,186,190
Total assets	<u>324,511,355</u>	<u>391,225,003</u>	<u>715,736,358</u>
Liabilities			
Accounts payable	4,336,263	16,740,331	21,076,594
Accrued liabilities	1,283,664	560,514	1,844,178
Retainage payable	352,139	267,747	619,886
Customer construction advances	493,924	41,789	535,713
Claims payable	1,515,910	-	1,515,910
Unearned revenues	2,198,077	91,134	2,289,211
Liabilities payable from restricted assets			
Accrued interest payable	517,147	853,531	1,370,678
Refundable deposits	38,616	2,879,567	2,918,183
Current portion of long-term obligations	8,476,230	10,389,446	18,865,676
Bonds and certificates of obligation payable	90,962,656	136,824,040	227,786,696
Compensated absences	2,408,896	558,754	2,967,650
Post employment benefits	5,058,371	1,481,449	6,539,820
Net pension obligation	4,322,066	1,233,987	5,556,053
Total liabilities	<u>121,963,959</u>	<u>171,922,289</u>	<u>293,886,248</u>
Net assets			
Invested in capital assets, net of related debt	149,875,513	179,123,899	328,999,412
Restricted for:			
Debt service	3,802,443	1,580,992	5,383,435
Public safety	915,744	-	915,744
Community development	1,633,400	-	1,633,400
Tourism	4,450,354	-	4,450,354
Capital projects	2,535,747	-	2,535,747
Other purposes	268,799	-	268,799
Unrestricted	39,065,396	38,597,823	77,663,219
Total net assets	<u>\$ 202,547,396</u>	<u>\$ 219,302,714</u>	<u>\$ 421,850,110</u>

The notes to the financial statements are an integral part of this statement.

CITY OF COLLEGE STATION, TEXAS

Statement of Activities
For the Year Ended September 30, 2012

Functions/Programs	Expenses	Program Revenues		Net Revenue (Expense) and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 8,348,922	\$ 65,234	\$ 2,029,939	\$ -	\$ (6,253,749)	\$ -	\$ (6,253,749)
Fiscal services	3,313,726	467,397	75,292	-	(2,771,037)	-	(2,771,037)
Police	16,696,975	4,097,567	77,364	-	(12,522,044)	-	(12,522,044)
Fire	13,706,222	1,566,681	369,630	-	(11,769,911)	-	(11,769,911)
Planning & development svcs	4,912,517	1,650,017	-	-	(3,262,500)	-	(3,262,500)
Public works	13,717,564	2,480,140	150,806	2,978,090	(8,108,528)	-	(8,108,528)
Capital improvement program	819,296	52,757	-	-	(766,539)	-	(766,539)
Parks & recreation	9,638,581	1,909,008	63,156	1,224,805	(6,441,612)	-	(6,441,612)
Library	1,142,580	-	-	13,200	(1,129,380)	-	(1,129,380)
Information technology	4,268,524	-	-	-	(4,268,524)	-	(4,268,524)
Interest on long-term debt	3,273,938	-	-	-	(3,273,938)	-	(3,273,938)
Unallocated depreciation	1,149,609	-	-	-	(1,149,609)	-	(1,149,609)
Total governmental activities	<u>80,988,454</u>	<u>12,288,801</u>	<u>2,766,187</u>	<u>4,216,095</u>	<u>(61,717,371)</u>	<u>-</u>	<u>(61,717,371)</u>
Business-type activities:							
Electric	87,221,859	96,787,784	-	1,412,627	-	10,978,552	10,978,552
Water	11,132,787	15,274,883	-	1,630,620	-	5,772,716	5,772,716
Wastewater	10,952,853	13,697,532	-	2,146,658	-	4,891,337	4,891,337
Sanitation	7,825,491	7,204,013	9,718	1,701,011	-	1,089,251	1,089,251
Northgate parking	924,532	1,149,277	-	-	-	224,745	224,745
Total business-type activities	<u>118,057,522</u>	<u>134,113,489</u>	<u>9,718</u>	<u>6,890,916</u>	<u>-</u>	<u>22,956,601</u>	<u>22,956,601</u>
Total primary government	<u>\$ 199,045,976</u>	<u>\$ 146,402,290</u>	<u>\$ 2,775,905</u>	<u>\$ 11,107,011</u>	<u>\$ (61,717,371)</u>	<u>\$ 22,956,601</u>	<u>\$ (38,760,770)</u>
General revenue:							
Property taxes					24,978,388	-	24,978,388
Sales and mixed beverage taxes					21,878,057	-	21,878,057
Franchise taxes					2,171,277	-	2,171,277
Hotel occupancy taxes					3,643,887	-	3,643,887
Unrestricted investment earnings					283,648	316,035	599,683
Transfers					12,502,186	(12,502,186)	-
Total general revenues and transfers					<u>65,457,443</u>	<u>(12,186,151)</u>	<u>53,271,292</u>
Change in net assets					3,740,072	10,770,450	14,510,522
Net assets - beginning					<u>198,807,324</u>	<u>211,861,677</u>	<u>410,669,001</u>
Prior period adjustment					-	(3,329,413)	(3,329,413)
Net assets - ending					<u>\$ 202,547,396</u>	<u>\$ 219,302,714</u>	<u>\$ 421,850,110</u>

The notes to the financial statements are an integral part of this statement.

CITY OF COLLEGE STATION, TEXAS

Balance Sheet
Governmental Funds
September 30, 2012

	<u>General</u>	<u>Debt Service</u>	<u>Streets Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Current assets					
Cash and cash equivalents	\$ 14,993,486	\$ 3,320,293	\$ 11,077,903	\$ 20,620,638	\$ 50,012,320
Investments	2,177,384	482,150	1,608,656	2,994,384	7,262,574
Receivables (net of all. for uncollectible)	3,999,372	437,545	629,190	1,351,593	6,417,700
Inventories	32,091	-	-	7,061,174	7,093,265
Prepaid costs	23,073	-	-	-	23,073
Restricted assets					
Cash and cash equivalents	12,696	-	-	-	12,696
Total assets	\$ 21,238,102	\$ 4,239,988	\$ 13,315,749	\$ 32,027,789	\$ 70,821,628
Liabilities					
Accounts payable	\$ 1,750,264	\$ -	\$ 693,692	\$ 1,247,056	\$ 3,691,012
Accrued liabilities	1,017,209	-	-	48,231	1,065,440
Other deferred revenues	1,329,056	437,545	373,512	57,964	2,198,077
Interfund payable	240,000	-	-	-	240,000
Refundable deposits	33,041	-	-	5,575	38,616
Retainage payable	-	-	15,538	336,601	352,139
Customer construction advances	375,839	-	118,085	-	493,924
Total liabilities	4,745,409	437,545	1,200,827	1,695,427	8,079,208
Fund balance					
Nonspendable	-	-	-	6,943,250	6,943,250
Restricted	868,799	3,802,443	12,114,922	19,770,758	36,556,922
Committed	-	-	-	3,618,354	3,618,354
Assigned	436,979	-	-	-	436,979
Unassigned	15,186,915	-	-	-	15,186,915
Total fund balance	16,492,693	3,802,443	12,114,922	30,332,362	62,742,420
Total liabilities and fund balance	\$ 21,238,102	\$ 4,239,988	\$ 13,315,749	\$ 32,027,789	\$ 70,821,628

The notes to the financial statements are an integral part of this statement.

CITY OF COLLEGE STATION, TEXAS
 Reconciliation of Governmental Funds Balance Sheet
 to the Statement of Net Assets
 September 30, 2012

Total fund balance per balance sheet \$ 62,742,420

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

Capital assets used in governmental activities are not financial
 resources and, therefore, are not reported in the
 governmental funds balance sheet. 238,028,556

Long-term liabilities are not due and payable in the current period and,
 therefore, are not reported in the governmental funds balance sheet:

Due within one year	\$ (8,669,654)	
Due in more than one year	(102,751,989)	
Deferred charges	557,168	(110,864,475)

Interest payable on long-term debt does not require current financial
 resources and is not reported in the governmental funds balance sheet (517,147)

Internal service funds are used by management to charge the costs
 of certain activities, such as insurance, fleet maintenance, and
 equipment replacement to individual funds. The assets and liabilities
 of the internal service funds are included in the government-wide
 statements of net assets (net of the amount allocated to
 business-type activities).

Assets	\$ 18,233,097	
Liabilities	(2,185,961)	
Net amount allocated to business-type activities	(2,889,094)	13,158,042

Net assets of governmental activities \$ 202,547,396

The notes to the financial statements are an integral part of this statement.

CITY OF COLLEGE STATION, TEXAS
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Governmental Funds
 For the Fiscal Year Ended September 30, 2012

	General	Debt Service	Streets Projects	Other Governmental Funds	Total Governmental Funds
Revenues					
Ad valorem tax	\$ 13,477,878	\$ 11,500,510	\$ -	\$ -	\$ 24,978,388
Sales tax	21,498,319	-	-	-	21,498,319
Other taxes	2,551,014	-	-	3,643,887	6,194,901
Licenses and permits	1,496,424	-	-	565	1,496,989
Intergovernmental	520,948	-	340,870	1,897,401	2,759,219
Charges for services	81,283	-	11,331	3,308,943	3,401,557
Other charges for services	2,214,822	-	-	-	2,214,822
Fines, forfeits, and penalties	3,636,209	-	-	260,268	3,896,477
Investment income	88,684	24,842	54,788	115,334	283,648
Rents and royalties	686,729	-	-	166,009	852,738
Contributions	20,168	-	-	1,224,805	1,244,973
Other	287,796	1,596	15,635	121,191	426,218
Total revenues	46,560,274	11,526,948	422,624	10,738,403	69,248,249
Expenditures					
Current					
General government	4,189,987	-	-	(87,437)	4,102,550
Fiscal services	2,871,677	-	4,546	230,042	3,106,265
Police	15,465,837	-	-	55,447	15,521,284
Fire	12,578,396	-	-	-	12,578,396
Planning & development svcs	3,523,742	-	-	1,175,007	4,698,749
Public works	5,884,577	-	-	1,458,515	7,343,092
Capital improvement projects	788,032	-	-	-	788,032
Parks & recreation	4,329,869	-	-	3,801,544	8,131,413
Information technology	3,844,107	-	-	-	3,844,107
Library	1,072,551	-	-	-	1,072,551
Contributions	937,813	-	-	1,498,007	2,435,820
Other	183,530	-	-	1,197,307	1,380,837
Capital outlay	-	-	5,767,456	8,574,261	14,341,717
Debt service					
Principal retirement	-	8,120,000	-	-	8,120,000
Interest payments	-	3,696,245	-	-	3,696,245
Fiscal charges	-	118,171	9,120	380	127,671
Intergovernmental	-	-	294,103	-	294,103
Total expenditures	55,670,118	11,934,416	6,075,225	17,903,073	91,582,832
Excess(deficit) of revenues over (under) expenditures	(9,109,844)	(407,468)	(5,652,601)	(7,164,670)	(22,334,583)
Other financing sources (uses)					
Issuance of debt	-	7,283,494	4,269,120	175,380	11,727,994
Premium on bonds issued	-	1,132,812	-	-	1,132,812
Issuance of refunding bonds	-	(11,432,308)	-	-	(11,432,308)
Transfers in	15,539,293	2,921,317	288,355	3,564,596	22,313,561
Transfers out	(4,329,789)	-	(368,924)	(4,686,447)	(9,385,160)
Total other financing sources (uses)	11,209,504	(94,685)	4,188,551	(946,471)	14,356,899
Net change in fund balance	2,099,660	(502,153)	(1,464,050)	(8,111,141)	(7,977,684)
Fund balance, October 1	14,393,033	4,304,596	13,578,972	38,443,503	70,720,104
Fund balance, September 30	\$ 16,492,693	\$ 3,802,443	\$ 12,114,922	\$ 30,332,362	\$ 62,742,420

The notes to the financial statements are an integral part of this statement.

CITY OF COLLEGE STATION, TEXAS
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended September 30, 2012

Net change in fund balance - total governmental funds \$ (7,977,684)

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

Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period. 14,341,717

The effect of various miscellaneous transactions involving capital assets (e.g., sales, trade ins, and contributions) is to increase/decrease net assets. 2,978,090
Capital contributions

Some property tax, intergovernmental and ambulance revenues will not be collected for several months after the the City's fiscal year end. These are not considered "available" revenues in the governmental funds until received. (289,579)

Depreciation expense on capital assets is reported in the government-wide statement of activities, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in governmental funds. (11,139,107)

The issuance of long-term debt (i.e., bonds, certificates of obligation) 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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Bonds issued	\$ (11,515,000)	
Bond principal retirement	13,875,000	
Certificate of Obligation principal retirement	4,670,000	7,030,000

Bond premiums are recognized as an other financing source in the governmental funds, but are considered deferred assets on the Statement of Net Assets. Premiums are amortized over the life of the bonds. This is the amount by which bond premium issued, bond issuance costs and bond refunding losses exceeded amortization. (747,431)

Long-term estimated liabilities are recognized as expenses in the Statement of Activities as incurred, but are recognized when current financial resources are used in the governmental funds.

Compensated absences	\$ (2,552,002)	
Net pension obligation	(720,721)	
Other post retirement benefits	(861,924)	(4,134,647)

Accrued interest expense on long-term debt is reported in the government-wide statement of activities, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as expenditures in the governmental funds. Change in accrued interest. 77,553

Internal service funds are used by management to charge the costs of certain activities, such as insurance, fleet maintenance, and equipment replacement to individual funds. The net revenue of the internal service funds is reported with governmental activities net of the amount allocated to business-type activities and depreciation expense.

Change in net assets	\$ 1,173,088	
Net amount allocated to business activities	500,597	
Depreciation	1,927,475	3,601,160

Change in net assets of governmental activities \$ 3,740,072

The notes to the financial statements are an integral part of this statement.

CITY OF COLLEGE STATION, TEXAS

Statement of Net Assets

Proprietary Funds

September 30, 2012

	Business-type Activities-Enterprise Funds					Governmental
	Electric	Water	Wastewater	Other	Total	Internal Service Funds
				Enterprise Funds	Enterprise Funds	
Assets						
Current assets						
Cash and cash equivalents	\$ 14,621,510	\$ 6,974,947	\$ 6,791,469	\$ 797,418	\$ 29,185,344	\$ 15,991,682
Investments	2,123,233	1,012,853	986,210	115,796	4,238,092	2,322,199
Restricted assets						
Cash and cash equivalents	4,488,461	1,066,906	3,302,165	-	8,857,532	-
Investments	651,783	154,929	479,517	-	1,286,229	-
Receivables (net of all. for uncollectible)	13,912,814	2,733,427	1,822,459	932,931	19,401,631	41,336
Due from other funds	40,000	40,000	40,000	-	120,000	-
Inventories	1,485,279	413,517	33,316	17,309	1,949,421	84,297
Total current assets	37,323,080	12,396,579	13,455,136	1,863,454	65,038,249	18,439,514
Noncurrent assets						
Advance to other funds	40,000	40,000	40,000	-	120,000	-
Equity in joint venture	-	-	-	12,213,396	12,213,396	-
Loan receivable	-	-	-	4,550,000	4,550,000	-
Bond issuance charges	409,942	366,152	270,187	34,645	1,080,926	-
Accumulated amortization	(84,708)	(108,441)	(72,742)	(13,292)	(279,183)	-
Total deferred charges	325,234	257,711	197,445	21,353	801,743	-
Capital assets						
Utility plant	157,449,053	156,083,897	121,531,888	-	435,064,838	695,793
Buildings	-	-	-	5,743,755	5,743,755	786,525
Machinery and equipment	-	-	-	6,385,530	6,385,530	22,901,320
Less accumulated depreciation	(72,983,313)	(43,332,703)	(42,112,390)	(4,823,570)	(163,251,976)	(16,268,714)
Construction in progress	8,815,046	6,844,127	4,771,153	-	20,430,326	-
Land	-	-	-	690,750	690,750	-
Total capital assets	93,280,786	119,595,321	84,190,651	7,996,465	305,063,223	8,114,924
Total noncurrent assets	93,646,020	119,893,032	84,428,096	24,781,214	322,748,362	8,114,924
Total assets	\$ 130,969,100	\$ 132,289,611	\$ 97,883,232	\$ 26,644,668	\$387,786,611	\$ 26,554,438
Liabilities						
Current liabilities						
Accounts payable	\$ 15,476,044	\$ 705,250	\$ 257,268	\$ 295,975	\$ 16,734,537	\$ 651,045
Accrued liabilities	323,734	41,615	66,920	98,891	531,160	54,154
Retainage payable	3,857	213,502	50,388	-	267,747	-
Customer construction advances	-	15,245	26,544	-	41,789	-
Claims payable	-	-	-	-	-	1,515,910
Other deferred revenues	-	-	-	91,134	91,134	-
Payable from restricted assets						
Accrued interest payable	307,848	296,847	218,561	30,275	853,531	-
Refundable deposits	2,502,949	367,826	4,592	4,200	2,879,567	-
General obligation bonds	665,702	1,183,666	1,551,718	393,174	3,794,260	-
Certificates of obligation	1,479,854	657,543	574,825	220,000	2,932,222	-
Revenue bonds	1,206,221	1,430,727	1,026,016	-	3,662,964	-
Total current liabilities	21,966,209	4,912,221	3,776,832	1,133,649	31,788,911	2,221,109
Noncurrent liabilities						
General obligation bonds (net)	8,856,277	10,690,831	12,607,231	2,319,045	34,473,384	-
Certificates of obligation	30,531,079	15,168,376	10,912,153	4,330,000	60,941,608	-
Revenue bonds (net)	12,407,100	19,287,830	9,714,118	-	41,409,048	-
Accrued vacation	204,329	75,265	135,292	94,308	509,194	99,878
Post employment benefits	587,148	200,318	313,385	228,769	1,329,620	275,607
Net pension obligation	488,063	166,796	261,337	190,944	1,107,140	230,926
Total noncurrent liabilities	53,073,996	45,589,416	33,943,516	7,163,066	139,769,994	606,411
Total liabilities	\$ 75,040,205	\$ 50,501,637	\$ 37,720,348	\$ 8,296,715	\$171,558,905	\$ 2,827,520
Net assets						
Invested in capital, net of related debt	49,517,666	72,072,862	51,916,275	5,274,215	178,781,018	8,114,924
Restricted for:						
Debt service	435,933	565,538	579,521	-	1,580,992	-
Unrestricted	5,975,296	9,149,574	7,667,088	13,073,738	35,865,696	15,611,994
Total net assets	\$ 55,928,895	\$ 81,787,974	\$ 60,162,884	\$ 18,347,953	216,227,706	\$ 23,726,918
Adjustment to reflect the consolidation of internal services fund activities related to enterprise funds:					3,075,008	
Net assets of business-type activities:					<u>\$219,302,714</u>	

The notes to the financial statements are an integral part of this statement.

CITY OF COLLEGE STATION, TEXAS
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Fiscal Year Ended September 30, 2012

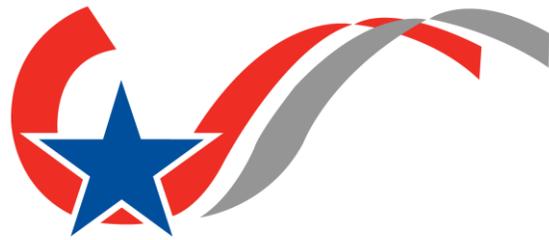
	Business-type Activities - Enterprise Funds					Governmental Activities
	Electric	Water	Wastewater	Other	Total	Internal Service Funds
				Enterprise Funds	Enterprise Funds	
Operating revenues						
Charges for services	\$ 94,396,234	\$ 14,690,747	\$ 12,961,702	\$ 8,337,830	\$ 130,386,513	\$ 7,255,724
Premiums	-	-	-	-	-	10,535,499
Other	2,226,996	365,568	264,659	14,011	2,871,234	451,185
Total operating revenues	<u>96,623,230</u>	<u>15,056,315</u>	<u>13,226,361</u>	<u>8,351,841</u>	<u>133,257,747</u>	<u>18,242,408</u>
Operating expenses						
Electric operations	78,520,915	-	-	-	78,520,915	-
Salaries and benefits	-	1,838,426	2,886,482	2,404,074	7,128,982	2,492,349
Supplies	-	566,283	690,882	628,539	1,885,704	937,488
Maintenance	-	75,577	149,670	497,332	722,579	36,380
Purchased professional services	-	205,588	133,995	726,927	1,066,510	166,052
Other purchased services	-	1,391,429	1,428,592	2,801,028	5,621,049	769,905
Claims	-	-	-	-	-	5,545,642
Administration fee	-	-	-	-	-	1,090,460
Contributions	-	-	-	-	-	2,322,274
Premiums	-	-	-	-	-	1,313,186
Depreciation	5,118,929	4,151,190	4,206,905	872,839	14,349,863	1,927,475
Other	752,800	233,046	53,977	34,207	1,074,030	62,994
Total operating expenses	<u>84,392,644</u>	<u>8,461,539</u>	<u>9,550,503</u>	<u>7,964,946</u>	<u>110,369,632</u>	<u>16,664,205</u>
Operating income	<u>12,230,586</u>	<u>6,594,776</u>	<u>3,675,858</u>	<u>386,895</u>	<u>22,888,115</u>	<u>1,578,203</u>
Nonoperating revenues (expenses)						
Investment income	62,556	37,635	36,783	5,972	142,946	72,645
Gain (loss) on disposal of assets	(9,405)	73,666	(2,197)	(58,431)	3,633	459,024
Earnings in joint venture	-	-	-	(730,842)	(730,842)	-
Intergovernmental	-	-	-	9,718	9,718	1,535
Interest expense	(1,913,518)	(2,108,347)	(1,362,030)	(83,054)	(5,466,949)	-
Debt issuance costs	(5,158)	(3,018)	(3,766)	(235)	(12,177)	-
Other, net	(920,398)	(504,480)	291,550	(2,803)	(1,136,131)	(14,602)
Total nonoperating revenues (expenses)	<u>(2,785,923)</u>	<u>(2,504,544)</u>	<u>(1,039,660)</u>	<u>(859,675)</u>	<u>(7,189,802)</u>	<u>518,602</u>
Income before capital contributions and transfers	<u>9,444,663</u>	<u>4,090,232</u>	<u>2,636,198</u>	<u>(472,780)</u>	<u>15,698,313</u>	<u>2,096,805</u>
Capital contributions and transfers						
Capital contributions	1,412,627	1,630,620	2,146,658	1,701,011	6,890,916	-
Transfers in	1,733,190	15,961	15,961	220,633	1,985,745	200,000
Transfers out	(8,093,518)	(2,786,903)	(2,330,894)	(1,276,616)	(14,487,931)	(626,215)
Total capital contributions and transfers	<u>(4,947,701)</u>	<u>(1,140,322)</u>	<u>(168,275)</u>	<u>645,028</u>	<u>(5,611,270)</u>	<u>(426,215)</u>
Change in net assets	4,496,962	2,949,910	2,467,923	172,248	10,087,043	1,670,590
Beginning net assets	<u>51,431,933</u>	<u>80,761,895</u>	<u>59,100,543</u>	<u>18,175,705</u>		<u>22,056,328</u>
Prior period adjustment	<u>-</u>	<u>(1,923,831)</u>	<u>(1,405,582)</u>	<u>-</u>	<u>(3,329,413)</u>	<u>-</u>
Ending net assets	<u>\$ 55,928,895</u>	<u>\$ 81,787,974</u>	<u>\$ 60,162,884</u>	<u>\$ 18,347,953</u>		<u>\$ 23,726,918</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds:					683,407	
Change in net assets of business-type activities:					<u>\$ 7,441,037</u>	

The notes to the financial statements are an integral part of this statement.

CITY OF COLLEGE STATION, TEXAS
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2012

	Business-type Activities - Enterprise Funds					Governmental Activities
	Electric	Water	Wastewater	Other	Total	Internal Service Funds
				Enterprise Funds	Enterprise Funds	
Cash flows from operating activities:						
Cash received from customers	\$ 96,027,721	\$ 15,433,734	\$ 12,871,552	\$ 8,252,610	\$ 132,585,617	\$ 18,264,420
Cash payments to suppliers for goods and services	(76,733,340)	(2,745,540)	(2,538,299)	(4,758,878)	(86,776,057)	(13,993,326)
Cash payments to employees for services	(5,089,841)	(1,780,228)	(2,791,870)	(2,287,476)	(11,949,415)	(1,910,392)
Customer deposits received	911,404	15,371	4,592	-	931,367	-
Cash paid for miscellaneous services	(853,001)	(310,340)	-	(193,795)	(1,357,136)	(3,092)
Cash received for miscellaneous revenues	-	-	268,864	15,713	284,577	147,620
Cash received from other funds	40,000	40,000	40,000	-	120,000	-
Net cash provided (used) by operating activities	<u>14,302,943</u>	<u>10,652,997</u>	<u>7,854,839</u>	<u>1,028,174</u>	<u>33,838,953</u>	<u>2,505,230</u>
Cash flows from noncapital financing activities:						
Transfers in from other funds	1,733,190	15,961	15,961	220,633	1,985,745	200,000
Transfers out to other funds	(8,093,518)	(2,786,903)	(2,330,894)	(1,276,616)	(14,487,931)	(626,215)
Net cash provided (used) by noncapital financing activities	<u>(6,360,328)</u>	<u>(2,770,942)</u>	<u>(2,314,933)</u>	<u>(1,055,983)</u>	<u>(12,502,186)</u>	<u>(426,215)</u>
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(7,872,190)	(6,607,355)	(8,583,178)	(1,847,813)	(24,910,536)	(1,902,928)
Capital grants and contributions	1,412,627	1,630,620	2,146,658	1,701,011	6,890,916	-
Proceeds from sale of assets	-	249,000	-	-	249,000	301,429
Proceeds from certificates of obligation and general obligation bonds	8,051,442	2,989,382	6,012,009	-	17,052,833	-
Principal paid on certificates of obligation and general obligation bonds	(2,809,158)	(2,765,068)	(2,740,776)	(381,026)	(8,696,028)	-
Interest paid on certificates of obligation and general obligation bonds	(1,831,297)	(2,030,825)	1,242,823	(84,000)	(2,703,299)	-
Net cash provided (used) by capital and related financing activities	<u>(3,048,576)</u>	<u>(6,534,246)</u>	<u>(1,922,464)</u>	<u>(611,828)</u>	<u>(12,117,114)</u>	<u>(1,601,499)</u>
Cash flows from investing activities:						
Purchase of investments	(7,470,156)	(3,169,851)	(3,912,668)	(339,979)	(14,892,654)	(6,372,129)
Proceeds from sale and maturities of investment securities	5,865,076	2,548,355	2,997,148	331,072	11,741,651	5,277,400
Investment income	62,556	39,448	36,783	5,972	144,759	72,645
Net cash provided (used) by investing activities	<u>(1,542,524)</u>	<u>(582,048)</u>	<u>(878,737)</u>	<u>(2,935)</u>	<u>(3,006,244)</u>	<u>(1,022,084)</u>
Net increase (decrease) in cash and cash equivalents	3,351,515	765,761	2,738,705	(642,572)	6,213,409	(544,568)
Cash and cash equivalents, Oct. 1	15,758,456	7,276,092	7,354,929	1,439,990	31,829,467	16,536,250
Cash and cash equivalents, Sept. 30	<u>\$ 19,109,971</u>	<u>\$ 8,041,853</u>	<u>\$ 10,093,634</u>	<u>\$ 797,418</u>	<u>\$ 38,042,876</u>	<u>\$ 15,991,682</u>
Reconciliation of operating income to net cash						
Provided by operating activities:						
Operating income	\$ 12,230,586	\$ 6,594,776	\$ 3,675,858	\$ 386,895	\$ 22,888,115	\$ 1,578,203
Adjustment to reconcile operating income to net cash provided (used) by operating activities:						
<i>Cash provided (used) by operating activities:</i>						
Depreciation, bad debt expense, inventory loss	5,118,929	4,151,190	4,206,905	872,839	14,349,863	1,927,475
Miscellaneous nonoperating revenues	-	-	268,864	15,713	284,577	147,620
Miscellaneous nonoperating expenses	(853,001)	(310,340)	-	(193,795)	(1,357,136)	(3,092)
<i>Changes in assets and liabilities:</i>						
Change in accounts receivable	(595,509)	377,419	(354,809)	(90,405)	(663,304)	22,012
Change in inventory	(97,595)	(24,261)	2,748	(2,906)	(122,014)	4,208
Change in accounts payable	(2,556,854)	(255,822)	(92,364)	(23,480)	(2,928,520)	(1,010,210)
Change in due from other funds	40,000	40,000	40,000	-	120,000	-
Change in refundable deposits	911,404	15,371	4,592	(2,470)	928,897	-
Change in claims payable	-	-	-	-	-	(228,546)
Change in accrued liabilities	(63,827)	7,639	9,825	(12,669)	(59,032)	(2,778)
Change in deferred revenue	-	-	-	(6,356)	(6,356)	-
Change in accrued vacation	(6,170)	(1,439)	1,348	13,575	7,314	(8,294)
Change in OPEB	102,910	34,385	54,033	41,894	233,222	46,244
Change in net pension obligation	72,070	24,079	37,839	29,339	163,327	32,388
Total adjustments	<u>2,072,357</u>	<u>4,058,221</u>	<u>4,178,981</u>	<u>641,279</u>	<u>10,950,838</u>	<u>927,027</u>
Net cash provided (used) by operating activities	<u>\$ 14,302,943</u>	<u>\$ 10,652,997</u>	<u>\$ 7,854,839</u>	<u>\$ 1,028,174</u>	<u>\$ 33,838,953</u>	<u>\$ 2,505,230</u>
Noncash investing, capital, and financing activities						
Impact of debt refunding (see note: IV.H)						
Change in general obligation improvement and refunding bonds	6,110,000	30,000	3,430,000	-	9,570,000	-
Change in certificates of obligation	(3,225,000)	-	(2,740,000)	-	(5,965,000)	-
Change in utility revenue bonds	(3,615,000)	(36,000)	(1,134,000)	-	(4,785,000)	-

The notes to the financial statements are an integral part of this statement.



CITY OF COLLEGE STATION
Home of Texas A&M University®

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

I. Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City of College Station, Texas (“City”), the financial reporting entity presented in these financial statements, was incorporated in 1938 as a municipal corporation incorporated under the provisions of H.B. 901 of the Texas Legislature. The City operates under a Council-Manager form of government and provides such services as authorized by its charter to advance the welfare, health, comfort, safety and convenience of the City and its inhabitants.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled State and Local Governments-Audit and Accounting Guide and by the Financial Accounting Standards Board (when applicable). As allowed in Section P80 of GASB’s Codification of Governmental Accounting and Financial Reporting Standards, the City has elected not to apply Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected to not follow subsequent private sector guidance. The more significant accounting policies of the City are described below.

The City’s basic financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City’s reporting entity, as set forth in Section 2100 of GASB’s Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The City holds the corporate powers of the organization
- The City appoints a voting majority of the organization’s board
- The city is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the City
- There is a fiscal dependency by the organization on the City.

Based on the aforementioned criteria, the City has no component units.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (e.g., the statement of net assets and the statement of activities) report information on all of the activities of the City. 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 revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses for a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (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

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

function or segment. Taxes and other items not properly included among programs revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. 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

Measurement focus refers to the type of information a given fund presents; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focuses applied.

The government-wide financial statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the *accrual basis of accounting*. The economic resources measurement focus means all assets and liabilities (whether current or noncurrent) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets.

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 revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to vacation, claims, and judgments are recorded only when payment is due.

Property taxes, other local taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and, therefore, have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the City receives cash.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

The *Debt Service Fund* accounts for the financial resources that are restricted, committed, or assigned to expenditure for the payment of principal and interest on long-term debt paid primarily from taxes levied by the City. Financial resources that are being accumulated from principal and interest in future years are also reported in the Debt Service Fund.

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

The *Streets Projects Fund* accounts for the costs of new street construction, street improvements, and traffic signalization made with funds provided primarily by proceeds from the sale of general obligation bonds and by investing those proceeds.

The City reports the following major proprietary funds:

The *Electric Fund* accounts for the activities necessary to provide electric services to the residents of the City. These activities include administration, distribution system operations and maintenance, transmission system operations and maintenance, new construction, and financing and related debt services. Billing and collection services are accounted for as an internal service fund.

The *Water Fund* accounts for the activities necessary to provide water services to the residents of the City. These activities include administrative services, water production and distribution system operation and maintenance, new construction, and financing and related debt services. Billing and collection services are accounted for as an internal service fund.

The *Wastewater Fund* accounts for the activities necessary to provide wastewater services to the residents of the City. These activities include administrative services, wastewater system operation and maintenance, new construction, and financing and related debt services. Billing and collection services are accounted for as an internal service fund.

Additionally, the City reports the following fund types:

Internal Services Funds account for activities related to the operation and maintenance of the City's radio and telephone systems; administration of health insurance provided to City employees; the City's risk management activities, including general liability, unemployment and workers' compensation claims and associated administrative expenses on a cost reimbursement basis; utility billing and collection activities related to the City's electric, water, and wastewater utilities and residential and commercial garbage collections; activities related to the management of the City's vehicles and heavy equipment, including preventative maintenance and vehicle repair; and activities related to the purchase and replacement of vehicles and large motorized equipment, telephone and radio systems, and technological infrastructure equipment not budgeted in other funds.

In general, the effect of internal fund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are payments-in-lieu of taxes, indirect costs and franchise fees, and other charges between the City's Electric, Water, and Wastewater Funds because elimination of these charges would distort the direct costs and program revenues reported in the Statement of Activities.

Amounts reported as program revenues include (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 revenues are reported instead as general revenues.

Proprietary funds distinguish operation revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operation revenues of the City's enterprise funds are charges for customer services including electric, water, wastewater, and sanitation fees; while internal service funds revenues are for equipment purchase amounts and risk management charges. Operating expenses for enterprise fund and internal services funds include the cost of services, administrative expenses, and

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Assets, Liabilities and Net Assets or Equity

Cash and Cash Equivalents

Cash and cash equivalents are short term highly liquid investments that are (a) readily convertible to known amounts of cash and (b) so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Therefore, for purposes of the statement of cash flow, cash and cash equivalents (including restricted assets) include demand accounts, investments pools, money market mutual funds, certificates of deposit and agency securities notes with original maturities of three months or less when purchased.

All cash, except for petty cash accounts, is deposited with the City's depository bank in interest bearing accounts or is invested.

The City uses a pooling method to account for cash and cash equivalents. Equity in cash and cash equivalents and interest income from the cash pool allocated to the participating funds on a monthly basis. The amount of the allocation is determined by calculating a ratio of each fund's equity in the pool to the total pool.

Investments

Investments are made in accordance with the City's Investment Policy which was adopted by the City Council in October 2011 for the fiscal year ending September 30, 2012. This policy is applicable to all city funds and permits investment in obligations of U.S. Government or its agencies, repurchase agreements, commercial paper, certificates of deposit, public funds investment pools, and money market mutual funds. This policy states that the City's Executive Director of Business Services shall designate the City's Investment Office with whom responsibility and authority for investment transactions reside.

The investments purchased under the provisions of the Investment Policy are managed to maintain liquidity for meeting the City's needs for cash and to limit potential market risks in periods of rising interest rates which depress the market value of securities. As a guideline, maturity of securities should not exceed five years for cash management purposes, with an optimum weighted average maturity of less than two years. Investments in securities with a maturity of more than two years are considered prudent for funds maintained for capital construction and debt service funds, if necessary to meet projected disbursement schedules.

As a general guideline, the City's cash management portfolio is designed with the objective of meeting, over the course of full market cycles, the average return on three-month U.S. Treasury bills, or the average rate of federal funds, whichever is higher. These indices are considered benchmarks for riskless investment transactions and therefore comprise a standard for the portfolio's rate of return. The investment program seeks to augment rates of return above this level. In a diversified portfolio, measured losses are inevitable and must be considered within the context of the overall portfolio. The objective of investment in construction funds should at least match inflation increases in construction costs.

Active portfolio management includes the practice of selling securities prior to maturity and using the proceeds to purchase other securities. Such "swaps" are performed for a variety of valid reasons: to lengthen

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

maturities as interest rates rise, to secure market profits and shorten maturities as interest rates fall, and to take advantage of differences in relative yield between different types of securities and varying maturities. “Swaps” analysis is the responsibility of the City’s Investment Officer and the decision to execute the “swap” rests with her. To protect the portfolio from imprudent trading, no security may be sold until such time as the current market value of the security plus interest earned from date of purchase is at least equal to the purchase price of that security.

State statutes authorize the City to invest in fully insured time deposits, direct debt securities of the United States or its agencies, and fully collateralized repurchase agreements. The repurchase agreements must be purchased pursuant to a master repurchase agreement which specifies that the transaction be held in a safekeeping account subject to the control and custody of the City.

Investments in security repurchase agreements may be made only with the City’s depository bank, with state or national banks domiciled in the state of Texas, or with securities dealers reporting to the Federal Reserve Bank of New York (“Primary Dealers”). All securities are purchased delivery versus payment and held in the City’s name in a safekeeping account at The Bank of New York.

Investments of all funds may consist of Agency securities, money market mutual funds, certificates of deposit and investments in public funds investment pool. Investments are stated at fair value in accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. In 2011, the City adopted GASB No.59, Financial Instruments Omnibus. See Note IV-A regarding 2a7-like pools.

The City also uses a pooling method to account for investments. Equity in investments and interest income from the investment pool is allocated to the participating funds on a monthly basis and is determined by calculating a ratio of each fund’s equity in the investment pool to the total pool.

Inventories, Assets Held for Resale and Prepaid Costs

Inventories are accounted for using the consumption method and are valued at year-end based on cost, with costs determined using an average cost method.

Assets held for resale include redevelopment properties, properties purchased and constructed with the express intent of resale. These assets are reported at cost in the governmental funds. Cemetery plots are another example of assets held for resale in the governmental funds. City ordinance stipulates the percentage of cemetery plot sales to be allocated to the operational fund. These assets held for resale in the nonmajor governmental Community Development and Cemetery funds are reported as inventory in the financial statements and accounted for using the purchases method.

Payments made to vendors for services that will benefit periods beyond September 30, 2012, are recorded as prepaid costs with a reserve for prepaid items recognized in the governmental funds in the fund level financial statements to indicate that a portion of fund balance is not available for other subsequent expenditures.

Interfund Transaction and Receivables/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 non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds”. Any residual balances outstanding

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

between governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Transactions between Funds

The City allocates an indirect cost percentage of administrative services paid through the General Fund along with other indirect costs deemed necessary for the operation of the proprietary funds, internal service funds and the other governmental funds.

Restricted Assets

In the Enterprise Funds, proceeds of utility revenue bonds and certificates of obligations, as well as resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. In addition, customer utility deposits are classified as restricted assets because the deposit remains the property of the customer and is not available for operations.

Investment in Joint Venture

The Proprietary Funds’ investment in joint venture is recorded using the equity method of accounting. Required disclosures concerning the joint venture are presented in Note V-C.

Capital Assets

Capital assets include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Assets owned by the electric utility are capitalized in accordance with Federal Energy Regulatory Commission (FERC) guidelines. Furthermore, assets owned by either the Water or Wastewater utilities are capitalized in accordance with the National Association of Regulatory Utility Commissioners (NARUC) guidelines. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset’s useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. In accordance with Financial Accounting Standards Board ASC 980 Regulated Operations, interest is not capitalized during construction of capital assets of business-type activities because interest is recovered currently in the City’s established rate structure.

Depreciation of all assets is recorded and calculated using the straight-line method over the following estimated useful lives:

Electric system	1-50 Years
Water system	2-50 Years
Wastewater system	2-50 Years
Infrastructure	10-50 Years
Buildings and building improvements	5-50 Years
Land improvements	10-45 Years
Machinery and equipment	5-20 Years
Motor vehicles	3-12 Years
Furniture, fixtures and office equipment	5-20 Years

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

Compensated Absences

Employees are credited with vacation at rates of 10 to 20 days per year, depending upon length of service. Carryover of unused vacation time from one year to the next is allowed for a maximum of two years. Upon termination, the respective employees are paid for any accrued vacation not taken (up to the two year maximum). Accumulated vacation is accrued when earned in the government-wide and proprietary fund financial statements. No liability has been recorded in the governmental fund financial statements.

Employees are credited with sick leave at the rate of one day per month. There is no maximum to the number of sick days that each employee can accumulate. Because the City does not pay employees for unused accumulated sick leave, no related liability has been recorded in the financial statements.

Changes in compensated absences for the year ending September 30, 2012 were as follows:

	Beginning			Ending	Amount
	Balance	Earned	Paid	Balance	Due Within
					One Year
Governmental activities	\$ 2,452,743	\$ 339,597	\$ (383,444)	\$ 2,408,896	\$ 197,551
Business type activities	561,157	85,949	(88,352)	558,754	45,822
Total comp. Absences	<u>\$ 3,013,900</u>	<u>\$ 425,546</u>	<u>\$ (471,796)</u>	<u>\$ 2,967,650</u>	<u>\$ 243,373</u>

Internal service funds predominantly serve the governmental funds. All internal service funds, except for the utility customer service fund, are included as part of the above totals for governmental activities. At year end \$54,445 of internal service funds' accrued vacation was included in governmental activities, and \$53,624 of accrued vacation for the utility customer service fund was included in business type activities. For the governmental activities, accrued vacation is generally liquidated by the general fund.

Long-Term Obligations

In the government-wide financial statements and in the fund financial statements for the proprietary fund types, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount and deferred amounts on refunding. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity

In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the specific purposes for which amounts in those funds can be spent. In the fiscal year ended September 30, 2009, the City adopted the Governmental Accounting Standards Board Statement (GASBS) number 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASBS 54 provides for and the City uses the following classifications:

Nonspendable Fund Balance includes amounts that cannot be spent because they are not in spendable form. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

example, inventories and prepaid amounts. It also includes the long-term amount of loans receivable as well as property acquired for resale.

Restricted Fund Balance is reported when constraints placed on the use of resources are 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 Fund Balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by the government's highest level of decision-making authority, the City Council, by approval of an ordinance. These committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, resolution or ordinance) it employed to previously commit these amounts.

Assigned Fund Balance includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the governing body itself, the City Council, or a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. Assignments may not result in a deficit in Unassigned Fund Balance.

Unassigned Fund Balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When fund balances are available for use and the usage requirements met, the City reduces the committed amounts first, followed by the assigned amounts and then the unassigned amount lastly. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

E. Budgetary Control

The City follows these procedures in establishing budgetary data:

1. Prior to September 1, City Manager submits to City Council a proposed operating budget for the upcoming fiscal year beginning October 1. The operating budget includes proposed expenditures and the means for financing them.
2. All budget requests are compiled by the Office of Budget & Financial Reporting and then presented with comparative and supporting data to the Mayor and City Council for review.
3. Public hearings are properly advertised and conducted at City Hall for taxpayer comments.
4. Prior to September 27, the budget is legally enacted through passage of an ordinance.
5. The City Council must approve all transfers of budgeted amounts between departments within any fund and any revision that alters the total expenditures of any fund. An amount is also budgeted each year for contingencies which may arise. The Council has authorized the City Manager to make budget transfers for contingencies if the amount does not exceed \$15,000. All other transfers must be approved by City Council.

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

Departments may transfer amounts among individual budget line items within major expenditure categories during the year, but no such transfer may increase the overall total budget without Council approval. Budgeted amounts as originally adopted were not significantly changed by such transfers during the year.

6. In accordance with the City Charter, the budget may be amended after the following conditions are met: (a) The City Manager certifies that there are available revenues in excess of those estimated in the budget. (b) The City Council holds a public hearing on the supplemental appropriation. (c) The City Council approves the supplemental appropriation. Management may not amend the budget without seeking the approval of the City Council.

F. Budget Basis of Accounting

The City prepares its annual budget on a basis (budget basis) which differs from a GAAP basis. The budget and all transactions are presented in accordance with the City's method (budget basis) in the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual - General Fund to provide a meaningful comparison of actual results with the budget. The differences between budget and GAAP basis in the General Fund are that reimbursements and transfers of indirect costs are shown as Reimbursed Administration and interfund loan transactions are treated as transfers for budget basis. Consistent with the purchases method, assets held for resale are treated as expenditures for budget purposes.

II. Minimum Fund Balance/Operating Reserve Policies

The unobligated (unassigned) fund balance in the General Fund should be at least 15% of the annual budgeted General Fund expenditures. This percentage is the equivalent of 55 days expenditure. An additional amount of 3.0% should be maintained for extraordinary items or contingencies. Cash and investments alone should be equivalent to 30 days operating expenditures.

The working capital (current assets less current liabilities) in the enterprise funds should be maintained at 15% of total operating expenses or the equivalent of 55 days. Cash and Investments alone should be equivalent to 30 days of operations.

Notes to the Financial Statements
For the Fiscal Year Ended September 30, 2012

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

The Council approved three budget amendments during fiscal year 2012. These three budget amendments included the following appropriations:

Conv center land debt defeasance	\$ 5,231,168	Neighborhood park land zone 6	31,168
Encumbrance roll	2,303,033	Economic development master plan	19,885
Wolf Pen Creek TIF payments	570,784	Grants:	
Police dept overage	393,084	CDBG / ARRA funds transfer	599,642
Hybrid sanitation truck	375,050	Fire emergency response alerting system	210,168
Veteran's park synthetic fields	280,000	2011 Homeland	51,824
B/CS wayfinding project	256,000	2011 JAG	17,285
Sanitation overage	200,949	Bullet proof vest	13,352
Fleet maintenance overage	118,636	2009 ARRA	12,266
Replacement of sludge truck	115,616	Recycling grant	10,700
Street meter upgrade	95,209	2010 JAG	8,106
Fleet wash rack	89,272	2010 Homeland	7,032
Emergency rebuild of ambulance	80,000	CS history book funding	5,000
Hybrid trucks purchase	75,510	Rolf Jensen Grant (FIRE)	3,457
Lincoln center expansion	75,000		<u>\$ 11,249,196</u>

1. Budget appropriations are adopted at the fund level for all funds except the General Fund. In the General Fund, budget appropriations are adopted at the department level. Expenditures in excess of appropriations for each fund are prohibited by the City Charter. Appropriations lapse at the end of the budget year if they have not been expended or lawfully encumbered.
2. Formal budgetary integration is legally enacted and employed as a management control device during the year for all funds.
3. Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as assignments of fund balances and do not constitute expenditures or liabilities.

B. Excess of Expenditures over Appropriations

The amounts of any excesses of expenditures over appropriations during fiscal year 2012 and the funds in which they occurred are as follows:

Fund	Amount
General Government Projects	\$ 5,146,354
Streets Projects	1,490,709
Parks Projects	983,076
Debt Service Fund	307,934
Traffic Safety Fund	11,100

Notes to the Financial Statements
 For the Fiscal Year Ended September 30, 2012

IV. Detailed Notes on All Funds

A. Cash and Investments

Cash and investments are accounted for within the pooled cash fund of the City. The City records investments at fair value in accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools.

Cash and cash equivalents, investment balances and interest income are allocated to the City's participating funds on a monthly basis. The amount of the allocation is based on each fund's proportional equity to total pooled equity.

	Fair Value	Weighted Average Maturity(days)
Bank Demand accounts	\$ 55,765,031	1
Money Market accounts	20,338,586	1
Certificates of Deposits	15,104,346	152
Texas Local Government Investment Pool	27,960,705	1
	<u>\$ 119,168,668</u>	
 Portfolio Weighted Average Maturity		 20

Interest rate risk: In accordance with the City's Investment Policy, interest rate risk is managed by limiting the weighted average maturity of the investment portfolio to two years (approximately 720 days) or less and by limiting the maximum maturity of any security purchased to five years or less.

Credit risk: Investments authorized by the City's policy are those approved by the revised State of Texas Public Funds Investment Act of 1997 and 2011 and the Texas Public Collateral Act of 1989. These investments include the following:

1. Direct obligations of the United States government: U.S. Treasury Bills, U.S. Treasury Notes, and U.S. Treasury Bonds as well as Bonds or other interest bearing obligations for which the principal and interest are guaranteed by the full faith and credit of the United States government and rated not less than A or its equivalent by at least one nationally recognized investment rating firm.
2. Federal Agencies and Instrumentalities including but not limited to, discount notes, callables and debentures of the Federal National Mortgage Association (FNMA), the Federal Home Loan Bank (FHLB), the Federal Farm Credit Bank (FFCB), and the Federal Home Loan Mortgage Corporation (FHLMC).
3. Time Certificates of Deposit, insured by the Federal Deposit Insurance Corporation (FDIC) or its successor, or the National Credit Union Share Insurance Fund or its successor, in state or national banks. Any deposits exceeding FDIC insurance limits shall be collateralized at 102% of the face amount of the Certificate of Deposit by securities listed in 1 - 2 above and held by the City's custodial bank or the custodial bank of the institution the CD's are held. Bids for Certificates of Deposit may be solicited orally, in writing, electronically or using any combination of these methods.

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

4. Repurchase Agreements with a defined termination date of 90 days or less collateralized by a combination of cash and securities listed in 1 - 2 above. Collateral must have a minimum market value of 102% of the repurchase agreement, and must be held by the custodian bank or other independent third-party custodian contracted by the City. Bond proceeds may be invested in flexible repurchase agreements with maturity dates not exceeding the expected final project expenditure if a formal bidding process is followed and properly documented for IRS purposes.
5. Commercial Paper maturing within 180 days carrying a minimum rating not less than A-1 or P-1 or equivalent by two nationally recognized rating agencies, or; rated not less than A-1 or P-1 equivalent by one nationally recognized rating agency plus secured by an irrevocable letter of credit issued by a domestic bank.
6. AAA rated Money Market Mutual Funds registered with the Securities and Exchange Commission that invest exclusively in investments described in this section.
7. AAA-rated Investment Pools organized under the Texas Interlocal Cooperation Act that follow the requirements in the Public Funds Investment Act and which have been specifically approved by the City.

The City is a voluntary participant in two external investment pools, Texpool and TexSTAR. The pools are 2a7-like pools, which are not registered with the Securities and Exchange Commission (SEC) as an investment company, but have a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. This type of pool uses amortized investment costs rather than market values to compute participant share values. Furthermore, the pools in which the City participates seek to maintain a stable \$1 net asset value per share of unit. Accordingly, the fair value of the City's position in these pools is substantially the same as the market value of the shares in each of the pools. As of September 30, 2012, the City's investments in Texpool and TexSTAR were rated by Standard & Poor's as AAAM.

Credit concentration: With the exception of U.S. Treasury securities and authorized pools, the City's Investment Policy limits the investment in a single security type or with a single financial institution to 30%. It also limits the overall investment in Federal Agency securities to 70% and Certificates of Deposit to 30%. As of September 30, 2012, the issuers whose securities represented more than 5% of the City's investment portfolio were as follows: American Momentum Bank (13%) and Citibank (17%).

Custodian credit risk – deposits: In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City of College Station's City Council has approved a depository services contract which governs its depository relationship. This contract requires that deposits not covered by depository insurance be collateralized at 105%. The City's depository bank collateralizes the city's funds at 110%.

Custodian credit risk – investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment portfolio requires that all security transactions be conducted on a Delivery-vs.-Payment basis and that all securities be held by a third party custodian and evidenced by safekeeping receipts.

Notes to the Financial Statements
For the Fiscal Year Ended September 30, 2012

B. Receivables

Receivables as of year-end for the City's individual major funds and non major and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Debt Service	Streets Projects	Nonmajor	Internal Service Fund Allocation	Total
Governmental activities:						
Taxes:						
Property	\$ 405,506	\$ 437,545	\$ -	\$ -	\$ -	\$ 843,051
Beverage	85,293	-	-	-	-	85,293
Sales	2,016,335	-	-	-	-	2,016,335
Subtotal taxes	2,507,134	437,545	-	-	-	2,944,679
Grants	49,225	-	-	280,319	-	329,544
Charges for services	1,464,798	-	629,190	315,954	28,800	2,438,742
Loans	-	-	-	792,971	-	792,971
Miscellaneous	1,667	-	-	-	-	1,667
Total gross governmental	4,022,824	437,545	629,190	1,389,244	28,800	6,507,603
Less allowance for uncollectible accounts	(23,452)	-	-	(37,651)	(11,638)	(72,741)
Net total receivables	\$ 3,999,372	\$ 437,545	\$ 629,190	\$ 1,351,593	\$ 17,162	\$ 6,434,862
					Internal Service Fund Allocation	Total
Business-type activities:	Electric	Water	Wastewater	Nonmajor		
Charges for services	\$15,661,825	\$ 2,870,443	\$ 2,055,326	\$ 1,066,507	\$ 46,782	\$ 21,700,883
Loans	-	-	-	4,550,000	-	4,550,000
Miscellaneous	-	-	-	-	-	-
Total gross business-type	15,661,825	2,870,443	2,055,326	5,616,507	46,782	26,250,883
Less allowance for uncollectible accounts	(1,749,011)	(137,016)	(232,867)	(133,576)	(22,608)	(2,275,078)
Net total receivables	\$13,912,814	\$ 2,733,427	\$ 1,822,459	\$ 5,482,931	\$ 24,174	\$ 23,975,805

Loans Receivable in the nonmajor governmental funds are made up of a \$500,000, 40-year loan of HOME Investment Partnership (HOME) funds for Santour Court, an affordable, single-family residential development and \$292,971 in HOME down-payment assistance loans for eligible HOME participants. The loans are made with Federal funds from the Department of Housing and Urban Development (HUD).

Notes to the Financial Statements
 For the Fiscal Year Ended September 30, 2012

Loans Receivable in the non major business-type funds represent BVSWMA, Inc.'s obligation to reimburse 2009 College Station Certificate of Obligation debt issued and used to construct the Twin Oaks Landfill. The annual principal and interest receivable amounts are as follows:

Year Ended September 30	Due from Related Party	
	Principal	Interest
2013	\$ 220,000	\$ 177,710
2014	230,000	170,960
2015	240,000	163,910
2016-2020	1,150,000	705,089
2021-2025	1,365,000	462,767
2026-2030	1,345,000	125,573
	<u>\$ 4,550,000</u>	<u>\$ 1,806,009</u>

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. As of fiscal year end, the various components of unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned	Total
Property tax	\$ 843,052	\$ -	\$ 843,052
Paving assessments	373,512	-	373,512
Intergovernmental	-	8,199	8,199
Fines and penalties	-	94,133	94,133
Emergency services	829,416	-	829,416
Cemetery plot sales	47,943	-	47,943
Other	-	1,822	1,822
	<u>\$ 2,093,923</u>	<u>\$ 104,154</u>	<u>\$ 2,198,077</u>

Notes to the Financial Statements
For the Fiscal Year Ended September 30, 2012

C. Capital Assets

Capital asset activity for the year ended September 30, 2012 was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Capital Assets, not being depreciated					
Land	\$ 43,050,894	\$ -	\$ -	\$ -	\$ 43,050,894
Construction in progress	13,546,610	3,529,890	-	-	17,076,500
Total capital assets not being depreciated	<u>56,597,504</u>	<u>3,529,890</u>	<u>-</u>	<u>-</u>	<u>60,127,394</u>
Capital assets, being depreciated					
Buildings and building improvements	35,660,818	-	-	-	35,660,818
Improvements other than buildings	34,503,024	2,196,218	-	-	36,699,242
Machinery and equipment	33,792,432	3,564,949	(1,464,104)	-	35,893,277
Infrastructure	228,781,170	11,597,926	-	-	240,379,096
Total capital assets, being depreciated	<u>332,737,444</u>	<u>17,359,093</u>	<u>(1,464,104)</u>	<u>-</u>	<u>348,632,433</u>
Less accumulated depreciation for:					
Buildings and building improvements	9,912,010	1,232,052	-	-	11,144,062
Improvements other than buildings	13,921,314	1,724,332	-	-	15,645,646
Machinery and equipment	20,894,901	3,251,487	(1,146,701)	-	22,999,687
Infrastructure	112,982,074	7,959,802	-	-	120,941,876
Total accumulated depreciation	<u>157,710,299</u>	<u>14,167,673</u>	<u>(1,146,701)</u>	<u>-</u>	<u>170,731,271</u>
Total capital assets being depreciated, net	<u>175,027,145</u>	<u>3,191,420</u>	<u>(317,403)</u>	<u>-</u>	<u>177,901,162</u>
Governmental type activities capital assets, net	<u>\$ 231,624,649</u>	<u>\$ 6,721,310</u>	<u>\$ (317,403)</u>	<u>\$ -</u>	<u>\$ 238,028,556</u>
Business-Type Activities	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Capital assets, not being depreciated					
Land	\$ 690,750	\$ -	\$ -	\$ -	\$ 690,750
Construction in progress	70,006,360	15,707,810	(65,283,844)	-	20,430,326
Total capital assets, not being depreciated	<u>70,697,110</u>	<u>15,707,810</u>	<u>(65,283,844)</u>	<u>-</u>	<u>21,121,076</u>
Capital assets, being depreciated					
Electric system	153,190,039	4,964,251	(705,237)	-	157,449,053
Water system	110,191,497	46,136,330	(243,929)	-	156,083,898
Wastewater system	103,181,924	18,465,758	(115,795)	-	121,531,887
Buildings and building improvements	6,439,548	-	-	-	6,439,548
Machinery and equipment	5,990,406	2,053,805	(936,563)	-	7,107,648
Total capital assets, being depreciated	<u>378,993,414</u>	<u>71,620,144</u>	<u>(2,001,524)</u>	<u>-</u>	<u>448,612,034</u>
Less accumulated depreciation for:					
Electric system	68,172,924	5,118,929	(299,135)	(9,405)	72,983,313
Water system	37,418,055	4,151,190	(61,040)	1,824,498	43,332,703
Wastewater system	36,753,688	4,206,905	(98,771)	1,250,568	42,112,390
Buildings and building improvements	1,486,219	91,855	-	-	1,578,074
Machinery and equipment	4,369,162	829,504	(878,140)	-	4,320,526
Total accumulated depreciation	<u>148,200,048</u>	<u>14,398,383</u>	<u>(1,337,086)</u>	<u>3,065,661</u>	<u>164,327,006</u>
Total capital assets, being depreciated, net	<u>230,793,366</u>	<u>57,221,761</u>	<u>(664,438)</u>	<u>(3,065,661)</u>	<u>284,285,028</u>
Business type activities capital assets, net	<u>\$ 301,490,476</u>	<u>\$ 72,929,571</u>	<u>\$ (65,948,282)</u>	<u>\$ (3,065,661)</u>	<u>\$ 305,406,104</u>

Notes to the Financial Statements
 For the Fiscal Year Ended September 30, 2012

Depreciation expense for fiscal year 2012 was charged as follows:

General government	\$	882,959
Fiscal services		649,491
Police		3,183,857
Fire		2,882,308
Planning & development svcs		799,747
Public works		1,285,065
Parks & recreation		1,072,622
Library		227,860
Non-departmental		1,304,807
Capital assets held by internal service funds		1,878,957
Governmental activities depreciation expense	\$	<u>14,167,673</u>
Electric	\$	5,118,929
Water		4,151,190
Wasterwater		4,206,905
Sanitation		620,873
Northgate parking		251,966
Utility customer service		48,519
Business-type depreciation expense	\$	<u>14,398,383</u>

D. Interfund Transactions

Transfers between funds during the year were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Governmental Activities, net</u>	<u>Business-type Activities, net</u>
Governmental Activities:				
General Fund	\$ 15,539,293	\$ (4,329,789)	\$ 11,209,504	\$ -
Debt Service Fund	2,921,317	-	2,921,317	-
Streets Projects	288,355	(368,924)	(80,569)	-
Other Nonmajor Governmental Funds	3,564,596	(4,686,447)	(1,121,851)	-
Internal Service Funds	200,000	(626,215)	(426,215)	-
Business-type Activities:				
Enterprise Funds:				
Electric	1,733,190	(8,093,518)	-	(6,360,328)
Water	15,961	(2,786,903)	-	(2,770,942)
Wastewater	15,961	(2,330,894)	-	(2,314,933)
Other Nonmajor Enterprise Funds	220,633	(1,276,616)	-	(1,055,983)
	<u>\$ 24,499,306</u>	<u>\$ (24,499,306)</u>	<u>\$ 12,502,186</u>	<u>\$ (12,502,186)</u>

Transfers are used to (1) move revenues from the funds with collection authorization to the debt service fund as debt service principal and interest payments become due, (2) move revenues from enterprise funds to the general fund to record the utility transfer in lieu of franchise fees, (3) move revenues from enterprise funds to the general fund for economic development activity, (4) move unrestricted general

Notes to the Financial Statements
 For the Fiscal Year Ended September 30, 2012

fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations.

The composition of due to/due from balances as of September 30, 2012 is as follows:

Business-type Activities: Due To	Governmental Activities: Due From	Amount
Water Fund	Economic Development	\$ 40,000
Wastewater Fund	Economic Development	40,000
Electric Fund	Economic Development	40,000
Advance From	Advance To	Amount
Water Fund	Economic Development	\$ 40,000
Wastewater Fund	Economic Development	40,000
Electric Fund	Economic Development	40,000

Internal loans (inter-fund advances) of \$200,000 each from the Water, Wastewater and Electric Funds to the Economic Development Fund were recorded during the fiscal year ended September 30, 2008. The loans partially funded the purchase of real property related to an economic development project and are repayable in even installments over five years.

E. Operating Leases

The city acquired property on University Drive known as the Chimney Hill Property in fiscal year 2009 with the intention to build a convention center on the property. Hotel tax funds were used to finance \$7,000,000 of the purchase, with the remainder of the purchase price coming from Certificate of Obligation, Series 2009. The purchase price was allocated between the land, \$6,555,190, and an existing building on the property, \$3,084,795. As of September 30, 2012, the building carried a net value of \$2,838,012 and \$246,783 in accumulated depreciation.

The building at Chimney Hill was partially leased to private businesses when the City acquired the property. At September 30, 2012, one space is being rented on a month-to-month basis to Western Beverage. Two other spaces have leases as follows:

Year Ended September 30,	Operating Leases		
	Republic	DaVita	Total
2012	\$ 109,128	\$ 274,149	\$ 383,277
2013	105,736	-	105,736
2014	108,373	-	108,373
2015	112,176	-	112,176
2016	115,541	-	115,541
2017-2021	48,733	-	48,733
	<u>\$ 599,687</u>	<u>\$ 274,149</u>	<u>\$ 873,836</u>

Notes to the Financial Statements
 For the Fiscal Year Ended September 30, 2012

F. Deferred Charges

See Note IV B.

G. Prior Period Adjustment

During fiscal year 2012, research was done on older open work orders related to water and wastewater infrastructure projects to determine if the projects have been completed. It was determined that a few infrastructure projects were completed and had actually been put in service prior to fiscal year 2012. These work orders were closed and the asset moved from construction in process assets to infrastructure assets. A prior period adjustment was made to the Water Fund and the Wastewater Fund to reflect the portion of depreciation expense that should have been recognized prior to fiscal year 2012. This would have reduced the prior year fund balances by \$1,923,831 in the Water Fund and \$1,405,582 in the Wastewater Fund.

H. Long-Term Debt

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2012 follows:

	Beginning Balance	Incurred/ Issued	Matured/ Retired	Ending Balance	Amounts Due Within One Year
Governmental activities:					
General obligation bonds	\$ 78,055,000	\$ 11,515,000	\$ 13,875,000	\$ 75,695,000	\$ 6,910,000
Certificates of obligation	26,085,000	-	4,670,000	21,415,000	1,335,000
Premium/discount	1,581,455	1,252,381	504,950	2,328,886	231,230
Governmental activity					
Long term debt	<u>\$ 105,721,455</u>	<u>\$ 12,767,381</u>	<u>\$ 19,049,950</u>	<u>\$ 99,438,886</u>	<u>\$ 8,476,230</u>
Business type activities:					
General obligation bonds	\$ 28,655,000	\$ 9,570,000	\$ 1,945,000	\$ 36,280,000	\$ 3,305,000
Certificates of obligation	54,950,000	16,415,000	8,280,000	63,085,000	2,890,000
Utility revenue bonds	54,495,000	-	9,435,000	45,060,000	3,555,000
Premium/discount	1,177,555	1,855,776	244,845	2,788,486	639,446
Business type activity					
Long term debt	<u>\$ 139,277,555</u>	<u>\$ 27,840,776</u>	<u>\$ 19,904,845</u>	<u>\$ 147,213,486</u>	<u>\$ 10,389,446</u>

Internal service funds predominantly serve the governmental funds. All internal service funds, except for the utility customer service fund, are included as part of the above totals for governmental activities.

Long-term debt at September 30, 2012 includes the following individual issues (not including unamortized premiums or discounts):

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

	Interest Rate (%)	Issue Date	Maturity Date	Original Issue	Net Retirement	Outstanding
General Obligation Bonds:						
2002 Issue	4.25-5.125	3/1/02	2/15/21	\$ 6,445,000	\$ 6,445,000	\$ -
2003 Issue	3.00-4.50	7/1/03	2/15/23	4,790,000	4,560,000	230,000
2004 Issue	2.875-5.00	5/1/04	2/15/24	12,940,000	12,045,000	895,000
2005 Issue	4.00-6.00	5/1/05	2/15/25	5,710,000	1,680,000	4,030,000
2006 Issue	4.375-6.375	7/1/06	2/15/26	7,375,000	1,935,000	5,440,000
2006 Issue - Refunding	4.00-5.00	12/1/06	2/15/18	10,255,000	2,250,000	8,005,000
2007 Issue	4.25-6.25	9/1/07	2/15/27	3,930,000	1,525,000	2,405,000
2008 Issue	4.0 - 5.0	9/1/08	2/15/28	9,455,000	2,150,000	7,305,000
2009 Issue	3.5 - 4.0	7/15/09	2/15/21	3,335,000	310,000	3,025,000
2009 Issue - Refunding	2.00-4.00	11/15/09	2/15/20	4,265,000	1,265,000	3,000,000
2010 Issue	2.00-3.50	8/15/10	2/15/30	19,635,000	1,655,000	17,980,000
2010 Issue - Refunding	.30-5.0%	11/15/10	2/15/22	11,245,000	590,000	10,655,000
2011 Issue	.25-1.6%	9/15/11	2/15/18	1,960,000	750,000	1,210,000
2012 Issue & Refunding	2.0-5.0%	6/1/12	2/15/32	11,515,000	-	11,515,000
				<u>\$ 112,855,000</u>	<u>\$ 37,160,000</u>	<u>\$ 75,695,000</u>
General Obligation Bonds - Business-type Activities:						
2009 Issue - Refunding	2.00-4.00	11/15/09	2/15/20	\$ 3,830,000	\$ 1,140,000	\$ 2,690,000
2010 Issue - Refunding	.30-5.0%	11/15/10	2/15/22	25,905,000	1,885,000	24,020,000
2012 Issue & Refunding	2.0-5.0%	6/1/12	2/15/32	9,570,000	-	9,570,000
				<u>\$ 39,305,000</u>	<u>\$ 3,025,000</u>	<u>\$ 36,280,000</u>
Total General Obligation Bonds				<u>\$ 152,160,000</u>	<u>\$ 40,185,000</u>	<u>\$ 111,975,000</u>
Certificates of Obligation - Governmental Activities:						
2002 Issue	4.25-5.125	3/1/02	2/15/20	\$ 14,480,000	\$ 14,480,000	\$ -
2003A Issue	2.90-4.20	7/1/03	2/15/23	780,000	740,000	40,000
2005 Issue	3.00-4.50	5/1/05	2/15/25	7,595,000	4,855,000	2,740,000
2006 Issue	4.375-6.375	7/1/06	2/15/26	8,325,000	2,495,000	5,830,000
2007 Issue	4.25-6.25	9/1/07	2/15/27	3,960,000	1,540,000	2,420,000
2008 Issue	3.25 - 5.0	9/1/08	2/15/28	22,855,000	14,715,000	8,140,000
2009 Issue	3.00-5.00	7/15/09	2/15/29	6,480,000	4,620,000	1,860,000
2010 Issue	2.00-3.50	8/15/10	2/15/30	1,050,000	665,000	385,000
2011 Issue	2.00-3.60	9/15/11	2/15/31	15,000	15,000	-
				<u>\$ 65,540,000</u>	<u>\$ 44,125,000</u>	<u>\$ 21,415,000</u>
Certificates of Obligation - Business-type Activities:						
2004 Issue	2.875-5.00	5/1/04	2/15/24	\$ 8,915,000	\$ 8,500,000	\$ 415,000
2008 Issue	3.25 - 5.0	9/1/08	2/15/28	15,925,000	2,110,000	13,815,000
2009 Issue	3.00-5.00	7/15/09	2/15/29	29,980,000	7,835,000	22,145,000
2010 Issue	2.00-3.50	8/15/10	2/15/30	2,850,000	195,000	2,655,000
2011 Issue	2.00-3.60	9/15/11	2/15/31	7,920,000	280,000	7,640,000
2012 Issue	2.0-5.0%	6/1/12	2/15/32	16,415,000	-	16,415,000
				<u>\$ 82,005,000</u>	<u>\$ 18,920,000</u>	<u>\$ 63,085,000</u>
Total Certificates of Obligation				<u>\$ 147,545,000</u>	<u>\$ 63,045,000</u>	<u>\$ 84,500,000</u>
Utility Revenue Bonds:						
2002 Issue	4.00-6.00	3/1/02	2/1/22	\$ 18,215,000	\$ 18,215,000	\$ -
2003 Issue - Refunding	3.50-4.25	12/1/02	2/1/14	11,160,000	11,160,000	-
2003A Issue	2.50-4.25	7/1/03	2/1/23	4,850,000	4,615,000	235,000
2005 Issue	4.00-5.50	5/1/05	2/1/25	8,035,000	1,815,000	6,220,000
2005A Issue - Refunding	3.00-5.25	8/1/05	2/1/18	12,995,000	3,660,000	9,335,000
2006 Issue	4.375-6.375	7/1/06	2/1/26	16,950,000	3,300,000	13,650,000
2007 Issue	4.00-5.75	9/1/07	2/1/27	18,665,000	3,045,000	15,620,000
				<u>\$ 90,870,000</u>	<u>\$ 45,810,000</u>	<u>\$ 45,060,000</u>
Total Outstanding Bonds						<u>\$ 241,535,000</u>

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

The annual requirements to amortize debt outstanding as of September 30, 2012 are as follows:

Year Ended September 30,	Governmental Activities					
	General Obligation		Certificates of Obligation			
	Principal	Interest	Principal	Interest		
2013	\$ 6,910,000	\$ 2,880,721	\$ 1,335,000	\$ 892,616		
2014	6,015,000	2,564,637	1,360,000	841,108		
2015	6,030,000	2,344,284	1,425,000	786,367		
2016	5,935,000	2,120,953	1,395,000	728,952		
2017	6,230,000	1,885,589	1,190,000	674,511		
2018-2022	22,285,000	6,408,083	6,485,000	2,592,886		
2023-2027	15,930,000	2,605,767	7,295,000	997,570		
2028-2032	6,360,000	353,902	930,000	26,717		
	<u>\$ 75,695,000</u>	<u>\$ 21,163,936</u>	<u>\$ 21,415,000</u>	<u>\$ 7,540,727</u>		

Year Ended September 30,	Business-Type Activities					
	General Obligation		Certificates of Obligation		Utility Revenue	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 3,305,000	\$ 1,519,251	\$ 2,890,000	\$ 2,416,385	\$ 3,555,000	\$ 1,986,353
2014	3,965,000	1,323,238	2,690,000	2,229,259	3,480,000	1,810,249
2015	3,360,000	1,191,750	2,815,000	2,142,429	3,655,000	1,630,387
2016	3,500,000	1,052,975	2,955,000	2,043,435	3,835,000	1,450,774
2017	3,685,000	891,299	2,805,000	1,945,491	3,730,000	1,278,789
2018-2022	16,970,000	2,028,838	16,040,000	8,140,818	13,320,000	4,525,213
2023-2027	1,495,000	66,125	20,155,000	4,689,887	13,485,000	1,392,713
2028-2032	-	-	12,735,000	973,035	-	-
	<u>\$ 36,280,000</u>	<u>\$ 8,073,476</u>	<u>\$ 63,085,000</u>	<u>\$ 24,580,739</u>	<u>\$ 45,060,000</u>	<u>\$ 14,074,478</u>

The City intends to retire all of its general long-term liabilities, plus interest, from ad valorem taxes. Proprietary fund type long-term debt used for Electric, Water and Wastewater projects will be repaid, plus interest, from the operating revenues of the Electric, Water, and Wastewater funds.

General Obligation Bonds and Certificates of Obligation

The City issues General Obligation Bonds and Certificates of Obligation to provide funds for the acquisition and construction of major capital facilities. These types of bonds have been issued by the City for both governmental activities as well as business-type activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenue.

General Obligation Bonds are direct obligations, for which the City has pledged the full faith and credit of the City. These bonds generally are issued as 20-year serial bonds with varying amounts of principal maturing each year.

The City is required by bond covenants to create from ad valorem tax revenues a sinking fund sufficient to pay the current interest and principal installments as they become due. In addition to the sinking fund, there are a number of limitations and restrictions contained in the various general obligation bonds

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

and certificate indentures. The City is in compliance with the significant limitations and restrictions at September 30, 2012.

On May 10, 2012 the City issued \$21,085,000 General Obligation Improvement and Refunding Bonds, Series 2012. The refunded bonds were an advanced refunding of General Obligation Improvement Bonds, Series 2003, General Obligation Improvement and Refunding Bonds, Series 2004; Certificates of Obligation, Series 2003A and 2004; and Utility Revenue Bonds, Series 2003, and 2003A and was undertaken to reduce total general obligation and utility revenue debt service payments over the next 12 years by \$2,222,226 resulting in net present value savings of \$1,959,809. The true interest cost of the General Obligation and Refunding Bonds is 2.126819%.

Proceeds of \$4,235,000 from the sale of the bonds will be used to pay for (1) costs of construction, acquisition of and improvements to City streets; (2) parks and parks facilities improvements, and (3) pay the costs incurred in connection with the issuance of the Bonds.

The City issued \$16,415,000 in Certificates of Obligation, dated May 10, 2012, with a true interest cost of 3.097424%. The proceeds from the sale of the Certificates will be used to pay for (1) construction of improvements to the City's combined electric, waterworks and wastewater systems and (2) to pay costs incurred in connection with the issuance of the Certificates.

In 2009, the City issued \$31,315,000 in Certificates of Obligation. \$2,600,000 of the proceeds was used to purchase land for a convention center site. Council no longer intends to build a convention center, therefore, causing a change in use to the property. In order to maintain the tax exempt status of the 2009 Certificates of Obligation, Council approved to defease the convention center bonds on November 21, 2011. On December 1, 2011 the bonds were defeased. \$2,728,149 was placed in an escrow account with Bank of New York to cover the principal and interest amount of the bonds until their call date of February 15, 2019.

In 2009, the City issued \$5,145,000 in Certificates of Obligation to pay for a portion of the construction of a new municipal landfill. The City of College Station jointly owns Brazos Valley Solid Waste Management Agency Inc. (BVSWMA, Inc.) with the City of Bryan. BVSWMA Inc. has pledged to repay the \$5,145,000 plus interest to the City of College Station. As of September 30, 2012 BVSWMA Inc. owed the City \$4,550,000.

Revenue Bonds

Utility system revenue bonds are secured by the net revenues of the Electric, Water, and Wastewater Funds as defined in the respective bond indentures. The City pledges income derived from the acquired or constructed assets to pay the debt service. In addition, the City is required to maintain debt service funds and bond reserve funds for all outstanding revenue bonds. Amounts in the reserve fund are to be used to pay principal and interest on outstanding bonds at any time sufficient funds are not available in the bond interest and redemption fund. The bond indentures require that the City accumulate reserves of an amount equal to the average annual principal and interest requirements of all outstanding bonds secured by the net revenues of the system.

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

Arbitrage Compliance

Arbitrage provisions of the Internal Revenue Tax Act of 1986 require the City to rebate to the federal government excess arbitrage earnings from bond proceeds. As of September 30, 2012, the City did not have an arbitrage rebate liability.

Defeasance

In prior years, the City issued refunding bonds to defease certain outstanding bonds for the purpose of consolidation and to achieve debt service savings. The City has placed the proceeds from the refunding issues in irrevocable escrow accounts with a trust agent to ensure payment of debt service on the refunded bonds.

Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. Although defeased, the refunded debt from these earlier issues will not be actually retired until the call dates have come due or until maturity if they are not callable issues. On September 30, 2012, the City's escrow balance for bonds defeased on December 1, 2011 was \$2,529,576. The defeased bonds are not callable until February 15, 2019. The escrow balance for bonds defeased on May 10, 2012 was \$17,413,997. The defeased bonds are not callable until February 1, 2014 and February 15, 2014.

I. Components of Fund Balance

Fund balances for governmental funds at September 30, 2012 are as follows:

	General	Debt Service	Streets Projects	Other	Total
Fund balances:					
Nonspendable:					
Assets Held for Resale	\$ -	\$ -	\$ -	\$ 6,943,250	\$ 6,943,250
Restricted for:					
Community and Neighborhood Parks	-	-	-	3,224,151	3,224,151
Community Development	-	-	-	1,633,400	1,633,400
Court Security Fee	-	-	-	88,130	88,130
Court Technology Fee	-	-	-	410,896	410,896
Debt Service	-	3,802,443	-	-	3,802,443
Drainage	-	-	-	2,426,880	2,426,880
Access fee	268,799	-	-	-	268,799
General Government Capital Projects	600,000	-	12,114,922	3,713,513	16,428,435
Hotel Occupancy Tax	-	-	-	4,450,354	4,450,354
Juvenile Case Manager	-	-	-	324,723	324,723
Parks and Recreation Capital Projects	-	-	-	991,060	991,060
Police Seizure	-	-	-	92,026	92,026
Wolf Pen Creek TIF	-	-	-	2,415,625	2,415,625
Committed to:					
Care	-	-	-	1,762,579	1,762,579
Memorial Cemetery	-	-	-	1,314,855	1,314,855
Memorial Cemetery Perpetual Care	-	-	-	540,920	540,920
Assigned:					
Encumbrances	436,979	-	-	-	436,979
Unassigned	15,186,915	-	-	-	15,186,915
	<u>\$ 16,492,693</u>	<u>\$ 3,802,443</u>	<u>\$ 12,114,922</u>	<u>\$ 30,332,362</u>	<u>\$ 62,742,420</u>

City of College Station, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

V. Other Information

A. Property Taxes

Property tax is levied each October 1 on the assessed (appraised) value listed as of the prior January 1 for all real and business personal property located in the City. Taxable assessed value represents the appraisal value less applicable exemptions authorized by the City Council.

Taxes are due October 1 and are delinquent after the following January 31. Tax liens are automatic and become enforceable as of January 1 of each year. Taxes become delinquent February 1 and are subject to interest and penalty charges. The tax rate to finance general governmental services including debt service was 43.79 cents per \$100 of assessed valuation for the year ended September 30, 2012. Under current state statutes, the City's ability to increase the levy for property taxation is subject to a maximum rate of \$2.50 per \$100 valuation.

The Brazos County Appraisal District ("Appraisal District") is responsible for the recording and appraisal of property for all taxing units in Brazos County. The Appraisal District is required to assess property at 100 percent of its appraised value. Real property must be reappraised at least every three years. The City may, at its own expense, require annual reviews by the Appraisal District through various appeals and, if necessary, legal action. Under this system, if the rate, excluding tax rates for bonds and other contractual obligations adjusted for new improvements, exceeds the rate for the previous year by more than eight (8) percent, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than eight (8) percent above the tax rate of the previous year.

Brazos County bills and collects the property taxes for the City.

B. Risk Management

A government entity, such as the City of College Station, is faced with many risks. These risks generally can be subdivided into four loss categories: direct property loss, indirect property loss, liability loss, and personnel losses. The City employs a combination of risk management strategies to provide acceptable levels of protection regarding these potential risks.

The City is self-insured for health benefits, and the plan is administered by Blue Cross Blue Shield. This activity is accounted for in the Employee Benefits Fund, which is funded monthly by employee contributions and from City operating funds. These contributions are determined based on an analysis of prior year claims and administrative costs and a forecast of future claims and administrative costs. The City's stop loss insurance policy limits its liability to \$150,000 per individual per year with an aggregate attachment point for the last 12 months of \$5,703,776. The liability for outstanding losses includes \$778,577 for claims incurred but not reported as of September 30, 2012.

In fiscal year 2012, City real and personal property and mobile equipment was insured by Affiliated FM, A.M. Best rated A+, financial category XV. Affiliated FM premiums were funded by calculated contributions from the City's operating funds. Affiliated FM provided claims handling for these coverage lines. The City carried a property insurance policy deductible between \$100,000 and \$250,000 per occurrence, depending on type of loss. Property insurance covered all direct losses and some indirect losses.

The City is self-insured on all liability coverage lines. The City carried excess liability coverage through Star National Insurance Company; A.M. Best rated A-, financial category IX. The self-insured

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

retention ("SIR") is \$250,000 per claim. Licensed adjusters in the City's Risk Management office handle liability claims.

The City also is self-insured for workers' compensation coverage. The City carried excess workers' compensation coverage through Star National Insurance Company with a \$250,000 per claim SIR. Abercrombie, Simmons & Gillette, (AS&G), a Third Party Administrator (TPA), handles workers' compensation claims. In the event of a simultaneous liability and workers' compensation claim, only one SIR applies.

Liabilities in the property and casualty fund and the workers' compensation fund are reported when it is probable a loss has occurred and the loss amount can be reasonably estimated. Liabilities include an amount for claims incurred but not reported. Based on the most recent actuarial study, the City has recorded a potential liability of \$513,433 in the property and casualty fund and a potential liability of \$265,144 in the workers' compensation fund. The results of the process to estimate the claims liability is not exact, as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to accommodate the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors.

The City uses its Unemployment Fund to pay for self insurance activity involving claims filed under the Texas Unemployment Compensation Act. Monthly contributions to fund this activity are based on a percentage of payrolls determined annually during the budget process.

Settlements have not exceeded self-insured retention in each of the past three fiscal years.

The liabilities for insurance claims reported in each of the funds are based on Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims to be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and if the amount of the loss can be reasonably estimated.

These liabilities include an estimate for incurred but not reported claims. Changes in the balances of claims liabilities for the self-insurance funds that are accounted for as Internal Service Funds for fiscal years 2012 and 2011 are as follows:

	<u>2012</u>	<u>2011</u>
Unpaid Claims, October 1	\$ 1,744,456	\$ 1,630,623
Incurred Claims (including IBNR's)	3,908,222	6,664,986
Claims Paid	<u>(4,136,768)</u>	<u>(6,551,153)</u>
Unpaid Claims, September 30	<u>\$ 1,515,910</u>	<u>\$ 1,744,456</u>

C. Joint Venture

In 1990 the Brazos Valley Solid Waste Management Agency ("BVSWMA") was formed under a joint solid waste management agreement between the Cities of College Station and Bryan. College Station and Bryan agreed to cooperatively operate a joint facility for the proper disposal of solid waste for the two cities and outside customers. Each City reported 50% ownership in BVSWMA. The City of College Station served as landfill operator. This basic structure is how BVSWMA operated until 2010.

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

In February 2010 the City Councils for the City of Bryan and the City of College Station approved Articles of Incorporation for BVSWMA, Inc. a Local Government Corporation under the provisions of Subchapter D of Chapter 431, Texas Transportation Code; and Chapter 394, Texas Local Government Code. In March 2010, the City Councils of Bryan and College Station approved Bylaws for BVSWMA, Inc., which establishes the power to issue debt and to acquire land.

The powers of BVSWMA, Inc. are vested in a 7 member Board of Directors, with each City Council appointing 3 members and the 7th member to be selected by an approval process set forth in the Articles of Incorporation and deemed to have been appointed by the Cities.

On September 13, 2010, Bryan City Council, College Station City Council and the BVSWMA, Inc. Board of Directors formalized the creation of BVSWMA, Inc. and the dissolution of BVSWMA, effective October 1, 2010, with the approval and execution of a (n):

- Borrowed Employee Agreement between the City of College Station and BVSWMA, Inc.;
- Asset Transfer and Debt Reimbursement Agreement between BVSWMA, Inc., the City of College Station and the City of Bryan;
- Agreement between the City of College Station, the City of Bryan and BVSWMA, Inc. regarding the Assignment and Assumption of Contracts and Payables;
- Final Settlement Agreement and Release related to the final settlement and dismissal of the certain lawsuit referred to as City of Bryan, Texas v. City of College Station, Texas, Cause No. 08-001626-CV-272 in the 272nd District Court of Brazos County, Texas, ("the Lawsuit"); consider the Agreed Motion to Dismiss; and, consider the Agreed Order of Dismissal.

Subsequent to the end of the fiscal year ended September 30, 2010, BVSWMA transferred all of its assets to BVSWMA, Inc. College Station reports BVSWMA, Inc. as a joint venture with the City of Bryan and recognizes 50% ownership in BVSWMA, Inc. in the City's financial statements.

During the fiscal year ended September 30, 2012, management of BVSWMA, Inc. negotiated the end of the borrowed employee agreement with the Cities of Bryan and College Station, and a majority of the employees covered under the "Borrowed Employee Agreement" are now employees of BVSWMA, Inc. The "Borrowed Employee Agreement" officially ends on December 31, 2012.

Per GASB 14, a Joint Venture (JV) is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Joint control means that no single participant has the ability to unilaterally control the financial or operating policies of the Joint Venture.

An *ongoing financial interest* includes an equity interest, as defined in paragraph 72, and any other arrangement that causes a participating government to have access to the Joint Venture's resources. An equity interest in a Joint Venture is manifest in the ownership of shares of Joint Venture stock or by otherwise having an explicit, measurable right to the net resources of a Joint Venture that is usually based on an investment of financial or capital resources by a participating government. An equity interest is explicit and measurable if the Joint Venture agreement stipulates that the participants have a

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

present or future claim to the net resources of the Joint Venture and sets forth the method to determine the participants' shares of the Joint Venture's net resources. Per the BVSWMA, Inc. By-laws, paragraph 8.05, Section 431.107 of the Texas Transportation Corporation Act entitles the Cities, at all times, to have the right to equally receive the income earned by the corporation. Also, per BVSWMA, Inc.'s By-laws, paragraph 4.03a, the corporation, with the approval of the Cities, is authorized to issue short-term debt, however, the Cities shall be given the first opportunity to provide these funds before the Board incurs debt. This would result in the City of College Station providing an investment of financial resources to BVSWMA, Inc.

An ongoing financial responsibility for a Joint Venture occurs if a participating government is obligated in some manner for the debts (see paragraph 33 of GASB 14) of the Joint Venture, or if the Joint Ventures continued existence depends on the continued funding by the government. Per paragraph 33 of GASB 14 – A primary government is obligated in some manner for the debt of an organization if it is legally obligated to assume all or part of the debt in the event of default.

Per Article XIV, paragraph 14.03, of the Articles of Incorporation of BVSWMA, Inc., upon dissolution of the corporation:

- A. the assets of the Corporation shall be distributed equally between the Cities; and
- B. any remaining liabilities of the corporation shall be shared equally between the Cities.

State and federal laws and regulations require BVSWMA, Inc. to place a final cover on its Rock Prairie landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The Rock Prairie Road landfill stopped accepting waste in July 2011, and the Twin Oaks Landfill in Grimes County began accepting waste. Although closure and post closure care costs will be paid only near or after the date that the landfill stopped accepting waste, BVSWMA, Inc. reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

During fiscal year 2012 BVSWMA, Inc. determined that certain depreciable lives of equipment used on the landfill site were incorrect. Had the correct useful lives been in place, the financial statements for the year ended September 30, 2011 would have include additional depreciation of \$1,264,030. To correct this error, ending net assets for the year ended September 30, 2011 have been restated.

Notes to the Financial Statements
 For the Fiscal Year Ended September 30, 2012

The following is a summary of information from the audited financial statements of BVSWMA, Inc. as of September 30, 2012:

	2012	2011 (As Restated)
Assets:		
Current assets	\$ 10,851,854	\$ 11,985,928
Capital assets	31,445,445	29,039,042
Accumulated depreciation	(5,320,416)	(3,184,234)
Deferred landfill permits	3,113,379	3,113,380
Accumulated amortization	(49,422)	(18,572)
Total assets	<u>40,040,840</u>	<u>40,935,544</u>
Liabilities:		
Current liabilities	812,962	1,363,011
Noncurrent liabilities:		
Accrued post closure maintenance costs	5,886,085	5,603,086
Other noncurrent liabilities	8,915,000	9,345,000
Total liabilities	<u>15,614,047</u>	<u>16,311,097</u>
Net assets		
Invested in capital assets	16,780,028	17,353,837
Unrestricted	7,646,765	7,270,610
Total net assets	<u>\$ 24,426,793</u>	<u>\$ 24,624,447</u>
Program revenues	\$ 6,998,799	\$ 7,043,016
Expenses	7,246,820	8,611,237
Operating income	(248,021)	(1,568,221)
General revenues	50,367	138,731
Change in net assets	<u>\$ (197,654)</u>	<u>\$ (1,429,490)</u>

The City's share of BVSWMA, Inc.'s net assets for fiscal year 2012 was \$12,213,396. A copy of BVSWMA, Inc.'s financial statements may be obtained from the City's Fiscal Services Department.

D. Pension Plan

Plan Description

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

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System.

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

The report may be obtained by writing to TMRS, Post Office Box 149153, Austin, Texas 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at <http://www.tmr.com/>

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

	<u>Plan Year 2010</u>	<u>Plan Year 2011</u>	<u>Plan Year 2012</u>
Employee deposit rate	7.00%	7.00%	7.00%
Matching ratio (City to Employee)	2 to 1	2 to 1	2 to 1
Years required for vesting	5	5	5
Service retirement eligibility	20 years at any age, 5 years at age 60 and above	20 years at any age, 5 years at age 60 and above	20 years at any age, 5 years at age 60 and above
Updated Service Credit	100% Repeating Transfers	100% Repeating Transfers	100% Repeating Transfers
Annuity Increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating	70% of CPI Repeating

Contributions

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

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

Notes to the Financial Statements
For the Fiscal Year Ended September 30, 2012

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

	2010	2011	2012
Annual required contribution (ARC)	\$ 7,582,944	\$ 7,998,505	\$ 7,323,878
Interest on net pension obligation	98,251	234,216	356,127
Adjustment to the ARC	(80,230)	(193,787)	(285,719)
Annual pension cost	7,600,965	8,038,934	7,394,287
Contributions made	<u>(5,810,310)</u>	<u>(6,413,446)</u>	<u>(6,586,598)</u>
Increase in net pension obligation	1,790,655	1,625,488	807,689
Net pension obligation, beginning of year	<u>1,332,222</u>	<u>3,122,877</u>	<u>4,748,365</u>
Net pension obligation, end of year	<u>\$ 3,122,877</u>	<u>\$ 4,748,365</u>	<u>\$ 5,556,053</u>

Three Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contribution Made	Percentage of APC Contributed	Net Pension Obligation
9/30/2010	\$ 7,600,965	\$ 5,810,310	76.44%	\$ 3,122,877
9/30/2011	8,038,934	6,413,446	79.78%	4,748,365
9/30/2012	7,394,287	6,586,598	89.08%	5,556,053

The required contribution rates for fiscal year 2012 were determined as part of the December 31, 2009 and 2010 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2011, also follows:

Valuation Date	12/31/2009	12/31/2010	12/31/2011
Actuarial Cost Method	Projected Unit Credit Level Percent of Payroll	Projected Unit Credit Level Percent of Payroll	Projected Unit Credit Level Percent of Payroll
Amortization Method	28.1 years; closed period	27.1 years; closed period	26.2 years; closed period
Amortization Period for new Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Actuarial Assumptions:			
Investment Rate of Return *	7.5%	7.0%	7.0%
Projected Salary Increases *	Varies by age and service	Varies by age and service	Varies by age and service
* Includes Inflation at	3.00%	3.00%	3.00%
Cost-of-Living Adjustments	2.1%	2.1%	2.1%

Funded Status and Funding Progress – In June 2011, SB 350 was enacted by the Texas Legislature resulting in a restructure of the TMRS funds. This legislation provided for the actuarial valuation to be completed, as if restructuring had occurred on December 31, 2010. In addition, the actuarial assumptions were updated for the new fund structure, based on an actuarial experience study that was adopted by the TMRS Board at their May 2011 meeting (the review compared actual to expected

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

experience for the four-year period of January 1, 2006 through December 31, 2009). For a complete description of the combined impact of the legislation and new actuarial assumptions, including the effects on TMRS city rates and funding ratios, please see the December 31, 2010 TMRS Comprehensive Annual Financial Report (CAFR).

The funded status as of December 31, 2011, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date*	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll (Calendar Year)	UAAL as a Percentage of Covered Payroll
12/31/2009	\$ 97,331,034	\$ 148,904,236	\$51,573,202	65.4%	\$ 41,515,345	124.2%
12/31/2010	145,688,745	190,548,951	44,860,206	76.5%	40,662,340	110.3%
12/31/2011	159,366,251	203,122,476	43,756,225	78.5%	41,553,358	105.3%

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

E. Other Post Employment Benefits

In addition to the pension benefits described in Note V.D., as required by state laws and defined by City policy, the City makes available postretirement medical, dental, vision, drug and life insurance benefits to all employees who meet TMRS retirement qualifications, retire from the City and who enroll themselves and their eligible dependent(s) on or before the effective date of their retirement through the City's single-employer defined benefit other post-employment benefit (OPEB) plan. The life insurance plan provides a \$10,000 fully insured death benefit coverage upon retirement which ceases upon attainment of age 65 for retirees. So long as monthly premium payments are made, the healthcare plan provides lifetime insurance to eligible retirees, their spouses and dependents through the City's group health insurance plan, which covers both active and retired members. Benefit provisions as well as retiree premium contributions are established by management.

The City determines the employer and participant contribution rates annually based on recommendations of City staff and the City's consultant. All medical, dental, vision and drug care benefits are provided through the City's self-insured health plan. The benefit levels are the same as those afforded to active employees. Life insurance for eligible retirees is paid entirely by the City.

During fiscal year 2012, twenty-nine former employees were covered under this arrangement, with claims totaling \$141,585.

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost is based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with the parameters of GASB Statement 45. Despite the apparent implications of the term ARC, the City is not required to contribute the ARC to the plan each year. Instead, the ARC provides a basis for evaluating whether the City's contributions for OPEB are adequate to fund the benefits during the working lifetime of current employees (i.e., the normal cost) and to amortize existing unfunded obligations (i.e., the obligations for current retirees plus that portion of the current employees' obligations that are attributed to past service) in a systematic manner over the amortization period prescribed by GASB.

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

The annual OPEB cost is the annual accounting expense recorded on the City's Statement of Revenues, Expenses and Changes in Net Assets and on the City's Statement of Activities. The annual OPEB cost is equal to (1) the ARC for the current fiscal year, plus (2) interest on the Net OPEB Obligation at the beginning of the year, reduced by (3) an adjustment to the ARC which is equal to an amortization of the beginning of the year Net OPEB Obligation. As described in note V.C, the City terminated its Borrowed Employee Agreement with BVSWMA, Inc. Therefore, the related OPEB obligation of \$134,385 was removed.

	2010	2011	2012
Annual required contribution (ARC)	\$ 2,438,554	\$ 1,850,510	\$ 1,360,907
Interest on net pension obligation	131,799	211,750	276,044
Adjustment to the ARC	(150,551)	(262,374)	(342,039)
Annual OPEB cost	2,419,802	1,799,886	1,294,912
Contributions made	(381,459)	(513,998)	(141,585)
Increase in net pension obligation	2,038,343	1,285,888	1,153,327
Net OPEB obligation, beginning of year	2,196,647	4,234,990	5,520,878
Net OPEB obligation, end of year	<u>\$ 4,234,990</u>	<u>\$ 5,520,878</u>	<u>\$ 6,674,205</u>

Three-Year Trend Information

Accounting Year Ending	Annual OPEB Cost	Actual Contribution Made	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2010	\$ 2,419,802	\$ 381,459	15.76%	\$4,234,990
9/30/2011	1,799,886	513,998	28.56%	5,520,878
9/30/2012	1,294,912	141,585	10.93%	6,674,205

Generally, the Net OPEB Obligation is the cumulative difference since the effective date of GASB 45 between the annual OPEB cost and the employer's contributions to the plan including the OPEB liability (asset) at transition, if any. Because the City did not have an OPEB liability/(asset) at transition, the Net OPEB Obligation as of October 1, 2008 is zero. Whenever the City contributes an amount less than the annual OPEB cost, this shortfall will increase the City's Net OPEB Obligation.

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. GASB No. 45 calculations

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan participants to that point. In addition, the projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan participants in the future.

Actuarial calculations reflect a long-term perspective. In addition, consistent with that perspective, actuarial methods and assumptions used in developing the amounts in this report include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities.

The required contribution rates were determined as part of the October 1, 2010 actuarial valuation. Significant methods and assumptions follow:

Actuarial valuation date	<u>10/1/2010</u>
Asset Valuation Method:	Market
Actuarial Cost Method:	Projected Unit Credit
Actuarial Assumptions:	
Annual Investment Return Assumption*	5.0%
*Includes Inflation at:	4.00%
Projected Salary Increases	N/A
	8.00% in FYE 2011
	8.50% in FYE 2012
Annual Healthcare Trend Rates:	declining to 5.00% in
	FYE 2019
Amortization Method:	Level dollar
Amortization Period:	30 year open period

Funding Status and Funding Progress

The Schedule of Funding Progress presents information as of the current valuation date and the two preceding valuation dates. As of the date of this financial statement, the City has had two valuations, that for the fiscal year beginning October 1, 2008, and one for the fiscal year beginning October 1, 2010.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll (Fiscal Year)	UAAL as a Percentage of Covered Payroll
10/1/2008	-	\$ 15,244,888	\$ 15,244,888	0.0%	\$ 41,019,952	37.16%
10/1/2010	-	13,868,768	13,868,768	0.0%	43,000,000	32.25%
10/1/2010	-	9,356,116	9,356,116	0.0%	43,000,000	21.76%

There are factors that affect the ability to compare amounts reported from one actuarial valuation date to the next. The assumptions that have been changed since the previous valuation are:

- the Discount Rate has been updated to reflect changes in the allocation of assets of the employer and the expected return on such assets;
- the Assumed Per Capita Health Benefit Costs and Assumed Expenses for retirees and dependents have been updated to reflect changes in claims and expense expectations; and

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

- the Health Benefit Cost Trend and Expense Trend have been updated to reflect changes in short-term expectations of the annual rate of increase of the Assumed Per Capita Health Benefit Costs.

Two separate valuations, each of which used the October 1, 2010 valuation date, were used to develop results for the fiscal years ending September 30, 2011 and September 30, 2012. The plan was changed effective January 1, 2012 to eliminate post-65 medical coverage and was changed effective January 1, 2013 to eliminate one of the PPO benefit options. While the plan typically undergoes a biennial valuation, pursuant to paragraph 12 of GASB 45, a new valuation must be performed if there are significant changes to the plan since the previous valuation. For the fiscal year ending September 30, 2012, a new actuarial valuation incorporating these changes to the plan provisions was performed using October 1, 2010 valuation date.

F. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code ("IRC") 457. The plan, as amended, is available to all employees and permits them to defer a portion of their salary until future years. The plan funds are not available to employees until termination, retirement, death, or emergency.

All amounts of compensation deferred under the plan (until paid or made available to the employee or other beneficiary) were placed in trust for the exclusive benefit of the participants and the beneficiaries. This action is in accordance with changes made to IRC Section 457. The City is not the 457 Plan Administrator or trustee and the assets of the plan are not reportable in the City's basic financial statements.

G. Commitments and Contingencies

Construction Commitments

The City has contractual commitments of \$2,219,654 in the Capital Projects Funds, \$3,556,652 in the Water Fund, \$6,507,126 in the Wastewater Fund and \$1,723,527 in the Electric Fund. These commitments are for construction of various projects and will be funded primarily from long term debt.

Contingencies

The City participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

Litigation

The City is a party to legal proceedings, many of which occur in the normal course of operations. It is not possible at the present time to estimate the ultimate outcome or liability, if any, of the city with respect to the various proceedings. Management believes any unfavorable outcomes would not be material.

Notes to the Financial Statements
 For the Fiscal Year Ended September 30, 2012

H. Bonds Available for Sale

Authorized general obligation bonds available for future issue are as follows:

	Year <u>Authorized</u>	Unissued <u>Amount</u>
Public Buildings	1984	\$ 700,000 (1)
Street Improvements	1984	500,000 (1)
Municipal Complex Improvements	2003	3,655,000
Library Expansion	2008	8,385,000
Parks and Recreation	2008	8,950,000
Street Improvements	2008	29,425,000
Traffic Signals	2008	3,000,000
Total		<u>\$ 54,615,000</u>

(1) Contains projects which may have been completed or abandoned; therefore, these Bonds are not likely to ever be issued.

I. Revenue Bond Coverage

All the net revenues of the Electric, Water, and Wastewater Funds are pledged for the payment of debt service of the revenue bonds and other indebtedness payable from those revenues. Net revenues, as defined by the revenue bond resolutions, include substantially all of the revenues and expenses of the above named funds other than certain interest income and expense, and depreciation and amortization. These bond resolutions further require that the net revenues, as defined, equal at least 1.40 times the average annual debt service on all revenue bonds and other indebtedness payable from those revenues and 1.25 times the maximum annual debt service on all revenue bonds and other indebtedness payable from those revenues. The maximum annual debt service is defined as the maximum principal and interest payments to be paid in any one year remaining in the life of the bonds, and the average annual debt service is defined as the sum of all principal and interest payments due over the remaining life of the bonds divided by the remaining life of the bonds. The City is in compliance with these requirements.

J. Subsequent Events

In October 2012, the City Council approved an amendment of the City’s Comprehensive Plan to include the College Station Medical District Master Plan. Significant barriers to development include, but are not limited to, lack of basic infrastructure (potable water, fire flow, sanitary sewer, etc) and lack of transportation capacity (vehicular, pedestrian, etc) to meet the mobility needs in the area. The approved Master Plan identified a series of financial and management tools necessary to overcome or maximize the development potential of the area. A key tool identified in the Master Plan is the use of Tax Increment Reinvestment Zones (TIRZ). TIRZ are authorized under Chapter 311 of the Texas Tax Code for areas of the City that are undeveloped due to some inadequate or defective condition. An increment of new value is “captured” to pay for those remedies to inadequate or defective conditions. Tax revenues already in existence continue to go to the taxing entity. Once the TIRZ has met its term life, the total value then goes to all the taxing districts in the project area.

City Council approved the creation of two TIRZ in December 2012. TIRZ A includes development projects in the Rock Prairie Road area (East and West), extending Normand Drive, and other public works projects. It is projected that new development in this portion of the District will meet or exceed \$117 million over a twenty year period. TIRZ B encompasses the area east of the State Highway 6/Rock Prairie Road Bridge and includes most of the undeveloped properties within the District. It is projected that new development in this portion of the District will meet or exceed \$283 million over a twenty year period.

CITY OF COLLEGE STATION, TEXAS
Required Supplementary Information

Texas Municipal Retirement System
Schedule of Funding Progress
Last Ten Fiscal Years
(unaudited)

Actuarial Valuation Date*	Actuarial Value of Assets ** (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (Calendar Year) (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/2002	\$57,742,291	\$ 68,424,249	\$ 10,681,958	84.4%	\$ 27,784,120	38.4%
12/31/2003	63,223,606	80,476,343	17,252,737	78.6%	28,537,016	60.5%
12/31/2004	70,336,601	87,906,815	17,570,214	80.0%	30,978,906	56.7%
12/31/2005	75,655,678	94,605,300	18,949,622	80.0%	31,987,028	59.2%
12/31/2006	80,758,249	102,166,047	21,407,798	79.0%	34,143,239	62.7%
12/31/2007	87,193,697	130,310,054	43,116,357	66.9%	36,703,161	117.5%
12/31/2008	90,243,677	138,576,504	48,332,827	65.1%	40,337,456	119.8%
12/31/2009	97,331,034	148,904,236	51,573,202	65.4%	41,515,345	124.2%
12/31/2010	145,688,745	190,548,951	44,860,206	76.5%	40,662,340	110.3%
12/31/2011	159,366,251	203,122,476	43,756,225	78.5%	41,553,358	105.3%

*Assets are stated as of December 31 of the preceding year, the date of the actuarial valuation.

** Information is from appropriate year supplements to TMRS annual reports.

The Actuarial Accrued Liability (AAL), the Unfunded AAL (UAAL) and the covered calendar year payroll figures reported above represent the entire City of College Station workforce.

In June 2011, SB 350 was enacted by the Texas Legislature resulting in a restructure of the TMRS funds. This legislation provided for the actuarial valuation to be completed as if restructuring had occurred on December 31, 2010. In addition, the actuarial assumptions were updated for the new fund structure, based on an actuarial experience study that was adopted by the TMRS Board at their May 2011 meeting (the review compared actual to expected experience for the four year period of January 1, 2006 through December 31, 2009). For a complete description of the combined impact of the legislation and new actuarial assumptions, including the effects on TMRS city rates and funding ratios, please see the December 31, 2011 TMRS Comprehensive Annual Financial Report (CAFR).

CITY OF COLLEGE STATION, TEXAS
Required Supplementary Information

City of College Station Employees Other Post Employment Benefits Plan
Schedule of Funding Progress
Last Two Fiscal Years

(unaudited)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll (Fiscal Year)	UAAL as a Percentage of Covered Payroll
10/1/2008	-	\$ 15,244,888	\$ 15,244,888	0.0%	\$ 41,019,952	37.16%
10/1/2010	-	13,868,768	13,868,768	0.0%	43,000,000	32.25%
10/1/2010	-	9,356,116	9,356,116	0.0%	43,000,000	21.76%

Two separate valuations, each of which used October 1, 2010 valuation date, were used to develop results for the fiscal years ending September 30, 2011 and September 30, 2012.

The plan was changed effective January 1, 2012 to eliminate post-65 medical coverage and was changed effective January 1, 2013 to eliminate one of the PPO benefit options. While the plan typically undergoes a biennial valuation, pursuant to paragraph 12 of GASB 45, a new valuation must be performed if there are significant changes to the plan since the previous valuation. For the fiscal year ending September 30, 2012, a new actuarial valuation incorporating these changes to the plan provisions was performed using October 1, 2010 valuation date.

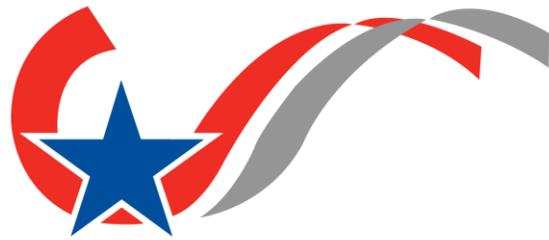
The Actuarial Accrued Liability (AAL), the Unfunded AAL (UAAL) and the covered fiscal payroll figures reported above represent the entire City of College Station workforce.

CITY OF COLLEGE STATION, TEXAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
General Fund(s)
For the Fiscal Year Ended September 30, 2012

	Original Budget	Final Budget	Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under)
Revenues						
Ad valorem taxes	\$ 13,627,371	\$ 13,627,371	\$ 13,477,878	\$ -	\$ 13,477,878	\$ (149,493)
Sales taxes	20,350,000	20,350,000	21,498,319	-	21,498,319	1,148,319
Mixed drink and franchise	2,422,300	2,422,300	2,551,014	-	2,551,014	128,714
Licenses and permits	968,866	968,866	1,496,424	-	1,496,424	527,558
Intergovernmental	241,305	254,657	520,948	-	520,948	266,291
Parks & recreation charges for services	80,500	80,500	81,283	-	81,283	783
Other charges for services	2,422,509	2,422,509	2,214,822	-	2,214,822	(207,687)
Fines, forfeits, and penalties	3,666,180	3,666,180	3,636,209	-	3,636,209	(29,971)
Investment income	93,228	93,228	88,684	3	88,687	(4,541)
Rents and royalties	564,410	564,410	686,729	(57,930)	628,799	64,389
Contributions	15,275	15,275	20,168	-	20,168	4,893
Other	206,600	206,600	287,796	-	287,796	81,196
Total revenues	44,658,544	44,671,896	46,560,274	(57,927)	46,502,347	1,830,451
Expenditures						
General government	4,152,657	4,390,992	4,189,987	-	4,189,987	(201,005)
Fiscal services	3,054,633	3,054,633	2,871,677	-	2,871,677	(182,956)
Police	14,974,044	15,473,288	15,465,837	(226)	15,465,611	(7,677)
Fire	13,555,824	13,559,281	12,578,396	-	12,578,396	(980,885)
Planning & development svcs	3,761,302	3,769,887	3,523,742	-	3,523,742	(246,145)
Public works	6,043,807	6,088,768	5,884,577	-	5,884,577	(204,191)
Capital improvement projects	804,573	804,573	788,032	-	788,032	(16,541)
Parks & recreation	5,044,666	5,052,590	4,329,869	-	4,329,869	(722,721)
Information technology	3,975,499	3,982,625	3,844,107	-	3,844,107	(138,518)
Library	1,071,654	1,074,423	1,072,551	-	1,072,551	(1,872)
Contributions	932,563	938,813	937,813	-	937,813	(1,000)
Other	424,024	424,024	183,530	(4,345)	179,185	(244,839)
Total expenditures	57,795,246	58,613,897	55,670,118	(4,571)	55,665,547	(2,948,350)
Excess (deficit) of revenues over (under) expenditures	(13,136,702)	(13,942,001)	(9,109,844)	(53,356)	(9,163,200)	4,778,801
Other financing sources (uses)						
Transfers in	15,990,775	15,990,775	15,539,293	(350,026)	15,189,267	(801,508)
Transfers out	(3,466,509)	(4,399,818)	(4,329,789)	(118,190)	(4,447,979)	(48,161)
Contingency	(271,098)	(212,140)	-	-	-	212,140
Total other financing sources (uses)	12,253,168	11,378,817	11,209,504	(468,216)	10,741,288	(637,529)
Net change in fund balance	(883,534)	(2,563,184)	2,099,660	(521,572)	1,578,088	4,141,272
Fund balance, October 1	14,393,033	14,393,033	14,393,033	-	14,393,033	-
Fund balance, September 30	\$ 13,509,499	\$ 11,829,849	\$ 16,492,693	\$ (521,572)	\$ 15,971,121	\$ 4,141,272

NOTE:

The City prepares its annual budget on a budget basis which differs from a GAAP basis. The budget and all transactions are presented in accordance with the budget basis in the Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual-General Fund to provide a relevant comparison of actual results with the budget. See notes III.A and B for further explanation of budget information.



CITY OF COLLEGE STATION
Home of Texas A&M University®

COMBINING FINANCIAL STATEMENTS General Fund(s)

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

The General Fund Type has historically incorporated several funds, which have been reported collectively as the General Fund in the City's Comprehensive Annual Financial Report.

For the fiscal year ending September 30, 2012, the General Fund includes:

General Fund

Economic Development Fund – accounts for funds used for business attraction and retention. Monies for this purpose are transferred to the Economic Development Fund from the General Fund, the Business Park Fund, and the Electric, Water, Wastewater and Sanitation Funds.

Unclaimed Property Fund – accounts for checks issued but not cashed. After the abandonment period of 1 year for payroll checks over \$100 and 3 years for accounts payable checks over \$100, these funds are sent to the State Comptroller.

Efficiency Time Payment Fund – accounts for unrestricted revenue collected by the Municipal Court pursuant to Texas Local Government Code, Section 133.103.

Chimney Hill Fund - account for the receipt and expenditure of funds by the City from the lease of retail property at the Chimney Hill Center.

Business Park Fund – originally used to account for the cost of street, water, and sewer improvements at the College Station Business Park, this fund transfers resources to the Economic Development Fund for business attraction and retention.

CITY OF COLLEGE STATION, TEXAS

Combining Balance Sheet

General Fund(s)

September 30, 2012

	General Fund	Economic Development	Unclaimed Property	Efficiency Time Payment	Chimney Hill	Business Park	Total General Fund (s)
Assets							
Cash and cash equivalents	\$12,445,437	\$ 847,572	\$ 100,264	\$ 42,700	\$ 1,557,513	\$ -	\$14,993,486
Investments	1,807,374	123,078	14,560	6,201	226,171	-	2,177,384
Receivables (net of all. for uncollectible)	3,975,133	-	-	-	24,239	-	3,999,372
Inventories	32,091	-	-	-	-	-	32,091
Prepaid costs	23,073	-	-	-	-	-	23,073
Restricted assets							
Cash and cash equivalents	-	-	-	-	12,696	-	12,696
Total assets	\$18,283,108	\$ 970,650	\$ 114,824	\$ 48,901	\$ 1,820,619	\$ -	\$21,238,102
Liabilities							
Accounts payable	\$ 1,738,167	\$ 9,943	\$ -	\$ -	\$ 2,154	\$ -	\$ 1,750,264
Accrued liabilities	889,661	-	114,824	-	12,724	-	1,017,209
Other deferred revenues	1,329,056	-	-	-	-	-	1,329,056
Interfund payable	-	240,000	-	-	-	-	240,000
Refundable deposits	20,345	-	-	-	12,696	-	33,041
Customer construction advances	375,839	-	-	-	-	-	375,839
Total liabilities	4,353,068	249,943	114,824	-	27,574	-	4,745,409
Fund balance							
Restricted	268,799	-	-	-	600,000	-	868,799
Assigned	427,934	-	-	-	9,045	-	436,979
Unassigned	13,233,307	720,707	-	48,901	1,184,000	-	15,186,915
Total fund balance	13,930,040	720,707	-	48,901	1,793,045	-	16,492,693
Total liabilities and fund balance	\$18,283,108	\$ 970,650	\$ 114,824	\$ 48,901	\$ 1,820,619	\$ -	\$21,238,102

CITY OF COLLEGE STATION, TEXAS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

General Fund(s)

For the Fiscal Year Ended September 30, 2012

	General Fund	Economic Development	Unclaimed Property	Efficiency Time Payment	Chimney Hill	Business Park	Total General Fund(s)
Revenues							
Ad valorem taxes	\$ 13,477,878	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,477,878
Sales taxes	21,498,319	-	-	-	-	-	21,498,319
Mixed drink and franchise	2,551,014	-	-	-	-	-	2,551,014
Licenses and permits	1,496,424	-	-	-	-	-	1,496,424
Intergovernmental	520,948	-	-	-	-	-	520,948
Parks & recreation charges for svcs	81,283	-	-	-	-	-	81,283
Other charges for services	2,214,822	-	-	-	-	-	2,214,822
Fines, forfeits, & penalties	3,628,694	-	-	7,515	-	-	3,636,209
Investment income	75,071	5,858	-	200	7,305	250	88,684
Rents & royalties	182,844	-	-	-	503,885	-	686,729
Contributions	20,168	-	-	-	-	-	20,168
Other	287,796	-	-	-	-	-	287,796
Total revenues	46,035,261	5,858	-	7,715	511,190	250	46,560,274
Expenditures							
Current							
General government	3,766,155	423,832	-	-	-	-	4,189,987
Fiscal services	2,871,677	-	-	-	-	-	2,871,677
Police	15,465,837	-	-	-	-	-	15,465,837
Fire	12,578,396	-	-	-	-	-	12,578,396
Planning and development services	3,523,742	-	-	-	-	-	3,523,742
Public works	5,867,599	-	-	-	16,978	-	5,884,577
Capital improvement projects	788,032	-	-	-	-	-	788,032
Parks & recreation	4,329,869	-	-	-	-	-	4,329,869
Information technology	3,844,107	-	-	-	-	-	3,844,107
Library	1,072,551	-	-	-	-	-	1,072,551
Contributions	937,813	-	-	-	-	-	937,813
Other	112,232	-	-	-	71,298	-	183,530
Total expenditures	55,158,010	423,832	-	-	88,276	-	55,670,118
Excess (deficit) of revenues over (under) expenditures	(9,122,749)	(417,974)	-	7,715	422,914	250	(9,109,844)
Other financing sources (uses)							
Reimbursed Administration Transfers							
Transfers in	15,278,277	261,016	-	-	-	-	15,539,293
Transfers out	(3,545,453)	(250,000)	-	-	(423,320)	(111,016)	(4,329,789)
Total other financing sources (uses)	11,732,824	11,016	-	-	(423,320)	(111,016)	11,209,504
Net change in fund balance	2,610,075	(406,958)	-	7,715	(406)	(110,766)	2,099,660
Fund balance, October 1	11,319,965	1,127,665	-	41,186	1,793,451	110,766	14,393,033
Fund balance, September 30	\$ 13,930,040	\$ 720,707	\$ -	\$ 48,901	\$ 1,793,045	\$ -	\$ 16,492,693

CITY OF COLLEGE STATION, TEXAS

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

General Fund (reported as part of the General Fund(s))

For the Fiscal Year Ended September 30, 2012

	Original Budget	Final Budget	Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under)
Revenues						
Ad valorem taxes	\$ 13,627,371	\$ 13,627,371	\$ 13,477,878	\$ -	\$ 13,477,878	\$ (149,493)
Sales taxes	20,350,000	20,350,000	21,498,319	-	21,498,319	1,148,319
Mixed drink and franchise	2,422,300	2,422,300	2,551,014	-	2,551,014	128,714
Licenses and permits	968,866	968,866	1,496,424	-	1,496,424	527,558
Intergovernmental	241,305	254,657	520,948	-	520,948	266,291
Parks and recreation charges for services	80,500	80,500	81,283	-	81,283	783
Other charges for services	2,422,509	2,422,509	2,214,822	-	2,214,822	(207,687)
Fines, forfeits, and penalties	3,658,430	3,658,430	3,628,694	-	3,628,694	(29,736)
Investment income	67,016	67,016	75,071	-	75,071	8,055
Rents and royalties	140,520	140,520	182,844	-	182,844	42,324
Contributions	15,275	15,275	20,168	-	20,168	4,893
Other	206,600	206,600	287,796	-	287,796	81,196
Total revenues	44,200,692	44,214,044	46,035,261	-	46,035,261	1,821,217
Expenditures						
General government	3,674,203	3,838,190	3,766,155	-	3,766,155	(72,035)
Fiscal services	3,054,633	3,054,633	2,871,677	-	2,871,677	(182,956)
Police	14,974,044	15,473,288	15,465,837	(226)	15,465,611	(7,677)
Fire	13,555,824	13,559,281	12,578,396	-	12,578,396	(980,885)
Planning and development services	3,761,302	3,769,887	3,523,742	-	3,523,742	(246,145)
Public works	6,019,307	6,064,268	5,867,599	-	5,867,599	(196,669)
Capital improvement projects	804,573	804,573	788,032	-	788,032	(16,541)
Parks & recreation	5,044,666	5,052,590	4,329,869	-	4,329,869	(722,721)
Information technology	3,975,499	3,982,625	3,844,107	-	3,844,107	(138,518)
Library	1,071,654	1,074,423	1,072,551	-	1,072,551	(1,872)
Contributions	932,563	938,813	937,813	-	937,813	(1,000)
Other	323,524	323,524	112,232	(13,345)	98,887	(224,637)
Total expenditures	57,191,792	57,936,095	55,158,010	(13,571)	55,144,439	(2,791,656)
Excess (deficit) of revenues over (under) expenditures	(12,991,100)	(13,722,051)	(9,122,749)	13,571	(9,109,178)	4,612,873
Other financing sources (uses)						
Transfers in	15,728,625	15,728,625	15,278,277	(350,026)	14,928,251	(800,374)
Transfers out	(3,104,359)	(3,614,348)	(3,545,453)	(118,190)	(3,663,643)	(49,295)
Contingency	(271,098)	(212,140)	-	-	-	212,140
Total other financing sources (uses)	12,353,168	11,902,137	11,732,824	(468,216)	11,264,608	(637,529)
Net change in fund balance	(637,932)	(1,819,914)	2,610,075	(454,645)	2,155,430	3,975,344
Fund balance, October 1	11,319,965	11,319,965	11,319,965	-	11,319,965	-
Fund balance, September 30	\$ 10,682,033	\$ 9,500,051	\$ 13,930,040	\$ (454,645)	\$ 13,475,395	\$ 3,975,344

CITY OF COLLEGE STATION, TEXAS

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

Economic Development Fund (reported as part of the General Fund(s))

For the Fiscal Year Ended September 30, 2012

	Original Budget	Final Budget	Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under)
Revenues						
Investment income	\$ 16,000	\$ 16,000	\$ 5,858	\$ -	\$ 5,858	\$ (10,142)
Total revenues	<u>16,000</u>	<u>16,000</u>	<u>5,858</u>	<u>-</u>	<u>5,858</u>	<u>(10,142)</u>
Expenditures						
General government	478,454	552,802	423,832	-	423,832	(128,970)
Total expenditures	<u>478,454</u>	<u>552,802</u>	<u>423,832</u>	<u>-</u>	<u>423,832</u>	<u>(128,970)</u>
Excess (deficit) of revenues over (under) expenditures	<u>(462,454)</u>	<u>(536,802)</u>	<u>(417,974)</u>	<u>-</u>	<u>(417,974)</u>	<u>118,828</u>
Other financing sources (uses)						
Transfers in	262,150	262,150	261,016	-	261,016	(1,134)
Transfers out	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>	<u>(250,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>12,150</u>	<u>12,150</u>	<u>11,016</u>	<u>-</u>	<u>11,016</u>	<u>(1,134)</u>
Net change in fund balance	<u>(450,304)</u>	<u>(524,652)</u>	<u>(406,958)</u>	<u>-</u>	<u>(406,958)</u>	<u>117,694</u>
Fund balance, October 1	<u>1,127,665</u>	<u>1,127,665</u>	<u>1,127,665</u>	<u>-</u>	<u>1,127,665</u>	<u>-</u>
Fund balance, September 30	<u><u>\$ 677,361</u></u>	<u><u>\$ 603,013</u></u>	<u><u>\$ 720,707</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 720,707</u></u>	<u><u>\$ 117,694</u></u>

CITY OF COLLEGE STATION, TEXAS

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

Efficiency Time Payment Fund (reported as part of the General Fund(s))

For the Fiscal Year Ended September 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	<u>Adjustments Budget Basis</u>	<u>Actual Budget Basis</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues						
Fines, forfeits, and penalties	\$ 7,750	\$ 7,750	\$ 7,515	\$ -	\$ 7,515	\$ (235)
Investment income	212	212	200	-	200	(12)
Other	-	-	-	-	-	-
Total revenues	<u>7,962</u>	<u>7,962</u>	<u>7,715</u>	<u>-</u>	<u>7,715</u>	<u>(247)</u>
Expenditures						
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficit) of revenues over (under) expenditures	<u>7,962</u>	<u>7,962</u>	<u>7,715</u>	<u>-</u>	<u>7,715</u>	<u>(247)</u>
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	7,962	7,962	7,715	-	7,715	(247)
Fund balance, October 1	41,186	41,186	41,186	-	41,186	-
Fund balance, September 30	<u>\$ 49,148</u>	<u>\$ 49,148</u>	<u>\$ 48,901</u>	<u>\$ -</u>	<u>\$ 48,901</u>	<u>\$ (247)</u>

CITY OF COLLEGE STATION, TEXAS

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

Chimney Hill Fund (reported as part of the General Fund(s))

For the Fiscal Year Ended September 30, 2012

	Original Budget	Final Budget	Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under)
Revenues						
Investment income	\$ 9,000	\$ 9,000	\$ 7,305	\$ -	\$ 7,305	\$ (1,695)
Rents and royalties	423,890	423,890	503,885	(57,930)	445,955	22,065
Total revenues	<u>432,890</u>	<u>432,890</u>	<u>511,190</u>	<u>(57,930)</u>	<u>453,260</u>	<u>20,370</u>
Expenditures						
Public works	24,500	24,500	16,978	-	16,978	(7,522)
Other	100,500	100,500	71,298	9,000	80,298	(20,202)
Total expenditures	<u>125,000</u>	<u>125,000</u>	<u>88,276</u>	<u>9,000</u>	<u>97,276</u>	<u>(27,724)</u>
Excess (deficit) of revenues over (under) expenditures	<u>307,890</u>	<u>307,890</u>	<u>422,914</u>	<u>(66,930)</u>	<u>355,984</u>	<u>48,094</u>
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	(423,320)	(423,320)	-	(423,320)	-
Total other financing sources (uses)	<u>-</u>	<u>(423,320)</u>	<u>(423,320)</u>	<u>-</u>	<u>(423,320)</u>	<u>-</u>
Net change in fund balance	307,890	(115,430)	(406)	(66,930)	(67,336)	48,094
Fund balance, October 1	1,793,451	1,793,451	1,793,451	-	1,793,451	-
Fund balance, September 30	<u>\$ 2,101,341</u>	<u>\$ 1,678,021</u>	<u>\$ 1,793,045</u>	<u>\$ (66,930)</u>	<u>\$ 1,726,115</u>	<u>\$ 48,094</u>

CITY OF COLLEGE STATION, TEXAS

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual

Business Park Fund (reported as part of the General Fund(s))

For the Fiscal Year Ended September 30, 2012

	Original Budget	Final Budget	Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under)
Revenues						
Investment income	\$ 1,000	\$ 1,000	\$ 250	\$ 3	\$ 253	\$ (747)
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>250</u>	<u>3</u>	<u>253</u>	<u>(747)</u>
Expenditures						
Total expenditures	-	-	-	-	-	-
Excess (deficit) of revenues over (under) expenditures	<u>1,000</u>	<u>1,000</u>	<u>250</u>	<u>3</u>	<u>253</u>	<u>(747)</u>
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	(112,150)	(112,150)	(111,016)	-	(111,016)	1,134
Total other financing sources (uses)	<u>(112,150)</u>	<u>(112,150)</u>	<u>(111,016)</u>	<u>-</u>	<u>(111,016)</u>	<u>1,134</u>
Net change in fund balance	(111,150)	(111,150)	(110,766)	3	(110,763)	387
Fund balance, October 1	110,766	110,766	110,766	-	110,766	-
Fund balance, September 30	<u>\$ (384)</u>	<u>\$ (384)</u>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ 3</u>	<u>\$ 387</u>

COMBINING FINANCIAL STATEMENTS NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted or committed to expenditures for particular purposes other than debt service or capital projects.

Court Technology Fee Fund – account for funds collected by municipal court to be used to finance the purchase of or to maintain technological enhancements for a municipal court.

Court Security Fee Fund - account for funds collected by municipal court used to finance security personnel for a municipal court or to finance items when used for the purpose of providing security services.

Juvenile Case Manager Fund – account for funds collected by municipal court used to finance the salary and benefits of a juvenile case manager.

Police Seizure Fund – account for funds obtained through forfeiture provisions under federal laws; seized money from delivery of controlled substance in accordance with Public Health Laws. These monies are to be used for training and other law enforcement activities.

American Recovery and Reinvestment Act (ARRA) Fund – account for funds granted to the City under the ARRA.

Traffic Safety Fund – account for the receipt and expenditure of funds from the operation of red light cameras.

Memorial Cemetery Fund – account for sales of plots (and options of plots) in the Aggie Field of Honor & Municipal Cemetery.

Memorial Cemetery Endowment Fund – account for principal trust amounts received and related interest income for the College Station Memorial Cemetery.

Texas Ave. Cemetery Endowment Fund – to account for principal trust amounts received and related interest income for the College Station Cemetery.

Hotel Tax Fund – account for the receipt and expenditure of funds received by the City from the assessment of hotel and motel occupancy tax. Usage of funds is restricted to the construction and maintenance of convention and civic facilities and to the promotion of tourism and arts within the City.

Community Development Fund – account for funds granted to the City by the Federal Department of Housing and Urban Development for use on various community improvement projects.

Wolf Pen Creek Tax Increment Financing District Fund – account for the receipt and expenditure of funds received by the City from the creation of a tax increment financing district for the Wolf Pen Creek area.

Parks Escrow Fund – account for the receipt and expenditure of funds received by the City from residential land developers, who dedicate land, or money in lieu of land, for use in the development of community and neighborhood parks in residential areas.

Sidewalk Zones- account for the receipt and expenditure of funds received by the City from residential land developers, who dedicate land, or money in lieu of land, for use in the development of community and neighborhood sidewalks.

Drainage Projects Fund – to account for the cost of drainage maintenance and drainage improvements made with funds provided by a drainage utility fee and proceeds from the sale of general obligation bonds.

Recreation Fund- is designed to help the city identify costs and revenues associated with sports, concessions, Senior/Teen Centers, and instruction programs. Ultimately, the fund will help identify how much the General Fund is subsidizing adult and youth programs.

CAPITAL PROJECTS FUNDS

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

General Government Projects Fund – to account for the cost of new building construction and building improvements made with funds provided by proceeds from the sale of general obligation bonds, certificates of obligation and by investing those proceeds.

Parks & Recreation Projects Fund – to account for the costs of new parks and improvements to existing parks made with funds provided from the sale of general obligation bonds, certificates of obligation and by investing those proceeds.

CITY OF COLLEGE STATION, TEXAS

Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2012

	Special Revenue							
	Court Technology Fee	Court Security Fee	Juvenile Case Manager	Police Seizure	American Recovery & Reinvestment Act (ARRA)	Traffic Safety	Memorial Cemetery	Memorial Cemetery Endowment
Assets								
Cash and cash equivalents	\$ 358,794	\$ 78,102	\$ 285,144	\$ 82,126	\$ 51,603	\$ -	\$ 1,148,482	\$ 472,331
Investments	52,102	11,342	41,407	11,926	7,493	-	166,774	68,589
Receivables (net of all. for uncollectible)	-	-	-	-	-	-	31,517	15,523
Inventories	-	-	-	-	-	-	4,651,977	2,291,272
Total assets	<u>\$ 410,896</u>	<u>\$ 89,444</u>	<u>\$ 326,551</u>	<u>\$ 94,052</u>	<u>\$ 59,096</u>	<u>\$ -</u>	<u>\$ 5,998,750</u>	<u>\$ 2,847,715</u>
Liabilities								
Accounts payable	\$ -	\$ 10	\$ -	\$ 2,026	\$ 58,755	\$ -	\$ -	\$ -
Accrued liabilities	-	1,305	1,828	-	-	-	-	-
Other deferred revenues	-	-	-	-	345	-	31,517	15,523
Retainage payable	-	-	-	-	-	-	-	-
Refundable deposits	-	-	-	-	-	-	400	-
Total liabilities	<u>-</u>	<u>1,315</u>	<u>1,828</u>	<u>2,026</u>	<u>59,100</u>	<u>-</u>	<u>31,917</u>	<u>15,523</u>
Fund balance								
Nonspendable	-	-	-	-	-	-	4,651,978	2,291,272
Restricted	410,896	88,129	324,723	92,026	(4)	-	-	-
Committed	-	-	-	-	-	-	1,314,855	540,920
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balance	<u>410,896</u>	<u>88,129</u>	<u>324,723</u>	<u>92,026</u>	<u>(4)</u>	<u>-</u>	<u>5,966,833</u>	<u>2,832,192</u>
Total liabilities and fund balance	<u>\$ 410,896</u>	<u>\$ 89,444</u>	<u>\$ 326,551</u>	<u>\$ 94,052</u>	<u>\$ 59,096</u>	<u>\$ -</u>	<u>\$ 5,998,750</u>	<u>\$ 2,847,715</u>

								Capital Projects		
Texas Ave Cemetery Endowment	Hotel Tax	Community Development	Wolf Pen Creek Tax Incremental Financing District	Parks Escrow	Sidewalk Zones	Drainage Projects	Recreation	General Government Projects	Parks & Recreation Projects	Total Other Governmental Funds
\$ 1,540,076	\$ 3,911,733	\$ 491,425	\$ 2,297,296	\$ 2,826,786	\$ 42,729	\$ 2,715,792	\$ 60,390	\$ 3,272,670	\$ 985,159	\$ 20,620,638
223,639	568,035	71,361	333,597	410,485	6,205	394,368	8,769	475,234	143,058	2,994,384
903	-	1,073,290	-	-	-	222,103	8,257	-	-	1,351,593
239	-	117,686	-	-	-	-	-	-	-	7,061,174
<u>\$ 1,764,857</u>	<u>\$ 4,479,768</u>	<u>\$ 1,753,762</u>	<u>\$ 2,630,893</u>	<u>\$ 3,237,271</u>	<u>\$ 48,934</u>	<u>\$ 3,332,263</u>	<u>\$ 77,416</u>	<u>\$ 3,747,904</u>	<u>\$ 1,128,217</u>	<u>\$ 32,027,789</u>
\$ 1,375	\$ 29,414	\$ 93,555	\$ 202,272	\$ 57,239	\$ -	\$ 115,238	\$ 41,444	\$ 540,446	\$ 105,282	\$ 1,247,056
-	-	3,612	-	-	-	12,512	28,974	-	-	48,231
903	-	7,854	-	-	-	-	1,822	-	-	57,964
-	-	15,341	12,996	4,815	-	-	-	271,574	31,875	336,601
-	-	-	-	-	-	-	5,175	-	-	5,575
<u>2,278</u>	<u>29,414</u>	<u>120,362</u>	<u>215,268</u>	<u>62,054</u>	<u>-</u>	<u>127,750</u>	<u>77,415</u>	<u>812,020</u>	<u>137,157</u>	<u>1,695,427</u>
-	-	-	-	-	-	-	-	-	-	6,943,250
-	4,450,354	1,633,400	2,415,625	3,175,217	48,934	3,204,513	1	2,935,884	991,060	19,770,758
1,762,579	-	-	-	-	-	-	-	-	-	3,618,354
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
<u>1,762,579</u>	<u>4,450,354</u>	<u>1,633,400</u>	<u>2,415,625</u>	<u>3,175,217</u>	<u>48,934</u>	<u>3,204,513</u>	<u>1</u>	<u>2,935,884</u>	<u>991,060</u>	<u>30,332,362</u>
<u>\$ 1,764,857</u>	<u>\$ 4,479,768</u>	<u>\$ 1,753,762</u>	<u>\$ 2,630,893</u>	<u>\$ 3,237,271</u>	<u>\$ 48,934</u>	<u>\$ 3,332,263</u>	<u>\$ 77,416</u>	<u>\$ 3,747,904</u>	<u>\$ 1,128,217</u>	<u>\$ 32,027,789</u>

CITY OF COLLEGE STATION, TEXAS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

Nonmajor Governmental Funds

For the Fiscal Year Ended September 30, 2012

	Special Revenue							
	Court Technology Fee	Court Security Fee	Juvenile Case Manager	Police Seizure	American Recovery and Reinvestment Act (ARRA)	Traffic Safety	Memorial Cemetery	Memorial Cemetery Endowment
Revenues								
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	46,720	243,860	-	-	-
Charges for services	-	-	-	-	-	-	277,121	133,022
Fines, forfeits, & penalties	100,676	59,955	99,637	-	-	-	-	-
Investment income	1,718	423	1,448	316	(829)	340	5,159	2,070
Rents and royalties	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-
Other	-	-	-	11,975	(1,231)	-	-	-
Total revenues	<u>102,394</u>	<u>60,378</u>	<u>101,085</u>	<u>59,011</u>	<u>241,800</u>	<u>340</u>	<u>282,280</u>	<u>135,092</u>
Expenditures								
Current								
General government	-	-	-	-	27,980	-	-	-
Fiscal services	69,226	65,798	94,564	-	-	-	-	-
Police	-	-	-	30,138	25,309	-	-	-
Planning & development services	-	-	-	-	48,481	-	-	-
Public works	-	-	-	-	455,882	28,218	-	-
Parks & recreation	-	-	-	-	54,786	-	-	1,672
Contributions	-	-	-	-	-	-	-	-
Other	-	-	-	-	57,498	54,810	206,714	100,337
Capital outlay	-	-	-	-	178,158	-	-	-
Total expenditures	<u>69,226</u>	<u>65,798</u>	<u>94,564</u>	<u>30,138</u>	<u>848,094</u>	<u>83,028</u>	<u>206,714</u>	<u>102,009</u>
Excess(deficit) of revenues over (under) expenditures	<u>33,168</u>	<u>(5,420)</u>	<u>6,521</u>	<u>28,873</u>	<u>(606,294)</u>	<u>(82,688)</u>	<u>75,566</u>	<u>33,083</u>
Other financing sources (uses)								
Issuance of debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	623,543	-	-	-
Transfers out	-	-	-	-	(17,253)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>606,290</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	33,168	(5,420)	6,521	28,873	(4)	(82,688)	75,566	33,083
Fund balance, October 1	377,728	93,549	318,202	63,153	-	82,688	5,891,267	2,799,109
Fund balance, September 30	<u>\$ 410,896</u>	<u>\$ 88,129</u>	<u>\$ 324,723</u>	<u>\$ 92,026</u>	<u>\$ (4)</u>	<u>\$ -</u>	<u>\$ 5,966,833</u>	<u>\$ 2,832,192</u>

Texas Ave Cemetery Endowment								Capital Projects		Total Other Governmental Funds
	Hotel Tax	Community Development	Wolf Pen Creek Tax Increment Financing	Parks Escrow	Sidewalk Zones	Drainage Utility	Recreation	General Government Projects	Parks Projects	
\$ -	\$ 3,643,887	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,643,887
-	-	-	-	-	-	-	565	-	-	565
-	-	1,586,651	-	-	-	13,473	6,697	-	-	1,897,401
45,454	-	-	-	-	-	1,951,924	901,422	-	-	3,308,943
-	-	-	-	-	-	-	-	-	-	260,268
7,714	18,622	-	13,591	12,500	217	13,115	846	30,963	7,121	115,334
(662)	-	-	-	-	-	-	166,671	-	-	166,009
1,000	-	-	-	1,217,580	-	-	6,225	-	-	1,224,805
-	250	2,054	-	18	-	23	17,712	186	90,204	121,191
<u>53,506</u>	<u>3,662,759</u>	<u>1,588,705</u>	<u>13,591</u>	<u>1,230,098</u>	<u>217</u>	<u>1,978,535</u>	<u>1,100,138</u>	<u>31,149</u>	<u>97,325</u>	<u>10,738,403</u>
-	2,012	(117,429)	-	-	-	-	-	-	-	(87,437)
-	-	-	-	-	-	454	-	-	-	230,042
-	-	-	-	-	-	-	-	-	-	55,447
-	-	1,049,911	-	-	-	76,615	-	-	-	1,175,007
-	-	-	-	-	-	974,415	-	-	-	1,458,515
44	96,352	-	-	-	-	-	3,648,690	-	-	3,801,544
-	1,498,007	-	-	-	-	-	-	-	-	1,498,007
48	1,030	-	570,784	120,668	-	85,418	-	-	380	1,197,687
-	97,500	330,865	284,173	164,931	-	152,236	-	6,263,263	1,103,135	8,574,261
<u>92</u>	<u>1,694,901</u>	<u>1,263,347</u>	<u>854,957</u>	<u>285,599</u>	<u>-</u>	<u>1,289,138</u>	<u>3,648,690</u>	<u>6,263,263</u>	<u>1,103,515</u>	<u>17,903,073</u>
<u>53,414</u>	<u>1,967,858</u>	<u>325,358</u>	<u>(841,366)</u>	<u>944,499</u>	<u>217</u>	<u>689,397</u>	<u>(2,548,552)</u>	<u>(6,232,114)</u>	<u>(1,006,190)</u>	<u>(7,164,670)</u>
-	-	-	-	-	-	-	-	-	175,380	175,380
-	-	5,638	-	-	-	49,983	2,719,612	164,870	950	3,564,596
-	(2,712,097)	(221,832)	-	(26,373)	-	(415,317)	(171,059)	(1,079,487)	(43,029)	(4,686,447)
-	(2,712,097)	(216,194)	-	(26,373)	-	(365,334)	2,548,553	(914,617)	133,301	(946,471)
53,414	(744,239)	109,164	(841,366)	918,126	217	324,063	1	(7,146,731)	(872,889)	(8,111,141)
1,709,165	5,194,593	1,524,236	3,256,991	2,257,091	48,717	2,880,450	-	10,082,615	1,863,949	38,443,503
<u>\$ 1,762,579</u>	<u>\$ 4,450,354</u>	<u>\$ 1,633,400</u>	<u>\$ 2,415,625</u>	<u>\$ 3,175,217</u>	<u>\$ 48,934</u>	<u>\$ 3,204,513</u>	<u>\$ 1</u>	<u>\$ 2,935,884</u>	<u>\$ 991,060</u>	<u>\$ 30,332,362</u>

CITY OF COLLEGE STATION, TEXAS

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

Court Technology Fee Fund

For the Fiscal Year Ended September 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	<u>Adjustments Budget Basis</u>	<u>Actual Budget Basis</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues						
Fines, forfeits, and penalties	\$ 100,000	\$ 100,000	\$ 100,676	\$ -	\$ 100,676	\$ 676
Investment income	1,750	1,750	1,718	-	1,718	(32)
Total revenues	<u>101,750</u>	<u>101,750</u>	<u>102,394</u>	<u>-</u>	<u>102,394</u>	<u>644</u>
Expenditures						
Fiscal services	133,880	133,880	69,226	-	69,226	(64,654)
Total expenditures	<u>133,880</u>	<u>133,880</u>	<u>69,226</u>	<u>-</u>	<u>69,226</u>	<u>(64,654)</u>
Excess (deficit) of revenues over (under) expenditures	<u>(32,130)</u>	<u>(32,130)</u>	<u>33,168</u>	<u>-</u>	<u>33,168</u>	<u>65,298</u>
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(32,130)</u>	<u>(32,130)</u>	<u>33,168</u>	<u>-</u>	<u>33,168</u>	<u>65,298</u>
Fund balance, October 1	<u>377,728</u>	<u>377,728</u>	<u>377,728</u>	<u>-</u>	<u>377,728</u>	<u>-</u>
Fund balance, September 30	<u><u>\$ 345,598</u></u>	<u><u>\$ 345,598</u></u>	<u><u>\$ 410,896</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 410,896</u></u>	<u><u>\$ 65,298</u></u>

CITY OF COLLEGE STATION, TEXAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Court Security Fee Fund
For the Fiscal Year Ended September 30, 2012

	Original Budget	Final Budget	Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under)
Revenues						
Fines, forfeits, and penalties	\$ 58,000	\$ 58,000	\$ 59,955	\$ -	\$ 59,955	\$ 1,955
Investment income	750	750	423	-	423	(327)
Total revenues	58,750	58,750	60,378	-	60,378	1,628
Expenditures						
Fiscal services	65,040	65,040	65,798	-	65,798	758
Total expenditures	65,040	65,040	65,798	-	65,798	758
Excess (deficit) of revenues over (under) expenditures	(6,290)	(6,290)	(5,420)	-	(5,420)	870
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balance	(6,290)	(6,290)	(5,420)	-	(5,420)	870
Fund balance, October 1	93,549	93,549	93,549	-	93,549	-
Fund balance, September 30	\$ 87,259	\$ 87,259	\$ 88,129	\$ -	\$ 88,129	\$ 870

CITY OF COLLEGE STATION, TEXAS

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

Juvenile Case Manager Fee Fund

For the Fiscal Year Ended September 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	<u>Adjustments Budget Basis</u>	<u>Actual Budget Basis</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues						
Fines, forfeits, and penalties	\$ 128,000	\$ 128,000	\$ 99,637	\$ -	\$ 99,637	\$ (28,363)
Investment income	1,689	1,689	1,448	-	1,448	(241)
Total revenues	<u>129,689</u>	<u>129,689</u>	<u>101,085</u>	<u>-</u>	<u>101,085</u>	<u>(28,604)</u>
Expenditures						
Fiscal services	97,900	97,900	94,564	-	94,564	(3,336)
Total expenditures	<u>97,900</u>	<u>97,900</u>	<u>94,564</u>	<u>-</u>	<u>94,564</u>	<u>(3,336)</u>
Excess (deficit) of revenues over (under) expenditures	<u>31,789</u>	<u>31,789</u>	<u>6,521</u>	<u>-</u>	<u>6,521</u>	<u>(25,268)</u>
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>31,789</u>	<u>31,789</u>	<u>6,521</u>	<u>-</u>	<u>6,521</u>	<u>(25,268)</u>
Fund balance, October 1	318,202	318,202	318,202	-	318,202	-
Fund balance, September 30	<u><u>\$ 349,991</u></u>	<u><u>\$ 349,991</u></u>	<u><u>\$ 324,723</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 324,723</u></u>	<u><u>\$ (25,268)</u></u>

CITY OF COLLEGE STATION, TEXAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Police Seizure Fund
For the Fiscal Year Ended September 30, 2012

	Original Budget	Final Budget	Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under)
Revenues						
Intergovernmental	\$ 20,000	\$ 20,000	\$ 46,720	\$ -	\$ 46,720	\$ 26,720
Investment income	525	525	316	-	316	(209)
Other	-	-	11,975	-	11,975	11,975
Total revenues	20,525	20,525	59,011	-	59,011	38,486
Expenditures						
Police	40,000	40,000	30,138	-	30,138	(9,862)
Total expenditures	40,000	40,000	30,138	-	30,138	(9,862)
Excess (deficit) of revenues over (under) expenditures	(19,475)	(19,475)	28,873	-	28,873	48,348
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balance	(19,475)	(19,475)	28,873	-	28,873	48,348
Fund balance, October 1	63,153	63,153	63,153	-	63,153	-
Fund balance, September 30	\$ 43,678	\$ 43,678	\$ 92,026	\$ -	\$ 92,026	\$ 48,348

CITY OF COLLEGE STATION, TEXAS

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

American Recovery and Reinvestment Act (ARRA) Fund

For the Fiscal Year Ended September 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	<u>Adjustments Budget Basis</u>	<u>Actual Budget Basis</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues						
Intergovernmental	\$ 65,000	\$ 176,138	\$ 243,860	\$ -	\$ 243,860	\$ 67,722
Investment income	250	250	(829)	740	(89)	(339)
Other	-	-	(1,231)	-	(1,231)	(1,231)
Total revenues	<u>65,250</u>	<u>176,388</u>	<u>241,800</u>	<u>740</u>	<u>242,540</u>	<u>66,152</u>
Expenditures						
General government	65,000	65,000	27,980	-	27,980	(37,020)
Police	-	25,516	25,309	207	25,516	-
Planning and development services	-	-	48,481	-	48,481	48,481
Public works	-	450,560	455,882	-	455,882	5,322
Parks & recreation	-	21,734	54,786	-	54,786	33,052
Other	-	299,821	235,656	(19)	235,637	(64,184)
Total expenditures	<u>65,000</u>	<u>862,631</u>	<u>848,094</u>	<u>188</u>	<u>848,282</u>	<u>(14,349)</u>
Excess (deficit) of revenues over (under) expenditures	<u>250</u>	<u>(686,243)</u>	<u>(606,294)</u>	<u>552</u>	<u>(605,742)</u>	<u>80,501</u>
Other financing sources (uses)						
Transfers in	-	621,733	623,543	(4,480)	619,063	(2,670)
Transfers out	-	-	(17,253)	17,253	-	-
Total other financing sources (uses)	<u>-</u>	<u>621,733</u>	<u>606,290</u>	<u>12,773</u>	<u>619,063</u>	<u>(2,670)</u>
Net change in fund balance	<u>250</u>	<u>(64,510)</u>	<u>(4)</u>	<u>13,325</u>	<u>13,321</u>	<u>77,831</u>
Fund balance, October 1	-	-	-	-	-	-
Fund balance, September 30	<u><u>\$ 250</u></u>	<u><u>\$ (64,510)</u></u>	<u><u>\$ (4)</u></u>	<u><u>\$ 13,325</u></u>	<u><u>\$ 13,321</u></u>	<u><u>\$ 77,831</u></u>

CITY OF COLLEGE STATION, TEXAS
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 Traffic Safety Fund
 For the Fiscal Year Ended September 30, 2012

	Original Budget	Final Budget	Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under)
Revenues						
Investment income	\$ 1,400	\$ 1,400	\$ 340	\$ 29	\$ 369	\$ (1,031)
Total revenues	<u>1,400</u>	<u>1,400</u>	<u>340</u>	<u>29</u>	<u>369</u>	<u>(1,031)</u>
Expenditures						
Public works	72,959	72,959	28,218	-	28,218	(44,741)
Other	-	-	54,810	-	54,810	54,810
Total expenditures	<u>72,959</u>	<u>72,959</u>	<u>83,028</u>	<u>-</u>	<u>83,028</u>	<u>10,069</u>
Excess (deficit) of revenues over (under) expenditures	<u>(71,559)</u>	<u>(71,559)</u>	<u>(82,688)</u>	<u>29</u>	<u>(82,659)</u>	<u>(11,100)</u>
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(71,559)	(71,559)	(82,688)	29	(82,659)	(11,100)
Fund balance, October 1	82,688	82,688	82,688	-	82,688	-
Fund balance, September 30	<u>\$ 11,129</u>	<u>\$ 11,129</u>	<u>\$ -</u>	<u>\$ 29</u>	<u>\$ 29</u>	<u>\$ (11,100)</u>

CITY OF COLLEGE STATION, TEXAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Memorial Cemetery Fund
For the Fiscal Year Ended September 30, 2012

	Original Budget	Final Budget	Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under)
Revenues						
Other charges for services	\$ 227,293	\$ 227,293	\$ 277,121	\$ -	\$ 277,121	\$ 49,828
Investment income	5,000	5,000	5,159	-	5,159	159
Total revenues	232,293	232,293	282,280	-	282,280	49,987
Expenditures						
Other	-	-	206,714	(206,714)	-	-
Total expenditures	-	-	206,714	(206,714)	-	-
Excess (deficit) of revenues over (under) expenditures	232,293	232,293	75,566	206,714	282,280	49,987
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balance	232,293	232,293	75,566	206,714	282,280	49,987
Fund balance, October 1	5,891,267	5,891,267	5,891,267	-	5,891,267	-
Fund balance, September 30	\$ 6,123,560	\$ 6,123,560	\$ 5,966,833	\$ 206,714	\$ 6,173,547	\$ 49,987

CITY OF COLLEGE STATION, TEXAS

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

Memorial Cemetery Endowment Fund

For the Fiscal Year Ended September 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	<u>Adjustments Budget Basis</u>	<u>Actual Budget Basis</u>	<u>Variance with Final Budget Over(Under)</u>
Revenues						
Other charges for services	\$ 111,951	\$ 111,951	\$ 133,022	\$ -	\$ 133,022	\$ 21,071
Investment income	2,000	2,000	2,070	-	2,070	70
Total revenues	113,951	113,951	135,092	-	135,092	21,141
Expenditures						
Parks & recreation	10,000	10,000	1,672	-	1,672	(8,328)
Other	-	-	100,337	(100,337)	-	-
Total expenditures	10,000	10,000	102,009	(100,337)	1,672	(8,328)
Excess (deficit) of revenues over (under) expenditures	103,951	103,951	33,083	100,337	133,420	29,469
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balance	103,951	103,951	33,083	100,337	133,420	29,469
Fund balance, October 1	2,799,109	2,799,109	2,799,109	-	2,799,109	-
Fund balance, September 30	\$ 2,903,060	\$ 2,903,060	\$ 2,832,192	\$ 100,337	\$ 2,932,529	\$ 29,469

CITY OF COLLEGE STATION, TEXAS

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

Texas Ave Cemetery Endowment Fund

For the Fiscal Year Ended September 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	<u>Adjustments Budget Basis</u>	<u>Actual Budget Basis</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues						
Other charges for services	\$ 15,000	\$ 15,000	\$ 45,454	\$ -	\$ 45,454	\$ 30,454
Investment income	8,000	8,000	7,714	-	7,714	(286)
Contributions	-	-	1,000	-	1,000	1,000
Other	-	-	(662)	-	(662)	(662)
Total revenues	23,000	23,000	53,506	-	53,506	30,506
Expenditures						
Parks & recreation	-	-	44	-	44	44
Other	-	-	48	-	48	48
Total expenditures	-	-	92	-	92	92
Excess (deficit) of revenues over (under) expenditures	23,000	23,000	53,414	-	53,414	30,414
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balance	23,000	23,000	53,414	-	53,414	30,414
Fund balance, October 1	1,709,165	1,709,165	1,709,165	-	1,709,165	-
Fund balance, September 30	\$ 1,732,165	\$ 1,732,165	\$ 1,762,579	\$ -	\$ 1,762,579	\$ 30,414

CITY OF COLLEGE STATION, TEXAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Hotel Tax Fund
For the Fiscal Year Ended September 30, 2012

	Original Budget	Final Budget	Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under)
Revenues						
Hotel occupancy tax	\$ 3,372,680	\$ 3,372,680	\$ 3,643,887	\$ -	\$ 3,643,887	\$ 271,207
Investment income	28,000	28,000	18,622	-	18,622	(9,378)
Other	-	-	250	-	250	250
Total revenues	3,400,680	3,400,680	3,662,759	-	3,662,759	262,079
Expenditures						
General government	-	-	2,012	-	2,012	2,012
Parks & recreation	219,000	219,000	96,352	-	96,352	(122,648)
Contributions	1,303,000	1,562,507	1,498,007	-	1,498,007	(64,500)
Other	-	280,000	98,530	-	98,530	(181,470)
Total expenditures	1,522,000	2,061,507	1,694,901	-	1,694,901	(366,606)
Excess (deficit) of revenues over (under) expenditures	1,878,680	1,339,173	1,967,858	-	1,967,858	628,685
Other financing sources (uses)						
Transfers in	(326,698)	-	-	-	-	-
Transfers out	(224,444)	(2,824,695)	(2,712,097)	-	(2,712,097)	112,598
Contingency	(50,000)	(50,000)	-	-	-	50,000
Total other financing sources (uses)	(601,142)	(2,874,695)	(2,712,097)	-	(2,712,097)	162,598
Net change in fund balance	1,277,538	(1,535,522)	(744,239)	-	(744,239)	791,283
Fund balance, October 1	5,194,593	5,194,593	5,194,593	-	5,194,593	-
Fund balance, September 30	\$ 6,472,131	\$ 3,659,071	\$ 4,450,354	\$ -	\$ 4,450,354	\$ 791,283

CITY OF COLLEGE STATION, TEXAS

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

Community Development Fund

For the Fiscal Year Ended September 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	<u>Adjustments Budget Basis</u>	<u>Actual Budget Basis</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues						
Intergovernmental	\$ 5,012,772	\$ 5,012,772	\$ 1,586,651	\$ -	\$ 1,586,651	\$ (3,426,121)
Other	377,500	377,500	2,054	-	2,054	(375,446)
Total revenues	<u>5,390,272</u>	<u>5,390,272</u>	<u>1,588,705</u>	<u>-</u>	<u>1,588,705</u>	<u>(3,801,567)</u>
Expenditures						
General government	-	-	(117,429)	117,429	-	-
Planning and development services	3,120,726	3,120,726	1,049,911	-	1,049,911	(2,070,815)
Other	599,396	634,396	330,865	-	330,865	(303,531)
Total expenditures	<u>3,720,122</u>	<u>3,755,122</u>	<u>1,263,347</u>	<u>117,429</u>	<u>1,380,776</u>	<u>(2,374,346)</u>
Excess (deficit) of revenues over (under) expenditures	<u>1,670,150</u>	<u>1,635,150</u>	<u>325,358</u>	<u>(117,429)</u>	<u>207,929</u>	<u>(1,427,221)</u>
Other financing sources (uses)						
Transfers in	-	-	5,638	(5,638)	-	-
Transfers out	(1,292,650)	(1,257,650)	(221,832)	2,670	(219,162)	1,038,488
Total other financing sources (uses)	<u>(1,292,650)</u>	<u>(1,257,650)</u>	<u>(216,194)</u>	<u>(2,968)</u>	<u>(219,162)</u>	<u>1,038,488</u>
Net change in fund balance	377,500	377,500	109,164	(120,397)	(11,233)	(388,733)
Fund balance, October 1	1,524,236	1,524,236	1,524,236	-	1,524,236	-
Fund balance, September 30	<u>\$ 1,901,736</u>	<u>\$ 1,901,736</u>	<u>\$ 1,633,400</u>	<u>\$ (120,397)</u>	<u>\$ 1,513,003</u>	<u>\$ (388,733)</u>

CITY OF COLLEGE STATION, TEXAS

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

Wolf Pen Creek (WPC) TIF Fund

For the Fiscal Year Ended September 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	<u>Adjustments Budget Basis</u>	<u>Actual Budget Basis</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues						
Investment income	\$ 10,000	\$ 10,000	\$ 13,591	\$ -	\$ 13,591	\$ 3,591
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>13,591</u>	<u>-</u>	<u>13,591</u>	<u>3,591</u>
Expenditures						
Other	-	570,784	854,957	-	854,957	284,173
Total expenditures	-	<u>570,784</u>	<u>854,957</u>	<u>-</u>	<u>854,957</u>	<u>284,173</u>
Excess (deficit) of revenues over (under) expenditures	<u>10,000</u>	<u>(560,784)</u>	<u>(841,366)</u>	<u>-</u>	<u>(841,366)</u>	<u>(280,582)</u>
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	10,000	(560,784)	(841,366)	-	(841,366)	(280,582)
Fund balance, October 1	3,256,991	3,256,991	3,256,991	-	3,256,991	-
Fund balance, September 30	<u>\$ 3,266,991</u>	<u>\$ 2,696,207</u>	<u>\$ 2,415,625</u>	<u>\$ -</u>	<u>\$ 2,415,625</u>	<u>\$ (280,582)</u>

CITY OF COLLEGE STATION, TEXAS

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

Parks Escrow Fund

For the Fiscal Year Ended September 30, 2012

	Original Budget	Final Budget	Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under)
Revenues						
Investment income	\$ 5,000	\$ 5,000	\$ 12,500	\$ -	\$ 12,500	\$ 7,500
Contributions	300,000	300,000	1,217,580	-	1,217,580	917,580
Other	-	-	18	-	18	18
Total revenues	305,000	305,000	1,230,098	-	1,230,098	925,098
Expenditures						
Other	-	120,668	120,668	-	120,668	-
Capital outlay	1,197,000	1,107,500	164,931	-	164,931	(942,569)
Total expenditures	1,197,000	1,228,168	285,599	-	285,599	(942,569)
Excess (deficit) of revenues over (under) expenditures	(892,000)	(923,168)	944,499	-	944,499	1,867,667
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	(26,373)	(26,373)	(26,373)	-	(26,373)	-
Total other financing sources (uses)	(26,373)	(26,373)	(26,373)	-	(26,373)	-
Net change in fund balance	(918,373)	(949,541)	918,126	-	918,126	1,867,667
Fund balance, October 1	2,257,091	2,257,091	2,257,091	-	2,257,091	-
Fund balance, September 30	\$ 1,338,718	\$ 1,307,550	\$ 3,175,217	\$ -	\$ 3,175,217	\$ 1,867,667

CITY OF COLLEGE STATION, TEXAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Drainage Utility Fund
For the Fiscal Year Ended September 30, 2012

	Original Budget	Final Budget	Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under)
Revenues						
Intergovernmental	\$ 13,473	\$ 13,473	\$ 13,473	\$ -	\$ 13,473	\$ -
Other charges for services	1,976,200	1,976,200	1,951,924	-	1,951,924	(24,276)
Investment income	8,100	8,100	13,115	-	13,115	5,015
Other	-	-	23	-	23	23
Total revenues	<u>1,997,773</u>	<u>1,997,773</u>	<u>1,978,535</u>	<u>-</u>	<u>1,978,535</u>	<u>(19,238)</u>
Expenditures						
Fiscal services	-	-	454	-	454	454
Planning and development services	74,300	74,300	76,615	-	76,615	2,315
Public works	961,812	961,812	974,415	(119,265)	855,150	(106,662)
Other	1,037,639	1,037,639	237,654	59,919	297,573	(740,066)
Total expenditures	<u>2,073,751</u>	<u>2,073,751</u>	<u>1,289,138</u>	<u>(59,346)</u>	<u>1,229,792</u>	<u>(843,959)</u>
Excess (deficit) of revenues over (under) expenditures	<u>(75,978)</u>	<u>(75,978)</u>	<u>689,397</u>	<u>59,346</u>	<u>748,743</u>	<u>824,721</u>
Other financing sources (uses)						
Transfers in	-	-	49,983	(49,983)	-	-
Transfers out	(415,317)	(415,317)	(415,317)	-	(415,317)	-
Total other financing sources (uses)	<u>(415,317)</u>	<u>(415,317)</u>	<u>(365,334)</u>	<u>(49,983)</u>	<u>(415,317)</u>	<u>-</u>
Net change in fund balance	<u>(491,295)</u>	<u>(491,295)</u>	<u>324,063</u>	<u>9,363</u>	<u>333,426</u>	<u>824,721</u>
Fund balance, October 1	2,880,450	2,880,450	2,880,450	-	2,880,450	-
Fund balance, September 30	<u><u>\$ 2,389,155</u></u>	<u><u>\$ 2,389,155</u></u>	<u><u>\$ 3,204,513</u></u>	<u><u>\$ 9,363</u></u>	<u><u>\$ 3,213,876</u></u>	<u><u>\$ 824,721</u></u>

CITY OF COLLEGE STATION, TEXAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Recreation Fund
For the Fiscal Year Ended September 30, 2012

	Original Budget	Final Budget	Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under)
Revenues						
Licenses and permits	\$ -	\$ -	\$ 565	\$ -	\$ 565	\$ 565
Intergovernmental	-	-	6,697	-	6,697	6,697
Parks & recreation charges for services	832,336	832,336	793,494	-	793,494	(38,842)
Other charges for services	108,300	108,300	107,928	-	107,928	(372)
Investment income	400	400	846	-	846	446
Rents and royalties	242,230	242,230	166,671	-	166,671	(75,559)
Contributions	-	-	6,225	-	6,225	6,225
Other	14,750	14,750	17,712	-	17,712	2,962
Total revenues	1,198,016	1,198,016	1,100,138	-	1,100,138	(97,878)
Expenditures						
Parks & recreation	3,640,283	3,640,283	3,648,690	-	3,648,690	8,407
Total expenditures	3,640,283	3,640,283	3,648,690	-	3,648,690	8,407
Excess (deficit) of revenues over (under) expenditures	(2,442,267)	(2,442,267)	(2,548,552)	-	(2,548,552)	(106,285)
Other financing sources (uses)						
Transfers in	2,613,326	2,613,326	2,719,612	-	2,719,612	106,286
Transfers out	(171,059)	(171,059)	(171,059)	-	(171,059)	-
Total other financing sources (uses)	2,442,267	2,442,267	2,548,553	-	2,548,553	106,286
Net change in fund balance	-	-	1	-	1	1
Fund balance, October 1	-	-	-	-	-	-
Fund balance, September 30	\$ -	\$ -	\$ 1	\$ -	\$ 1	\$ 1

CITY OF COLLEGE STATION, TEXAS

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

General Government Projects Fund

For the Fiscal Year Ended September 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	<u>Adjustments Budget Basis</u>	<u>Actual Budget Basis</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues						
Investment income	\$ 25,000	\$ 25,000	\$ 30,963	\$ -	\$ 30,963	\$ 5,963
Other	-	-	186	-	186	186
Total revenues	<u>25,000</u>	<u>25,000</u>	<u>31,149</u>	<u>-</u>	<u>31,149</u>	<u>6,149</u>
Expenditures						
Fiscal services	1,000	1,000	-	-	-	(1,000)
Other	1,044,890	1,044,890	6,263,263	-	6,263,263	5,218,373
Total expenditures	<u>1,045,890</u>	<u>1,045,890</u>	<u>6,263,263</u>	<u>-</u>	<u>6,263,263</u>	<u>5,217,373</u>
Excess (deficit) of revenues over (under) expenditures	<u>(1,020,890)</u>	<u>(1,020,890)</u>	<u>(6,232,114)</u>	<u>-</u>	<u>(6,232,114)</u>	<u>(5,211,224)</u>
Other financing sources (uses)						
Issuance of debt	100,000	100,000	-	-	-	(100,000)
Transfers in	-	-	164,870	-	164,870	164,870
Transfers out	(1,079,487)	(1,079,487)	(1,079,487)	-	(1,079,487)	-
Total other financing sources (uses)	<u>(979,487)</u>	<u>(979,487)</u>	<u>(914,617)</u>	<u>-</u>	<u>(914,617)</u>	<u>64,870</u>
Net change in fund balance	<u>(2,000,377)</u>	<u>(2,000,377)</u>	<u>(7,146,731)</u>	<u>-</u>	<u>(7,146,731)</u>	<u>(5,146,354)</u>
Fund balance, October 1	10,082,615	10,082,615	10,082,615	-	10,082,615	-
Fund balance, September 30	<u><u>\$ 8,082,238</u></u>	<u><u>\$ 8,082,238</u></u>	<u><u>\$ 2,935,884</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,935,884</u></u>	<u><u>\$ (5,146,354)</u></u>

CITY OF COLLEGE STATION, TEXAS

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

Parks Projects Fund

For the Fiscal Year Ended September 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	<u>Adjustments Budget Basis</u>	<u>Actual Budget Basis</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues						
Investment income	\$ 15,000	\$ 15,000	\$ 7,121	\$ -	\$ 7,121	\$ (7,879)
Other	81,600	81,600	90,204	-	90,204	8,604
Total revenues	96,600	96,600	97,325	-	97,325	725
Expenditures						
Other	2,583,384	2,658,384	1,103,515	-	1,103,515	(1,554,869)
Total expenditures	2,583,384	2,658,384	1,103,515	-	1,103,515	(1,554,869)
Excess (deficit) of revenues over (under) expenditures	(2,486,784)	(2,561,784)	(1,006,190)	-	(1,006,190)	1,555,594
Other financing sources (uses)						
Issuance of debt	2,715,000	2,715,000	175,380	-	175,380	(2,539,620)
Transfers in	-	-	950	-	950	950
Transfers out	(43,029)	(43,029)	(43,029)	-	(43,029)	-
Total other financing sources (uses)	2,671,971	2,671,971	133,301	-	133,301	(2,538,670)
Net change in fund balance	185,187	110,187	(872,889)	-	(872,889)	(983,076)
Fund balance, October 1	1,863,949	1,863,949	1,863,949	-	1,863,949	-
Fund balance, September 30	\$ 2,049,136	\$ 1,974,136	\$ 991,060	\$ -	\$ 991,060	\$ (983,076)

CITY OF COLLEGE STATION, TEXAS

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

Debt Service Fund

For the Fiscal Year Ended September 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	<u>Adjustments Budget Basis</u>	<u>Actual Budget Basis</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues						
Ad valorem taxes	\$ 11,623,526	\$ 11,623,526	\$ 11,500,510	\$ -	\$ 11,500,510	\$ (123,016)
Investment income	45,000	45,000	24,842	-	24,842	(20,158)
Other	-	-	1,596	-	1,596	1,596
Total revenues	<u>11,668,526</u>	<u>11,668,526</u>	<u>11,526,948</u>	<u>-</u>	<u>11,526,948</u>	<u>(141,578)</u>
Expenditures						
Debt service principal	8,912,425	8,120,000	8,120,000	-	8,592,425	-
Debt service interest	3,716,577	3,915,742	3,696,245	-	3,223,820	(219,497)
Fiscal charges	20,000	44,221	118,171	-	118,171	73,950
Total expenditures	<u>12,649,002</u>	<u>12,079,963</u>	<u>11,934,416</u>	<u>-</u>	<u>11,934,416</u>	<u>(145,547)</u>
Excess (deficit) of revenues over (under) expenditures	<u>(980,476)</u>	<u>(411,437)</u>	<u>(407,468)</u>	<u>-</u>	<u>(407,468)</u>	<u>3,969</u>
Other financing sources (uses)						
Advance refunding	-	(2,704,099)	(11,432,308)	-	(11,432,308)	(8,728,209)
Issuance of debt	-	-	7,283,494	-	7,283,494	7,283,494
Premium on bonds issued	-	-	1,132,812	-	1,132,812	1,132,812
Transfers in	623,679	2,921,317	2,921,317	-	2,921,317	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>623,679</u>	<u>217,218</u>	<u>(94,685)</u>	<u>-</u>	<u>(94,685)</u>	<u>(311,903)</u>
Net change in fund balance	<u>(356,797)</u>	<u>(194,219)</u>	<u>(502,153)</u>	<u>-</u>	<u>(502,153)</u>	<u>(307,934)</u>
Fund balance, October 1	4,304,596	4,304,596	4,304,596	-	4,304,596	-
Fund balance, September 30	<u><u>\$ 3,947,799</u></u>	<u><u>\$ 4,110,377</u></u>	<u><u>\$ 3,802,443</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,802,443</u></u>	<u><u>\$ (307,934)</u></u>

CITY OF COLLEGE STATION, TEXAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Streets Projects Fund
For the Fiscal Year Ended September 30, 2012

	Original Budget	Final Budget	Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under)
Revenues						
Intergovernmental	\$ 555,000	\$ 555,000	\$ 340,870	\$ -	\$ 340,870	\$ (214,130)
Investment income	25,000	25,000	54,788	-	54,788	29,788
Other	-	-	26,966	-	26,966	26,966
Total revenues	580,000	580,000	422,624	-	422,624	(157,376)
Expenditures						
Fiscal services	-	-	4,546	-	4,546	4,546
Capital outlay	5,706,500	5,706,500	5,767,456	-	5,767,456	60,956
Fiscal charges	35,000	35,000	9,120	-	9,120	(25,880)
Intergovernmental	-	-	294,103	-	294,103	294,103
Total expenditures	5,741,500	5,741,500	6,075,225	-	6,075,225	333,725
Excess (deficit) of revenues over (under) expenditures	(5,161,500)	(5,161,500)	(5,652,601)	-	(5,652,601)	(491,101)
Other financing sources (uses)						
Issuance of debt	5,330,000	5,330,000	4,269,120	-	4,269,120	(1,060,880)
Transfers in	227,083	227,083	288,355	-	288,355	61,272
Transfers out	(368,924)	(368,924)	(368,924)	-	(368,924)	-
Total other financing sources (uses)	5,188,159	5,188,159	4,188,551	-	4,188,551	(999,608)
Net change in fund balance	26,659	26,659	(1,464,050)	-	(1,464,050)	(1,490,709)
Fund balance, October 1	13,578,972	13,578,972	13,578,972	-	13,578,972	-
Fund balance, September 30	\$ 13,605,631	\$ 13,605,631	\$ 12,114,922	\$ -	\$ 12,114,922	\$ (1,490,709)

COMBINING FINANCIAL STATEMENTS

NONMAJOR ENTERPRISE FUNDS

Sanitation Fund - account for all sanitation collection and disposal activities by the City for both residential and commercial customers.

Northgate Parking Garage Fund - account for revenues and expenses related to the operation and maintenance of the Northgate parking garage and parking lot.

CITY OF COLLEGE STATION, TEXAS

Combining Statement of Net Assets

Nonmajor Enterprise Funds

September 30, 2012

	Sanitation	Northgate Parking Garage	Total Nonmajor Enterprise Funds
Assets			
Current assets			
Cash and cash equivalents	\$ 265,044	\$ 532,374	\$ 797,418
Investments	38,488	77,308	115,796
Receivables (net of all. for uncollectible)	872,669	60,262	932,931
Inventories	17,309	-	17,309
Total current assets	1,193,510	669,944	1,863,454
Noncurrent assets			
Equity in joint venture	12,213,396	-	12,213,396
Loan receivable	4,550,000	-	4,550,000
Bond issuance charges	-	34,645	34,645
Accumulated amortization	-	(13,292)	(13,292)
Total deferred charges	-	21,353	21,353
Capital assets			
Buildings	-	5,743,755	5,743,755
Machinery and equipment	5,555,257	830,273	6,385,530
Less accumulated depreciation	(2,869,060)	(1,954,510)	(4,823,570)
Land	-	690,750	690,750
Total capital assets	2,686,197	5,310,268	7,996,465
Total noncurrent assets	19,449,593	5,331,621	24,781,214
Total assets	\$ 20,643,103	\$ 6,001,565	\$ 26,644,668
Liabilities			
Current liabilities			
Accounts payable	\$ 235,970	\$ 60,005	\$ 295,975
Accrued liabilities	84,098	14,793	98,891
Other deferred revenues	-	91,134	91,134
Accrued interest payable	20,241	10,034	30,275
Refundable deposits	-	4,200	4,200
Certificates of obligation	220,000	-	220,000
General obligation bonds	-	393,174	393,174
Total current liabilities	560,309	573,340	1,133,649
Noncurrent liabilities			
Certificates of obligation	4,330,000	-	4,330,000
General obligation bonds	-	2,319,045	2,319,045
Accrued vacation	88,003	6,305	94,308
Post employment benefits	208,702	20,067	228,769
Net pension obligation	174,416	16,528	190,944
Total noncurrent liabilities	4,801,121	2,361,945	7,163,066
Total liabilities	\$ 5,361,430	\$ 2,935,285	\$ 8,296,715
Net Assets			
Invested in capital, net of related debt	2,686,197	2,588,018	5,274,215
Restricted for:			
Debt service	-	-	-
Unrestricted	12,595,476	478,262	13,073,738
Total net assets	\$ 15,281,673	\$ 3,066,280	\$ 18,347,953

CITY OF COLLEGE STATION, TEXAS

Combining Statement of Revenues, Expenses and Changes in Net Assets

Nonmajor Enterprise Funds

For the Fiscal Year Ended September 30, 2012

	<u>Sanitation</u>	<u>Northgate Parking Garage</u>	<u>Total Nonmajor Enterprise Funds</u>
Operating revenues			
Charges for services	\$ 7,201,507	\$ 1,136,323	\$ 8,337,830
Other	<u>10,506</u>	<u>3,505</u>	<u>14,011</u>
Total operating revenues	<u>7,212,013</u>	<u>1,139,828</u>	<u>8,351,841</u>
Operating expenses			
Salaries and benefits	2,109,011	295,063	2,404,074
Supplies	610,029	18,510	628,539
Maintenance	478,535	18,797	497,332
Purchased professional services	619,738	107,189	726,927
Purchased property services	1,637,284	66,553	1,703,837
Other purchased services	1,010,875	86,316	1,097,191
Depreciation	620,873	251,966	872,839
Other	<u>34,157</u>	<u>50</u>	<u>34,207</u>
Total operating expenses	<u>7,120,502</u>	<u>844,444</u>	<u>7,964,946</u>
Operating income	<u>91,511</u>	<u>295,384</u>	<u>386,895</u>
Nonoperating revenues (expenses)			
Investment income	3,610	2,362	5,972
Gain (loss) on disposal of assets	(58,431)	-	(58,431)
Earnings in joint venture	(730,842)	-	(730,842)
Intergovernmental	9,718	-	9,718
Interest expense	-	(83,054)	(83,054)
Debt issuance costs	-	(235)	(235)
Other, net	<u>(8,798)</u>	<u>5,995</u>	<u>(2,803)</u>
Total nonoperating revenues (expenses)	<u>(784,743)</u>	<u>(74,932)</u>	<u>(859,675)</u>
Income before capital contributions and transfers	<u>(693,232)</u>	<u>220,452</u>	<u>(472,780)</u>
Capital contributions and transfers			
Capital contributions	1,701,011	-	1,701,011
Transfers in	-	220,633	220,633
Transfers out	<u>(1,185,087)</u>	<u>(91,529)</u>	<u>(1,276,616)</u>
Total capital contributions and transfers	<u>515,924</u>	<u>129,104</u>	<u>645,028</u>
Change in net assets	<u>(177,308)</u>	<u>349,556</u>	<u>172,248</u>
Beginning net assets	<u>15,458,981</u>	<u>2,716,724</u>	<u>18,175,705</u>
Ending net assets	<u>\$ 15,281,673</u>	<u>\$ 3,066,280</u>	<u>\$ 18,347,953</u>

CITY OF COLLEGE STATION, TEXAS

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Fiscal Year Ended September 30, 2012

	Sanitation	Northgate Parking Garage	Total Nonmajor Enterprise Funds
Cash flows from operating activities:			
Cash received from customers	\$ 7,174,133	\$ 1,080,947	\$ 8,255,080
Cash payments to suppliers for goods and services	(4,481,074)	(277,804)	(4,758,878)
Cash payments to employees for services	(2,036,359)	(251,117)	(2,287,476)
Customer deposits	-	(2,470)	(2,470)
Cash paid for miscellaneous services	(193,795)	-	(193,795)
Cash received for miscellaneous revenues	9,718	5,995	15,713
Net cash provided (used) by operating activities	<u>472,623</u>	<u>555,551</u>	<u>1,028,174</u>
Cash flows from noncapital financing activities:			
Transfers in from other funds	-	220,633	220,633
Transfers out to other funds	(1,185,087)	(91,529)	(1,276,616)
Net cash provided (used) by noncapital financing activities	<u>(1,185,087)</u>	<u>129,104</u>	<u>(1,055,983)</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(1,701,011)	(146,802)	(1,847,813)
Capital grants and contributions	1,701,011	-	1,701,011
Principal paid on certificates of obligation and general obligation bonds	-	(381,026)	(381,026)
Interest paid on certificates of obligation and general obligation bonds	-	(84,000)	(84,000)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(611,828)</u>	<u>(611,828)</u>
Cash flows from investing activities:			
Purchase of investments	(129,759)	(210,220)	(339,979)
Proceeds from sale and maturities of investment securities	161,227	169,845	331,072
Investment income	3,610	2,362	5,972
Net cash provided (used) by investing activities	<u>35,078</u>	<u>(38,013)</u>	<u>(2,935)</u>
Net increase (decrease) in cash and cash equivalents	(677,386)	34,814	(642,572)
Cash and cash equivalents, Oct. 1	942,430	497,560	1,439,990
Cash and cash equivalents, Sept. 30	<u>\$ 265,044</u>	<u>\$ 532,374</u>	<u>\$ 797,418</u>
Reconciliation of operating income to net cash			
Provided by operating activities:			
Operating income	\$ 91,511	\$ 295,384	\$ 386,895
Adjustment to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation, bad debt expense, inventory loss	620,873	251,966	872,839
Miscellaneous nonoperating revenues	9,718	5,995	15,713
Miscellaneous nonoperating expenses	(193,795)	-	(193,795)
Changes in assets and liabilities:			
Change in accounts receivable	(37,880)	(52,525)	(90,405)
Change in inventory	(2,906)	-	(2,906)
Change in accounts payable	(75,783)	52,303	(23,480)
Change in refundable deposits	-	(2,470)	(2,470)
Change in accrued liabilities	(11,286)	(1,383)	(12,669)
Change in deferred revenue	-	(6,356)	(6,356)
Change in accrued vacation	7,270	6,305	13,575
Change in OPEB	38,170	3,724	41,894
Change in net pension obligation	26,731	2,608	29,339
Total adjustments	<u>381,112</u>	<u>260,167</u>	<u>641,279</u>
Net cash provided (used) by operating activities	<u>\$ 472,623</u>	<u>\$ 555,551</u>	<u>\$ 1,028,174</u>

COMBINING FINANCIAL STATEMENTS

INTERNAL SERVICE FUNDS

Employee Benefits Fund - to account for self-insurance activity related to administration of the City's health benefits plan.

Equipment Replacement Fund - to account for the purchase of City equipment such as vehicles and large motorized equipment, telephone and radio systems, and replacement assets for existing technological infrastructure equipment not budgeted in other funds.

Fleet Maintenance Fund - to account for all activities related to the management of the City's vehicles and heavy equipment, including preventive maintenance and vehicle repair activities.

Property and Casualty Fund - to account for insurance activity relating to all claims filed for liability cases (both injury and property) and property losses incurred for City property.

Unemployment Fund - to account for self-insurance activity on claims filed under unemployment compensation laws.

Utility Customer Service Fund - to account for the billing and collection activities relating to the City's electric, water, and sewer utilities and residential and commercial garbage collection.

Workers' Compensation Fund - to account for self-insurance activity relating to administration of the City's workers' compensation plan.

CITY OF COLLEGE STATION, TEXAS

Combining Statement of Net Assets

Internal Service Funds

September 30, 2012

	Employee Benefits	Equipment Replacement	Fleet Maintenance	Property and Casualty	Unemployment	Utility Customer Service	Workers' Compensation	Total Internal Service Funds
Assets								
Current assets								
Cash and cash equivalents	\$ 5,905,704	\$ 6,118,091	\$ 234,086	\$ 1,238,964	\$ 335,266	\$ 159,135	\$ 2,000,436	\$ 15,991,682
Investments	857,585	888,426	33,992	179,914	48,685	23,108	290,489	2,322,199
Receivables (net of all. for uncollectible)	3,602	-	-	11,060	-	24,174	2,500	41,336
Inventories	-	-	84,297	-	-	-	-	84,297
Total current assets	6,766,891	7,006,517	352,375	1,429,938	383,951	206,417	2,293,425	18,439,514
Capital assets								
Buildings	-	-	786,525	-	-	695,793	-	1,482,318
Machinery and equipment	-	21,898,429	280,773	-	-	722,118	-	22,901,320
Less accumulated depreciation	-	(14,575,017)	(618,667)	-	-	(1,075,030)	-	(16,268,714)
Total capital assets	-	7,323,412	448,631	-	-	342,881	-	8,114,924
Total assets	\$ 6,766,891	\$ 14,329,929	\$ 801,006	\$ 1,429,938	\$ 383,951	\$ 549,298	\$ 2,293,425	\$ 26,554,438
Liabilities								
Current liabilities								
Accounts payable	\$ 428,136	\$ 2,841	\$ 61,030	\$ 149,076	\$ -	\$ 5,794	\$ 4,168	\$ 651,045
Accrued liabilities	1,515	-	19,398	1,611	-	29,354	2,276	54,154
Claims payable	737,333	-	-	513,433	-	-	265,144	1,515,910
Total current liabilities	1,166,984	2,841	80,428	664,120	-	35,148	271,588	2,221,109
Noncurrent liabilities								
Accrued vacation	-	-	50,318	-	-	49,560	-	99,878
Post employment benefits	8,840	-	92,861	11,039	-	151,829	11,038	275,607
Net pension obligation	7,366	-	77,561	9,576	-	126,847	9,576	230,926
Total noncurrent liabilities	16,206	-	220,740	20,615	-	328,236	20,614	606,411
Total liabilities	\$ 1,183,190	\$ 2,841	\$ 301,168	\$ 684,735	\$ -	\$ 363,384	\$ 292,202	\$ 2,827,520
Net assets								
Invested in capital, net of related debt	-	7,323,412	448,631	-	-	342,881	-	8,114,924
Unrestricted	5,583,701	7,003,676	51,207	745,203	383,951	(156,967)	2,001,223	15,611,994
Total net assets	\$ 5,583,701	\$ 14,327,088	\$ 499,838	\$ 745,203	\$ 383,951	\$ 185,914	\$ 2,001,223	\$ 23,726,918

CITY OF COLLEGE STATION, TEXAS

Combining Statement of Revenues, Expenses and Changes in Net Assets

Internal Service Funds

For the Fiscal Year Ended September 30, 2012

	Employee Benefits	Equipment Replacement	Fleet Maintenance	Property and Casualty	Unemployment	Utility Customer Service	Workers' Compensation	Total Internal Service Funds
Operating revenues								
Charges for services	\$ -	\$ 3,412,917	\$ 1,695,843	\$ -	\$ -	\$ 2,146,964	\$ -	\$ 7,255,724
Premiums	8,275,207	-	-	1,449,680	27,267	-	783,345	10,535,499
Other	23,998	-	27	240,875	-	185,502	783	451,185
Total operating revenues	<u>8,299,205</u>	<u>3,412,917</u>	<u>1,695,870</u>	<u>1,690,555</u>	<u>27,267</u>	<u>2,332,466</u>	<u>784,128</u>	<u>18,242,408</u>
Operating expenses								
Salaries and benefits	80,684	-	867,009	62,881	-	1,418,894	62,881	2,492,349
Supplies	-	-	835,074	-	-	77,871	24,543	937,488
Maintenance	-	-	14,308	-	-	22,072	-	36,380
Purchased professional services	52,895	-	750	16,863	-	78,711	16,833	166,052
Purchased property services	-	-	21,401	-	-	39,125	-	60,526
Other purchased services	-	-	75,401	-	-	633,978	-	709,379
Claims	5,091,919	-	-	244,186	59,081	-	150,456	5,545,642
Administration fees	533,499	-	-	528,794	-	-	28,167	1,090,460
Contributions	-	2,322,274	-	-	-	-	-	2,322,274
Premiums	973,349	-	-	237,650	-	-	102,187	1,313,186
Depreciation	-	1,846,925	32,031	-	-	48,519	-	1,927,475
Other	33,513	-	(9,433)	28,228	-	10,686	-	62,994
Total operating expenses	<u>6,765,859</u>	<u>4,169,199</u>	<u>1,836,541</u>	<u>1,118,602</u>	<u>59,081</u>	<u>2,329,856</u>	<u>385,067</u>	<u>16,664,205</u>
Operating income	<u>1,533,346</u>	<u>(756,282)</u>	<u>(140,671)</u>	<u>571,953</u>	<u>(31,814)</u>	<u>2,610</u>	<u>399,061</u>	<u>1,578,203</u>
Nonoperating revenues (expenses)								
Investment income	26,370	29,171	1,433	4,285	1,805	419	9,162	72,645
Gain (loss) on disposal of assets	-	459,024	-	-	-	-	-	459,024
Intergovernmental	1,535	-	-	-	-	-	-	1,535
Other, net	70	(11,996)	350	(3,092)	-	66	-	(14,602)
Total nonoperating revenues (expenses)	<u>27,975</u>	<u>476,199</u>	<u>1,783</u>	<u>1,193</u>	<u>1,805</u>	<u>485</u>	<u>9,162</u>	<u>518,602</u>
Income before capital contributions and transfers	<u>1,561,321</u>	<u>(280,083)</u>	<u>(138,888)</u>	<u>573,146</u>	<u>(30,009)</u>	<u>3,095</u>	<u>408,223</u>	<u>2,096,805</u>
Transfers								
Transfers in	-	-	-	-	200,000	-	-	200,000
Transfers out	(54,320)	(321,912)	(49,983)	-	-	-	(200,000)	(626,215)
Total capital contributions and transfers	<u>(54,320)</u>	<u>(321,912)</u>	<u>(49,983)</u>	<u>-</u>	<u>200,000</u>	<u>-</u>	<u>(200,000)</u>	<u>(426,215)</u>
Change in net assets	<u>1,507,001</u>	<u>(601,995)</u>	<u>(188,871)</u>	<u>573,146</u>	<u>169,991</u>	<u>3,095</u>	<u>208,223</u>	<u>1,670,590</u>
Beginning net assets	<u>4,076,700</u>	<u>14,929,083</u>	<u>688,709</u>	<u>172,057</u>	<u>213,960</u>	<u>182,819</u>	<u>1,793,000</u>	<u>22,056,328</u>
Ending net assets	<u>\$ 5,583,701</u>	<u>\$ 14,327,088</u>	<u>\$ 499,838</u>	<u>\$ 745,203</u>	<u>\$ 383,951</u>	<u>\$ 185,914</u>	<u>\$ 2,001,223</u>	<u>\$ 23,726,918</u>

CITY OF COLLEGE STATION, TEXAS
 Combining Statement of Cash Flows
 Internal Service Funds
 For the Fiscal Year Ended September 30, 2012

	Employee Benefits	Equipment Replacement	Fleet Maintenance	Property and Casualty	Unemployment	Utility Customer Services	Workers' Compensation	Total Internal Service Funds
Cash Flows from operating activities:								
Cash received from customers	\$ 8,305,390	\$ 3,412,917	\$ 1,695,870	\$ 1,706,050	\$ 27,267	\$ 2,332,798	\$ 784,128	\$ 18,264,420
Cash payments to suppliers for goods and services	(6,671,737)	(3,437,343)	(1,160,029)	(1,114,644)	(62,101)	(1,164,755)	(382,717)	(13,993,326)
Cash payments to employees for services	(77,902)	-	(647,566)	(47,048)	-	(1,091,492)	(46,384)	(1,910,392)
Cash paid for miscellaneous services	-	-	-	(3,092)	-	-	-	(3,092)
Cash received for miscellaneous revenues	1,605	145,599	350	-	-	66	-	147,620
Net cash provided (used) by operating activities	<u>1,557,356</u>	<u>121,173</u>	<u>(111,375)</u>	<u>541,266</u>	<u>(34,834)</u>	<u>76,617</u>	<u>355,027</u>	<u>2,505,230</u>
Cash flows from noncapital financing activities:								
Transfers in from other funds	-	-	-	-	200,000	-	-	200,000
Transfers out to other funds	(54,320)	(321,912)	(49,983)	-	-	-	(200,000)	(626,215)
Net cash provided (used) by noncapital financing activities	<u>(54,320)</u>	<u>(321,912)</u>	<u>(49,983)</u>	<u>-</u>	<u>200,000</u>	<u>-</u>	<u>(200,000)</u>	<u>(426,215)</u>
Cash flows from capital and related financing activities:								
Acquisition and construction of capital assets	-	(1,902,953)	-	-	-	25	-	(1,902,928)
Proceeds from sale of assets	-	301,429	-	-	-	-	-	301,429
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(1,601,524)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25</u>	<u>-</u>	<u>(1,601,499)</u>
Cash flows from investing activities:								
Purchase of investments	(2,308,616)	(2,504,558)	(98,925)	(476,769)	(128,364)	(60,999)	(793,898)	(6,372,129)
Proceeds from sale and maturities of investment securities	1,812,689	2,222,804	94,507	357,203	94,672	45,161	650,364	5,277,400
Investment income	26,370	29,171	1,433	4,285	1,805	419	9,162	72,645
Net cash provided (used) by investing activities	<u>(469,557)</u>	<u>(252,583)</u>	<u>(2,985)</u>	<u>(115,281)</u>	<u>(31,887)</u>	<u>(15,419)</u>	<u>(134,372)</u>	<u>(1,022,084)</u>
Net increase (decrease) in cash and cash equivalents	1,033,479	(2,054,846)	(164,343)	425,985	133,279	61,223	20,655	(544,568)
Cash and cash equivalents, Oct. 1	4,872,225	8,172,937	398,429	812,979	201,987	97,912	1,979,781	16,536,250
Cash and cash equivalents, Sept. 30	<u>\$ 5,905,704</u>	<u>\$ 6,118,091</u>	<u>\$ 234,086</u>	<u>\$ 1,238,964</u>	<u>\$ 335,266</u>	<u>\$ 159,135</u>	<u>\$ 2,000,436</u>	<u>\$ 15,991,682</u>
Reconciliation of operating income to net cash								
Provided by operating activities:								
Operating income	\$ 1,533,346	\$ (756,282)	\$ (140,671)	\$ 571,953	\$ (31,814)	\$ 2,610	\$ 399,061	\$ 1,578,203
Adjustment to reconcile operating income to net cash provided (used) by operating activities:								
<i>Cash provided (used) by operating activities:</i>								
Depreciation, bad debt expense, inventory loss	-	1,846,925	32,031	-	-	48,519	-	1,927,475
Miscellaneous nonoperating revenues	1,605	145,599	350	-	-	66	-	147,620
Miscellaneous nonoperating expenses	-	-	-	(3,092)	-	-	-	(3,092)
<i>Changes in assets and liabilities:</i>								
Change in accounts receivable	6,185	-	-	15,495	-	332	-	22,012
Change in inventory	-	-	4,208	-	-	-	-	4,208
Change in accounts payable	97,701	(1,115,069)	(34,070)	57,767	(3,020)	(17,577)	4,058	(1,010,210)
Change in claims payable	(84,263)	-	-	(98,192)	-	-	(46,091)	(228,546)
Change in accrued liabilities	61	-	2,830	(4,782)	-	3,230	(4,117)	(2,778)
Change in accrued vacation	-	-	(3,446)	-	-	(4,848)	-	(8,294)
Change in OPEB	1,600	-	16,110	1,245	-	26,045	1,244	46,244
Change in net pension obligation	1,121	-	11,283	872	-	18,240	872	32,388
Total adjustments	<u>24,010</u>	<u>877,455</u>	<u>29,296</u>	<u>(30,687)</u>	<u>(3,020)</u>	<u>74,007</u>	<u>(44,034)</u>	<u>927,027</u>
Net cash provided (used) by operating activities	<u>\$ 1,557,356</u>	<u>\$ 121,173</u>	<u>\$ (111,375)</u>	<u>\$ 541,266</u>	<u>\$ (34,834)</u>	<u>\$ 76,617</u>	<u>\$ 355,027</u>	<u>\$ 2,505,230</u>

STATISTICAL SECTION - UNAUDITED

This section of the City of College Station's 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 City's overall financial condition.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. (Pages 116-122)

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes. (Pages 123-130)

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. (Pages 131-135)

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments. (Pages 136-138)

Operating Information

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs. (Pages 139-141)

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year. The City implemented GASB Statement 54 in 2009; schedules presenting governmental fund balance reclassifications begin in that year.

CITY OF COLLEGE STATION, TEXAS

NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Invested in capital assets, net of related debt	\$ 86,587,535	\$ 100,066,963	\$ 105,859,949	\$ 108,287,795	\$ 113,750,039	\$ 114,935,845	\$ 143,530,290	\$ 153,397,767	\$ 145,546,799	\$ 149,875,513
Restricted	12,031,989	4,289,623	4,289,531	4,564,184	5,089,422	6,357,013	8,077,876	10,201,722	25,565,107	13,606,487
Unrestricted	28,076,989	25,962,837	27,897,090	39,602,065	45,967,901	59,703,654	37,712,097	37,359,741	27,695,418	39,065,396
Total governmental activities net assets	\$ 126,696,513	\$ 130,319,423	\$ 138,046,570	\$ 152,454,044	\$ 164,807,362	\$ 180,996,512	\$ 189,320,263	\$ 200,959,230	\$ 198,807,324	\$ 202,547,396
Business-type activities										
Invested in capital assets, net of related debt	\$ 109,857,913	\$ 130,810,275	\$ 132,001,489	\$ 142,778,246	\$ 147,043,092	\$ 145,066,758	\$ 147,627,129	\$ 161,365,075	\$ 175,059,669	\$ 179,123,899
Restricted	2,466,731	2,651,325	2,797,735	2,920,980	3,056,356	1,590,977	3,119,691	1,588,631	1,588,631	1,580,992
Unrestricted	31,766,395	29,665,429	30,830,640	32,980,043	37,474,945	43,957,844	47,397,414	38,818,705	35,213,377	38,597,823
Total business-type activities net assets	\$ 144,091,039	\$ 163,127,029	\$ 165,629,864	\$ 178,679,269	\$ 187,574,393	\$ 190,615,579	\$ 198,144,234	\$ 201,772,411	\$ 211,861,677	\$ 219,302,714
Primary government										
Invested in capital assets, net of related debt	\$ 196,445,448	\$ 230,877,238	\$ 237,861,438	\$ 251,066,041	\$ 260,793,131	\$ 260,002,603	\$ 291,157,419	\$ 314,762,842	\$ 320,606,468	\$ 328,999,412
Restricted	14,498,720	6,940,948	7,087,266	7,485,164	8,145,778	7,947,990	11,197,567	11,790,353	27,153,738	15,187,479
Unrestricted	59,843,384	55,628,266	58,727,730	72,582,108	83,442,846	103,661,498	85,109,511	76,178,446	62,908,795	77,663,219
Total primary government net assets	\$ 270,787,552	\$ 293,446,452	\$ 303,676,434	\$ 331,133,313	\$ 352,381,755	\$ 371,612,091	\$ 387,464,497	\$ 402,731,641	\$ 410,669,001	\$ 421,850,110

Source: City of College Station
Note: The City of College Station adopted GASB Statement 34 in fiscal year 2003.

CITY OF COLLEGE STATION, TEXAS

CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Fiscal Year

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities:										
General government	\$ 7,857,618	\$ 7,536,427	\$ 6,457,556	\$ 7,755,725	\$ 7,654,393	\$ 8,551,304	\$ 8,631,908	\$ 11,534,705	\$ 9,455,960	\$ 8,348,922
Fiscal services	1,834,859	1,953,189	2,467,187	2,452,442	2,977,362	3,821,996	3,821,996	4,127,990	3,384,388	3,313,726
Police	9,374,251	9,654,447	10,666,318	11,214,413	12,299,698	13,395,874	13,945,079	16,063,347	15,082,452	16,696,975
Fire	7,102,089	7,189,495	7,853,876	8,280,257	9,472,331	11,359,260	11,778,585	13,301,029	11,749,054	13,706,222
Planning and development services	1,651,761	1,586,114	1,580,317	1,449,327	1,603,963	1,910,359	2,823,296	2,952,177	3,364,877	4,912,517
Public works	5,242,162	5,004,976	5,401,568	6,227,707	6,620,846	9,467,081	16,804,436	17,026,827	20,629,662	13,717,564
Capital projects						719,391	476,462	256,177	648,589	819,296
Parks and recreation	6,361,728	6,154,862	6,549,466	7,553,984	8,235,984	9,391,993	10,136,521	11,202,863	10,146,043	9,638,581
Library				870,203	912,527	993,102	1,052,838	1,103,864	1,130,433	1,142,580
Information services	2,919,155	2,652,957	2,881,863	2,890,393	2,689,720	2,749,327	3,471,714	5,048,720	4,165,064	4,268,524
Interest on long-term debt	3,643,268	3,448,533	3,895,520	4,116,871	4,291,022	3,860,801	4,135,146	4,111,523	4,079,379	3,273,938
Unallocated depreciation	2,543,780	2,690,998	5,430,745	5,759,049	6,026,372	667,890	789,074	1,047,906	1,130,283	1,149,609
Total governmental activities expense	48,530,671	47,871,998	53,184,416	57,760,371	62,249,295	66,043,744	77,867,055	87,777,128	84,966,184	80,988,454
Business-type activities:										
Electric	43,299,695	41,120,750	47,815,339	51,250,110	60,242,408	70,485,984	77,441,351	88,685,699	93,277,853	87,221,859
Water	6,283,025	6,582,184	7,908,695	7,770,081	8,302,863	8,706,415	9,287,343	10,190,159	9,960,837	11,132,787
Sewer	7,347,315	7,214,296	7,262,208	7,973,677	8,179,813	9,159,176	9,829,813	10,604,983	10,114,867	10,952,853
Sanitation	4,419,352	4,848,591	4,931,079	5,421,624	5,916,431	6,244,639	5,776,002	6,527,724	6,558,278	7,825,491
Northgate parking		61,150								
Total business-type activities expense	61,394	550,544	591,944	621,593	591,980	668,237	909,167	1,019,393	944,125	924,532
Total primary government expense	\$ 110,341,452	\$ 108,209,512	\$ 121,693,681	\$ 130,797,456	\$ 145,882,790	\$ 161,308,195	\$ 181,110,731	\$ 204,805,086	\$ 205,822,144	\$ 199,045,976
Program revenues										
Governmental activities:										
Charges for services:	\$ 3,215,162	\$ 3,563,970	\$ 4,008,637	\$ 3,798,807	\$ 3,618,236	\$ 3,798,313	\$ 4,491,960	\$ 4,500,447	\$ 4,120,077	\$ 3,896,477
Fines, forfeits and penalties	1,104,793	1,215,924	1,043,672	1,091,848	1,306,690	1,154,902	1,007,151	964,344	1,091,983	1,496,989
Licenses and permits	1,237,447	1,784,694	1,110,686	1,290,935	1,199,565	1,255,525	1,793,174	1,895,263	2,910,293	2,480,140
Public works	1,399,390	1,346,580	1,044,134	1,244,476	1,420,284	1,911,789	1,838,810	1,722,840	2,007,032	1,909,008
Parks and recreation	1,480,889	1,614,408	2,002,338	2,656,136	3,210,563	3,548,309	4,494,627	3,378,603	2,516,446	2,506,187
Other activities	1,891,808	3,208,957	2,629,494	3,144,254	2,038,535	1,735,170	1,896,623	1,694,228	1,875,849	2,766,187
Operating grants and contributions	6,399,178	5,266,837	4,489,883	7,477,874	5,271,090	3,055,501	2,644,629	19,587,921	3,964,442	4,216,095
Capital grants and contributions	16,728,667	18,001,370	16,328,844	20,704,330	18,064,963	16,459,509	18,166,974	33,743,646	18,486,122	19,271,083
Total governmental activities program revenues	46,592,459	47,431,497	51,467,169	60,217,421	67,462,075	76,787,412	82,904,777	91,162,890	101,617,743	96,787,784
Business-type activities:										
Charges for services:	8,861,195	8,319,779	9,519,714	10,852,660	10,060,398	12,025,086	17,312,431	12,745,173	17,253,787	15,274,883
Water sales	9,159,142	9,334,778	9,697,314	10,363,603	10,590,688	11,844,528	11,655,528	11,522,025	13,099,783	13,697,532
Sewer service	5,986,207	4,829,150	5,151,204	6,419,446	7,512,194	9,628,798	7,988,795	7,299,273	7,143,536	7,204,013
Garbage collection fees	545,566	603,465	480,627	576,892	620,124	673,818	990,735	1,140,833	1,189,443	1,149,277
Parking garage fees										
Other activities										
Operating grants and contributions	50,700						17,792		3,746	9,718
Total business-type activities program revenues	3,887,629	5,179,221	1,937,320	4,677,465	4,041,105	5,349,125	6,846,033	11,703,035	3,857,585	6,890,916
Total primary government revenues	\$ 91,815,906	\$ 93,699,260	\$ 94,582,192	\$ 113,811,817	\$ 118,351,547	\$ 132,108,313	\$ 145,883,065	\$ 169,316,875	\$ 162,651,745	\$ 160,285,206

CITY OF COLLEGE STATION, TEXAS

CHANGES IN NET ASSETS - *Continued*
LAST TEN FISCAL YEARS
(*accrual basis of accounting*)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Net (Expense)/Revenue										
Governmental activities	\$ (31,802,004)	\$ (29,870,628)	\$ (36,855,572)	\$ (37,056,041)	\$ (44,184,332)	\$ (49,584,235)	\$ (59,700,081)	\$ (54,033,482)	\$ (66,480,062)	\$ (61,717,371)
Business-type activities	13,276,458	15,360,375	9,744,083	20,070,402	17,053,089	20,384,355	24,472,415	18,545,271	23,309,663	22,956,601
Total primary government net expense	<u>\$ (18,525,546)</u>	<u>\$ (14,510,253)</u>	<u>\$ (27,111,489)</u>	<u>\$ (16,985,639)</u>	<u>\$ (27,131,243)</u>	<u>\$ (29,199,880)</u>	<u>\$ (35,227,666)</u>	<u>\$ (35,488,211)</u>	<u>\$ (43,170,399)</u>	<u>\$ (38,760,770)</u>
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Property taxes	\$ 13,441,000	\$ 14,668,641	\$ 15,888,475	\$ 16,646,519	\$ 18,573,309	\$ 20,670,112	\$ 22,769,699	\$ 24,745,344	\$ 24,333,373	\$ 24,978,388
Sales and mixed beverage taxes	14,027,489	15,238,995	15,705,090	17,082,936	18,449,731	20,241,973	19,873,213	19,751,004	20,717,598	21,878,057
Franchise taxes	1,688,947	1,974,587	1,718,491	2,132,341	1,931,196	2,090,779	2,217,618	2,210,902	2,153,827	2,171,277
Hotel taxes	2,120,015	2,191,429	2,306,928	2,671,417	2,980,250	3,585,512	3,574,649	3,387,041	3,558,042	3,643,887
Unrestricted investment earnings	1,739,929	1,224,546	1,487,926	3,415,849	4,512,575	3,385,844	1,413,431	265,424	368,868	283,648
Gain (Loss) on sale of capital assets	19,563	4,386	(111,916)	-	-	-	-	(24,596)	-	-
Correction to value of capital assets	7,795,715	-	(601,000)	-	-	-	-	-	-	-
Adjustment to claims payable	-	(904,263)	-	-	-	-	-	-	-	-
Transfers	6,856,352	(904,783)	8,188,725	8,850,453	10,090,589	7,559,165	12,778,642	15,337,330	13,562,095	12,502,186
Total governmental activities	<u>47,689,010</u>	<u>33,493,538</u>	<u>44,582,719</u>	<u>50,799,515</u>	<u>56,537,650</u>	<u>57,533,385</u>	<u>62,627,252</u>	<u>65,672,449</u>	<u>64,693,803</u>	<u>65,457,443</u>
Business-type activities:										
Unrestricted investment earnings	1,126,900	662,359	947,477	1,829,456	1,932,624	1,330,785	654,882	420,236	341,698	316,035
Transfers	-	2,108,473	-	-	-	-	-	-	-	-
Total business-type activities	<u>(6,856,352)</u>	<u>904,783</u>	<u>(8,188,725)</u>	<u>(8,850,453)</u>	<u>(10,090,589)</u>	<u>(10,433,954)</u>	<u>(12,778,642)</u>	<u>(15,337,330)</u>	<u>(13,562,095)</u>	<u>(12,502,186)</u>
Total primary government	<u>\$ 41,959,558</u>	<u>\$ 37,169,153</u>	<u>\$ 37,341,471</u>	<u>\$ 43,778,518</u>	<u>\$ 48,379,685</u>	<u>\$ 48,430,216</u>	<u>\$ 50,503,492</u>	<u>\$ 50,755,355</u>	<u>\$ 51,473,406</u>	<u>\$ 53,271,292</u>
Change in net assets										
Governmental activities	\$ 15,887,006	\$ 3,622,910	\$ 7,727,147	\$ 13,743,474	\$ 12,353,318	\$ 7,949,150	\$ 2,927,171	\$ 11,638,967	\$ (1,786,259)	\$ 3,740,072
Business-type activities	7,547,006	19,035,990	2,502,835	13,049,405	8,895,124	11,281,186	12,348,655	3,628,177	10,089,266	10,770,450
Total primary government	<u>\$ 23,434,012</u>	<u>\$ 22,658,900</u>	<u>\$ 10,229,982</u>	<u>\$ 26,792,879</u>	<u>\$ 21,248,442</u>	<u>\$ 19,230,336</u>	<u>\$ 15,275,826</u>	<u>\$ 15,267,144</u>	<u>\$ 8,303,007</u>	<u>\$ 14,510,522</u>

Source: City of College Station

Correction to value of capital assets in fiscal years 2003 and 2004 are prior period adjustments.

Correction to value of capital assets in fiscal years 2003, 2004, and 2005 are prior period adjustments.

Adjustment to claims payable in fiscal year 2004 is a prior period adjustment.

CITY OF COLLEGE STATION, TEXAS

PROGRAM REVENUES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Function/Program										
Governmental activities:										
General government	\$ 1,979,207	\$ 3,618,878	\$ 3,121,430	\$ 4,357,597	\$ 3,343,904	\$ 2,501,778	\$ 1,957,500	\$ 5,124,710	\$ 1,281,849	\$ 2,095,173
Fiscal services	327,188	333,043	508,810	547,790	409,100	684,666	38,377	100,495	215,626	542,689
Police	3,364,991	3,677,391	4,093,425	3,875,900	3,713,866	4,533,697	5,004,712	5,161,486	4,596,713	4,174,931
Fire	916,473	724,278	916,804	817,910	1,400,464	1,137,759	3,551,620	2,199,375	1,952,851	1,936,311
Planning and development services	1,104,793	1,215,924	1,043,672	1,091,848	1,306,690	1,357,037	1,051,943	1,075,342	1,296,213	1,650,017
Public works	7,636,625	7,051,531	5,600,569	8,768,809	6,470,655	4,312,571	4,445,595	15,313,779	5,796,384	5,609,036
Capital improvement program	-	-	-	-	-	-	-	951,686	-	52,757
Library	-	-	-	-	-	-	-	-	-	13,200
Information technology	-	-	-	-	-	-	-	-	15,500	-
Parks and recreation	1,399,390	1,380,325	1,044,134	1,244,476	1,420,284	1,932,001	2,117,227	3,816,773	3,330,986	3,196,969
Subtotal governmental activities	16,728,667	18,001,370	16,328,844	20,704,330	18,064,963	16,459,509	18,166,974	33,743,646	18,486,122	19,271,083
Business-type activities:										
Electric	47,018,072	48,032,185	52,780,914	62,284,935	69,033,816	77,419,441	84,552,573	92,530,434	102,516,252	98,200,411
Water	10,957,066	10,260,307	9,826,360	12,409,728	11,314,888	14,115,391	19,065,662	17,118,922	18,710,635	16,905,503
Sewer	10,575,987	11,972,783	10,014,243	11,416,486	11,805,562	13,811,356	15,100,534	15,208,551	14,584,557	15,844,190
Sanitation	5,986,207	4,829,150	5,151,204	6,419,446	7,512,194	9,628,798	8,006,587	9,574,489	7,147,282	8,914,742
Cedar Creek Condominiums	4,341	-	-	-	-	-	-	-	-	-
Northgate parking	545,566	603,465	480,627	576,892	620,124	673,818	990,735	1,140,833	1,206,897	1,149,277
Subtotal business-type activities	75,087,239	75,697,890	78,253,348	93,107,487	100,286,584	115,648,804	127,716,091	135,573,229	144,165,623	141,014,123
Total primary government	\$ 91,815,906	\$ 93,699,260	\$ 94,582,192	\$ 113,811,817	\$ 118,351,547	\$ 132,108,313	\$ 145,883,065	\$ 169,316,875	\$ 162,651,745	\$ 160,285,206

Source: City of College Station

Note: The City of College Station adopted GASB Statement 34 in fiscal year 2003.

CITY OF COLLEGE STATION, TEXAS

FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 62,390	\$ 70,516	\$ 58,548	\$ -
Restricted	-	-	-	-	-	-	95,220	849,622	925,798	868,799
Assigned	-	-	-	-	-	-	1,663,400	1,794,416	537,586	436,979
Unassigned	-	-	-	-	-	-	7,557,419	11,101,327	12,871,125	15,186,915
Reserved	1,728,294	1,089,510	1,132,180	1,523,619	1,108,449	2,305,476	-	-	-	-
Unreserved	9,522,041	9,613,442	9,038,345	9,448,389	11,824,140	9,679,913	-	-	-	-
Total general fund	<u>\$ 11,250,335</u>	<u>\$ 10,702,952</u>	<u>\$ 10,170,525</u>	<u>\$ 10,972,008</u>	<u>\$ 12,932,589</u>	<u>\$ 11,985,389</u>	<u>\$ 9,378,429</u>	<u>\$ 13,815,881</u>	<u>\$ 14,393,057</u>	<u>\$ 16,492,693</u>
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 859,654	\$ 8,235,642	\$ 7,890,137	\$ 6,943,250
Restricted	-	-	-	-	-	-	39,375,368	54,421,910	27,404,127	35,688,123
Committed	-	-	-	-	-	-	2,627,403	2,764,227	3,149,243	3,618,354
Assigned	-	-	-	-	-	-	609,113	-	-	-
Unassigned	-	-	-	-	-	-	545,024	-	-	-
Reserved	41,119,894	42,522,379	42,999,111	49,111,974	46,372,274	48,819,538	-	-	-	-
Unreserved, reported in:										
Special revenue funds	10,851,935	6,085,255	6,244,225	7,462,140	10,148,840	11,526,009	-	-	-	-
Total all other governmental funds	<u>\$ 51,971,829</u>	<u>\$ 48,607,634</u>	<u>\$ 49,243,336</u>	<u>\$ 56,574,114</u>	<u>\$ 56,521,114</u>	<u>\$ 60,345,547</u>	<u>\$ 44,016,562</u>	<u>\$ 65,421,779</u>	<u>\$ 38,443,507</u>	<u>\$ 46,249,727</u>

Source: City of College Station
 Note: The City implemented GASB Statement 54 in 2009; schedules presenting governmental fund balance reclassifications begin in that year.
 The City of College Station adopted GASB Statement 34 in fiscal year 2003.

CITY OF COLLEGE STATION, TEXAS

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Taxes	\$ 31,277,451	\$ 34,073,652	\$ 35,618,984	\$ 38,533,213	\$ 41,934,486	\$ 46,588,376	\$ 48,435,179	\$ 49,901,803	\$ 50,762,840	\$ 52,671,608
Licenses and permits	1,012,960	1,112,766	1,025,013	945,593	1,191,105	1,154,902	1,007,151	964,344	1,091,983	1,496,989
Intergovernmental	1,950,883	3,208,957	2,592,312	3,144,254	2,038,535	1,707,957	1,896,623	5,022,822	2,143,573	2,759,219
Charges for services	2,610,056	2,538,583	2,634,683	2,925,281	3,339,352	3,790,147	3,543,064	6,042,105	6,113,497	5,616,379
Fines, forfeits and penalties	2,657,643	2,966,278	3,518,940	3,285,907	3,256,488	3,798,313	4,491,960	4,500,447	4,120,077	3,896,477
Special assessments	1,035,023	1,062,179	1,110,686	1,290,935	1,199,565	1,255,525	1,793,174	-	-	-
Investment income	1,543,026	1,062,069	1,269,201	3,066,642	3,864,797	2,886,636	1,125,382	206,648	368,868	283,648
Rents and royalties	233,026	256,023	243,831	244,864	261,225	279,004	769,150	749,635	589,528	852,738
Loan repayments	11,322	5,418	2,541	-	-	-	-	-	-	-
Contributions	475,913	784,402	37,182	12,281	31,605	27,213	26,997	605,953	825,532	1,244,973
Reimbursed expenditures	7,258	28,393	-	145,749	479,675	46,038	413,751	-	-	-
Other revenues	335,405	679,349	631,192	447,432	738,415	1,046,431	403,548	267,695	730,747	426,218
Total revenues	43,149,966	47,778,069	48,684,565	54,042,151	58,335,248	62,580,542	63,905,979	68,261,452	66,746,645	69,248,249
Expenditures										
General government	3,765,079	4,187,972	4,480,075	4,216,582	4,699,159	7,319,662	5,435,355	7,401,157	6,438,313	4,102,550
Fiscal services	2,319,008	2,479,082	3,038,145	3,050,533	3,013,548	3,573,686	3,836,786	3,635,009	3,353,387	3,106,265
Police	9,143,331	9,803,577	10,829,081	11,559,669	12,556,678	13,219,117	14,107,740	13,816,620	14,931,212	15,521,284
Fire	6,989,125	7,275,289	7,964,785	8,493,228	9,622,195	11,251,400	11,754,088	11,418,948	11,444,702	12,578,396
Planning and development services	1,935,277	1,964,001	1,962,603	1,877,732	2,008,901	2,281,747	2,871,341	2,568,464	3,327,495	4,698,749
Public works	5,292,243	5,534,404	6,117,241	7,116,329	7,440,854	7,182,443	7,920,003	7,123,885	6,677,986	7,343,092
Capital improvement projects	-	-	-	-	-	715,707	476,462	132,880	648,589	788,032
Economic and community development	6,369	16,886	11,281	-	-	-	-	-	-	-
Parks and recreation	6,279,342	6,388,099	6,778,196	7,520,189	8,167,857	9,071,198	9,355,301	8,930,388	9,388,765	8,131,413
Information systems	2,320,950	2,346,534	2,500,518	2,596,591	3,070,524	3,366,764	3,299,105	3,887,102	3,902,082	3,844,107
Library	681,350	665,291	694,445	870,203	912,527	993,102	1,119,771	1,080,030	1,061,581	1,072,551
Reimbursed administrative	(3,703,529)	(3,328,431)	(3,485,807)	(3,335,264)	(3,305,040)	(3,772,362)	-	-	-	-
Claims	-	-	-	-	-	-	-	1,600,000	-	-
Contributions	1,573,651	2,504,589	1,895,742	1,995,564	1,855,961	2,151,592	2,489,562	2,266,558	2,063,489	2,435,820
Community development block grant	222,169	201,099	275,775	340,399	215,707	-	-	-	-	-
Home grant	408,779	304,580	439,243	840,211	323,811	-	-	-	-	-
Community development grant	-	-	-	-	-	-	-	-	-	-
Other expenditures	624,837	253,270	296,344	108,527	147,860	204,338	487,163	438,757	750,135	1,380,837
Capital outlay	11,286,448	12,775,413	15,435,376	11,610,189	14,213,574	19,538,322	31,931,401	9,765,151	11,501,926	14,341,717

CITY OF COLLEGE STATION, TEXAS

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS -Continued

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt service										
Principal	5,820,000	10,110,000	6,190,000	7,285,000	7,820,000	8,530,000	7,935,000	8,050,000	8,085,412	8,120,000
Interest	3,647,529	3,376,538	3,885,075	4,078,635	4,212,245	3,892,490	4,114,356	4,133,633	3,698,324	3,696,245
Issuance costs	118,335	352,114	118,261	-	-	-	-	-	-	-
Fiscal charges	12,500	15,332	13,871	152,729	527,806	70,796	46,551	227,765	384,196	127,671
Intergovernmental	223,608	221,902	97,621	743,117	342,630	881,604	745,908	-	924,941	294,103
Total expenditures	58,966,401	67,447,541	69,537,871	71,120,163	77,846,797	90,471,606	107,925,893	86,476,347	88,582,535	91,582,832
Deficiency of revenues under expenditures	(15,816,435)	(19,669,472)	(20,853,306)	(17,078,012)	(19,511,549)	(27,891,064)	(44,019,914)	(18,214,895)	(21,835,890)	(22,334,583)
Other Financing Sources (Uses)										
Proceeds from long-term debt	6,570,000	16,375,000	13,347,581	15,700,000	7,890,000	19,970,000	9,815,000	20,685,000	1,977,134	11,727,994
Proceeds from refunding bonds	-	5,980,000	-	-	10,255,000	-	-	4,265,000	11,250,000	-
Payment to bond escrow agent	-	(6,260,371)	-	-	(10,451,378)	-	-	(4,283,647)	(12,322,570)	-
Advance Refunding	-	280,371	-	-	373,648	-	-	75,183	1,172,234	(11,432,308)
Premium on bonds issued	19,563	4,386	12,182	17,500	318,103	10,981	505,606	5,615	8,690	-
Sale of capital assets	7,910,690	10,945,210	11,476,019	11,864,435	15,054,935	13,828,414	22,680,922	16,054,544	19,382,145	22,313,561
Transfers in	(1,993,594)	(11,566,702)	(3,879,201)	(2,371,662)	(2,021,178)	(3,041,098)	(8,494,139)	(673,081)	(7,783,625)	(9,385,160)
Transfers out	12,506,659	15,757,894	20,956,581	25,210,273	21,419,130	30,768,297	24,507,389	36,128,614	13,684,008	14,356,899
Total other financing sources	\$ (3,309,776)	\$ (3,911,578)	\$ 103,275	\$ 8,132,261	\$ 1,907,581	\$ 2,877,233	\$ (19,512,525)	\$ 17,913,719	\$ (8,151,882)	\$ (7,977,684)
Net change in fund balances	19.9%	24.7%	18.6%	19.1%	18.9%	17.5%	15.9%	15.9%	15.3%	15.3%
Debt services as a percentage of noncapital expenditures										
Source: City of College Station										

Note: The City of College Station adopted GASB Statement 34 in fiscal year 2003.

CITY OF COLLEGE STATION, TEXAS

**TAX REVENUE BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)**

<u>Fiscal Year</u>	<u>Property</u>	<u>Sales</u>	<u>Hotel</u>	<u>Franchise</u>	<u>Mixed Drink</u>	<u>Total</u>
2003	\$ 13,441,000	\$ 13,780,639	\$ 2,120,015	\$ 1,688,947	\$ 246,850	\$ 31,277,451
2004	14,668,641	14,957,697	2,191,429	1,974,587	281,298	34,073,652
2005	15,888,475	15,445,404	2,306,928	1,718,491	259,686	35,618,984
2006	16,646,519	16,752,174	2,671,417	2,132,341	330,762	38,533,213
2007	18,573,309	18,077,973	2,980,250	1,931,196	371,758	41,934,486
2008	20,670,112	19,822,906	3,585,512	2,090,778	419,067	46,588,375
2009	22,769,698	19,438,179	3,574,649	2,217,619	435,034	48,435,179
2010	24,523,184	19,328,578	3,416,713	2,210,902	422,426	49,901,803
2011	24,333,373	20,292,871	3,558,042	2,153,827	424,727	50,762,840
2012	24,978,388	21,498,319	3,643,887	2,171,277	379,737	52,671,608
Change						
2003-2012	85.8%	56.0%	71.9%	28.6%	53.8%	68.4%

Source: City of College Station

Notes:

Property taxes include general fund, debt service fund, Melrose Apartment TIF (2002), Northgate TIF(2008-2009) and Wolf Pen Creek TIF (1996 - 2010).
The City of College Station adopted GASB34 in 2003.

CITY OF COLLEGE STATION, TEXAS

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

Fiscal Year	Residential	Commercial	Personal, Inventory	Less Exemptions	Less TIF (1)	Total Taxable	Total Direct	Estimated Actual	Taxable Assessed
	Property	and Industrial	and Other						
	\$	\$	\$	\$	\$	\$		\$	Percentage of
									Actual Taxable Value
2003	1,910,284,688	634,030,921	607,645,557	428,395,713	30,625,663	2,692,939,790	0.477700	2,674,807,515	100.68%
2004	2,144,406,477	723,887,327	653,978,324	493,364,734	39,971,363	2,988,936,031	0.465300	2,988,936,031	100.00%
2005	2,339,284,129	770,194,254	738,376,045	556,722,986	45,182,585	3,245,948,857	0.464000	3,250,329,407	99.87%
2006	2,530,659,165	931,255,843	798,179,118	614,609,545	45,750,172	3,599,734,409	0.439400	3,599,734,409	100.00%
2007	2,849,558,106	1,020,242,352	828,757,366	643,387,278	50,131,743	4,005,038,803	0.439400	4,005,038,803	100.00%
2008	3,200,809,497	1,141,458,255	881,095,548	677,645,852	68,644,309	4,477,073,139	0.439400	4,477,073,139	100.00%
2009	3,606,901,737	1,191,974,529	927,276,877	701,998,930	78,082,864	4,946,071,349	0.439400	4,946,071,349	100.00%
2010	3,941,112,015	1,236,193,238	1,069,742,963	856,257,215	69,373,412	5,321,417,589	0.439400	5,321,417,589	100.00%
2011	4,087,540,319	1,209,126,533	1,029,151,665	870,386,056	-	5,455,432,461	0.447543	5,455,432,461	100.00%
2012	4,280,768,585	1,295,254,729	1,069,727,466	907,135,778	-	5,738,615,002	0.437995	5,738,615,002	100.00%

Source: Brazos County Appraisal District

Notes:

Assessed value is 100% of the estimated actual value.

(1) Tax increment financing district (TIF).

CITY OF COLLEGE STATION, TEXAS

DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS

(rate per \$100 of assessed value)

Fiscal Year	City Direct Rates			Overlapping Rates	
	Basic Rate	General Obligation Debt Service	Total Direct Rate	College Station ISD	Brazos County
2003	0.194600	0.283100	0.477700	1.790000	0.414600
2004	0.192100	0.273200	0.465300	1.770000	0.435000
2005	0.194200	0.269800	0.464000	1.770000	0.472600
2006	0.189600	0.249800	0.439400	1.675000	0.465000
2007	0.191000	0.248400	0.439400	1.480000	0.455000
2008	0.191000	0.248400	0.439400	1.241050	0.465000
2009	0.193352	0.246048	0.439400	1.221100	0.480000
2010	0.209967	0.229433	0.439400	1.253413	0.480000
2011	0.227349	0.220194	0.447543	1.309933	0.485600
2012	0.236459	0.201536	0.437995	1.335033	0.485000

Source: Brazos County Appraisal District

Notes:

- (1) Tax rates are established by each taxing jurisdiction on an annual basis for revenues to be collected in the following fiscal year. The City must publish its effective and rollback tax rates before adopting an actual tax rate. If the City adopts a rate that exceeds the rollback rate, voters may petition for an election to limit the rate to the rollback rate. If the City adopts a rate that exceeds its effective rate, additional public hearings and notices are required. Rates for debt service are set based on each year's requirements.
- (2) The date that taxes are due for all jurisdictions is October 1. Taxes for all jurisdictions become delinquent on February 1. The penalty is set by state law at 6% in February, and an additional 1% per month up to 12%. The interest is accrued at 1% per month.
- (3) The upper limit of the tax rate is set at \$2.50/\$100 of assessed value for each jurisdiction by State Statute. This limit is for both operations and debt service combined.

CITY OF COLLEGE STATION, TEXAS

**PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2012				2003			
	Taxable Assessed		Percent of Total City Taxable Assessed		Taxable Assessed		Percent of Total City Taxable Assessed	
	Value	Rank	Value		Value	Rank	Value	
C.B.L. & Associates (Post Oak Mall)	\$ 55,414,060	1	0.97%		\$ 49,331,205	1	1.84%	
College Station Hospital LP	54,541,320	2	0.95%		25,681,960	4	0.96%	
SHP-The Callaway House LP	46,302,230	3	0.81%		-			
Woodland of College Station LP	40,940,710	4	0.71%		-			
Jamespoint Management	39,938,660	5	0.70%		-			
BVP 2818 Place, LP	39,710,800	6	0.69%		-			
Weinberg, Israel & David Alkasser	37,998,415	7	0.66%		33,751,295	3	1.26%	
SW Meadows Point LP	37,820,430	8	0.66%		-			
Jefferson Enclave LP	37,581,280	9	0.65%		-			
Walmart/Sam's	37,218,030	10	0.65%		23,769,510	5	0.89%	
Fairfield College Station, LP	-				18,340,000	7	0.68%	
Verizon Communications, Inc.	-				34,347,890	2	1.28%	
Melrose Apartments	-				19,400,000	6	0.72%	
HE Butt Store Property Co.	-				17,615,105	9	0.65%	
University Commons	-				17,279,200	10	0.64%	
301 Church Avenue, LP	-				17,936,445	8	0.67%	

Source: Brazos County Appraisal District

CITY OF COLLEGE STATION, TEXAS

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ended Sept 30	Taxes Levied for the Fiscal Year	Collected within the		Collections in Subsequent Years	Total Collections to Date	
		Fiscal Year of the Levy			Amount	Percentage of Levy
		Amount	Percentage of Levy			
2003	\$ 13,010,508	\$ 12,740,869	97.93%	\$ 260,655	\$ 13,001,524	99.93%
2004	14,092,814	13,974,666	99.16%	106,972	14,081,638	99.92%
2005	15,270,852	15,160,102	99.27%	102,179	15,262,281	99.94%
2006	16,162,073	15,938,981	98.62%	145,062	16,084,043	99.52%
2007	17,818,419	17,697,220	99.32%	39,383	17,736,603	99.54%
2008	19,973,882	19,773,036	98.99%	109,866	19,882,902	99.54%
2009	22,076,134	21,795,748	98.73%	176,189	21,971,937	99.53%
2010	23,623,086	23,435,105	99.20%	42,571	23,477,676	99.38%
2011	24,323,279	24,136,088	99.23%	-	24,136,088	99.23%
2012	24,979,685	24,762,625	99.13%	-	24,762,625	99.13%

Sources: City Of College Station and Brazos County Tax Office

CITY OF COLLEGE STATION, TEXAS

TAXABLE SALES BY CATEGORY
LAST TEN CALENDAR YEARS
(in thousands of dollars)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Utilities	\$ 15,169	\$ 14,929	\$ 14,943	\$ 16,684	\$ 19,336	\$ 22,403	\$ 25,483	\$ 26,442	\$ 27,724	\$ 32,048
Construction	6,240	5,500	6,477	12,076	13,918	15,818	15,768	10,617	10,070	10,900
Manufacturing	7,950	7,921	9,323	12,926	13,066	13,200	16,391	12,221	9,620	6,823
Wholesale Trade	18,918	12,332	24,173	25,939	17,482	8,759	13,761	9,856	10,770	19,556
Retail Trade	489,059	513,638	529,284	563,662	608,940	686,271	693,673	653,561	678,041	699,715
Information	10,755	15,312	16,092	14,409	14,082	12,148	15,427	15,654	16,907	16,984
Finance and Insurance	60	55	119	130	216	541	752	706	840	1,043
Real Estate and Rental/Leasing	10,462	11,032	12,258	12,024	15,679	16,249	18,326	9,288	9,456	9,314
Professional, Scientific and Tech Services	7,627	7,660	8,618	8,692	9,530	11,074	26,234	25,694	13,142	12,901
Administrative, Support, Waste Mgmt. Remediation	12,866	14,703	14,655	15,133	16,462	15,054	18,362	17,610	16,831	17,381
Educational Services	98	93	22,981	26,252	29,592	32,502	27,645	35,351	34,952	37,434
Health Care and Social Assistance	986	1,721	1,951	2,547	2,873	4,051	2,888	2,301	2,049	1,920
Arts, Entertainment and Recreation	5,382	5,480	6,173	6,781	6,949	7,399	9,168	8,671	8,470	9,325
Accommodation and Food Services	129,054	137,440	147,277	158,267	169,900	185,723	205,967	204,731	208,597	217,445
Other Services	37,802	36,954	34,563	38,894	17,069	14,539	15,782	15,338	15,890	16,274
Total	\$ 752,428	\$ 784,770	\$ 848,887	\$ 914,416	\$ 955,094	\$ 1,045,731	\$ 1,105,627	\$ 1,048,041	\$ 1,063,359	\$ 1,109,063
City direct sales tax rate	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%

Source: Texas State Comptroller of Public Accounts

Notes:

Taxable sales information is not available on a fiscal-year basis. The state converted from reporting SICs classification of industries to NAICS classification of industries effective with the reporting year 2002.

CITY OF COLLEGE STATION, TEXAS

**DIRECT AND OVERLAPPING SALES TAX RATES
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>City Direct Rate</u>	<u>Brazos County</u>	<u>State of Texas</u>
2003	1.50%	0.50%	6.25%
2004	1.50%	0.50%	6.25%
2005	1.50%	0.50%	6.25%
2006	1.50%	0.50%	6.25%
2007	1.50%	0.50%	6.25%
2008	1.50%	0.50%	6.25%
2009	1.50%	0.50%	6.25%
2010	1.50%	0.50%	6.25%
2011	1.50%	0.50%	6.25%
2012	1.50%	0.50%	6.25%

Source: Texas State Comptroller of Public Accounts

CITY OF COLLEGE STATION, TEXAS

SALES TAX REVENUE PAYERS BY INDUSTRY
CALENDAR YEARS 2002 AND 2011
(dollars are in thousands)

	Calendar Year 2002			Calendar Year 2011		
	Number of Outlets	Percentage of Total	Tax Liability	Number of Outlets	Percentage of Total	Tax Liability
Retail trade	978	59.42%	\$ 9,272	1,319	58.38%	\$ 13,757
Services	294	17.86%	2,343	320	14.16%	1,254
Wholesale trade	40	2.43%	284	79	3.50%	293
Utilities, transportation, communications	8	0.49%	1	18	0.80%	483
Manufacturing	37	2.25%	119	82	3.63%	102
Construction	59	3.58%	94	124	5.49%	163
Agriculture, forestry, and fishing	16	0.97%	81	50	2.21%	140
Finance, insurance, real estate	37	2.25%	158	65	2.88%	155
All other outlets	177	10.75%	260	202	8.95%	295
Total	1,646	100.00%	\$ 12,612	2,259	100.00%	\$ 16,644
						100.00%

Source: Texas State Comptroller of Public Accounts

Notes:

Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenue.

Tax liability information is not available on a fiscal-year basis.

CITY OF COLLEGE STATION, TEXAS

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities			Business-Type Activities				
	General Obligation Bonds	Certificates of Obligation	Utility Revenue Bonds	Certificates of Obligation	General Obligation Bonds	Utility Revenue Certificates of Obligation	Utility Revenue General Obligation Bonds	
2003	\$ 43,170,000	\$ 32,525,000	\$ 79,680,000	\$ -	\$ -	\$ -	\$ -	
2004	47,085,000	34,705,000	75,655,000	-	-	-	-	
2005	49,800,000	30,195,000	79,215,000	-	-	8,910,000	-	
2006	53,835,000	34,905,000	91,460,000	-	-	8,580,000	-	
2007	55,720,000	33,500,000	105,215,000	-	-	8,240,000	-	
2008	60,695,000	39,965,000	99,560,000	-	-	23,820,000	-	
2009	59,145,000	38,575,000	93,755,000	4,530,000	-	47,755,000	-	
2010	75,020,000	35,675,000	87,745,000	4,970,000	3,830,000	48,970,000	-	
2011	78,055,000	26,085,000	54,495,000	4,765,000	3,070,000	50,185,000	25,585,000	
2012	75,695,000	21,415,000	45,060,000	4,550,000	2,690,000	58,555,000	33,590,000	

Sources: City of College Station (outstanding debt, per capita) and the U.S. Census Bureau, American Community Survey (personal income)

Notes:

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

Personal income information for the City of College Station is only available for calendar years 2005 - 2011.

In 2009 the Parking Garage Fund began paying for the Parking Garage debt. In 2010 the Parking Garage Certificates of Obligation were refunded and became General Obligation Debt.

CITY OF COLLEGE STATION, TEXAS

**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

Fiscal Year	General Obligation		Less Debt Service		Net Bonded Debt	Percentage of Actual Taxable	
	Bonds		Cash Funds			Value of Property	Per Capita
2003	\$43,170,000	\$	659,180	\$42,510,820	1.59%	\$	543
2004	47,085,000		585,336	46,499,664	1.56%		580
2005	49,800,000		912,353	48,887,647	1.50%		597
2006	53,835,000		1,645,563	52,189,437	1.45%		620
2007	55,720,000		2,060,709	53,659,291	1.34%		617
2008	60,695,000		2,573,421	58,121,579	1.30%		639
2009	59,145,000		3,125,126	56,019,874	1.13%		599
2010	75,020,000		4,115,689	70,904,311	1.33%		749
2011	78,055,000		4,007,146	74,047,854	1.36%		767
2012	75,695,000		3,320,293	72,374,707	1.26%		742

Source: City of College Station

Notes:

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

CITY OF COLLEGE STATION, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2012

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes			
College Station I.S.D.	\$ 220,430,000	87.91%	\$ 193,780,013
Brazos County	90,785,000	52.82%	47,952,637
Bryan I.S.D.	150,130,000	2.08%	3,122,704
Other debt			
College Station I.S.D.	-	0.00%	-
Brazos County	-	0.00%	-
Bryan I.S.D. Capital Lease	-	0.00%	-
Subtotal, overlapping debt			<u>244,855,354</u>
City direct debt			<u>97,110,000</u>
Total direct and overlapping debt			<u><u>\$ 341,965,354</u></u>

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

Notes:

Overlapping governments are those that coincide, at least in part, with the geographical boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of College Station. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and therefore responsible for repaying the debt of each overlapping government.

^aFor debt repaid with property taxes, the percentage of overlapping debt is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total assessed value.

CITY OF COLLEGE STATION, TEXAS

LEGAL DEBT MARGIN INFORMATION

SEPTEMBER 30, 2012

The City has no general obligation legal debt limit other than a ceiling on the ad valorem tax rate as specified by the State of Texas. The prescribed maximum is \$2.50 per \$100 at 100% valuation.

CITY OF COLLEGE STATION, TEXAS

**PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS**

Fiscal Year	Utility Revenue Bonds, Certificates of Obligation, and General Obligation Refunding Bonds									
	Utility Service Charges		Less: Operating Expenses		Net Available Revenue		Average Debt Service		Maximum Debt Service	
							Total	Total	Total	Total
2003	\$ 64,046,246	\$ 47,785,550	\$ 16,260,696	\$ 5,773,582	2.82	\$ 8,084,285	2.01			
2004	64,785,122	44,719,241	20,065,881	5,651,966	3.55	7,998,465	2.51			
2005	70,636,853	51,125,745	19,511,108	5,522,447	3.53	8,364,747	2.33			
2006	80,787,029	54,432,847	26,354,182	6,423,582	4.10	9,163,574	2.88			
2007	87,911,120	63,514,543	24,396,577	7,389,770	3.30	10,408,958	2.34			
2008	99,610,432	73,195,783	26,414,649	8,620,759	3.06	12,245,949	2.16			
2009	108,367,552	80,848,570	27,518,982	9,834,136	2.80	13,870,272	1.98			
2010	115,430,088	91,551,103	23,878,985	8,976,012	2.66	13,669,444	1.75			
2011	127,985,835	96,938,864	31,046,971	8,675,457	3.58	13,635,526	2.28			
2012	124,905,906	88,927,662	35,978,244	7,009,717	5.13	10,670,889	3.37			

Source: City of College Station

Notes:

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

Operating expenses do not include interest, depreciation, or amortization expense.

Maximum Debt Service Total includes Utility Revenue Bonds , Certificates of Obligation and GO Refunding Bonds that have been issued for Utility projects.

The coverage ratios presented in this schedule are formulas required by bond resolutions. The bond resolutions require that net revenues equal at least 1.4 times the average annual debt service on all revenue bonds and other indebtedness payable from those revenues. The bond resolutions also require that net revenues equal at least 1.25 times the maximum annual debt service on all revenue bonds and other indebtedness payable from those revenues.

CITY OF COLLEGE STATION, TEXAS

DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN CALENDAR YEARS

Calendar Year	Population	Personal Income		Unemployment Rate %
		<i>(thousands of dollars)</i>	Per Capita Personal Income	
2002	75,752	\$ -	\$ -	2.0
2003	78,309	-	-	2.4
2004	80,214	-	-	2.0
2005	81,930	1,226,974	14,976	3.7
2006	84,116	1,308,384	15,555	3.9
2007	86,982	1,736,221	19,961	3.8
2008	90,897	1,699,361	18,695	4.1
2009	93,450	1,594,056	17,058	5.3
2010	94,642	1,891,621	19,987	5.9
2011	96,603	1,734,731	17,957	6.3

Sources: City of College Station Planning Division (population)

U. S. Census Bureau, American Community Survey (personal income)

Texas Workforce Commission (unemployment rate)

Notes:

In 2005, the Bureau of Labor Statistics introduced a new methodology for calculating unemployment rates. Along with the new calculation method, Robertson and Grimes County were added to the Bryan/College Station MSA. The net result is an increase in the area's unemployment rate.

Personal income information for the City of College Station is only available for calendar years 2005-2011.

CITY OF COLLEGE STATION, TEXAS

PRINCIPAL AREA EMPLOYERS CURRENT YEAR AND TEN YEARS AGO

<u>2012</u>	<u>2002</u>
<u>Employer</u>	<u>Employer</u>
Brazos County	Brazos County
Bryan ISD	Bryan ISD
City of Bryan	City of Bryan
City of College Station	College Station ISD
College Station ISD	City of College Station
College Station Medical Center	Reliant Building Products
Reynolds & Reynolds	Sanderson Farms Inc
Sanderson Farms Inc	St Joseph Hospital
St Joseph Hospital	Texas A&M University
Texas A&M University	Wal-Mart Associates Inc

Source: Texas Workforce Commission, Labor Market/Career Information Department, Research Valley Partnership

Notes:

Data includes principal employers in Brazos County.

Employers are listed in alphabetical order and do not reflect any ranking.

The TWC ranking and number of employees data is confidential.

CITY OF COLLEGE STATION, TEXAS

**FULL-TIME-EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	Full-Time-Equivalent Employees as of Sept. 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government	36.8	38.5	41.9	37.8	58.5	71.0	79.5	75.0	61.5	38.0
Police	143.4	146.0	144.4	155.1	163.5	168.5	176.0	169.0	180.5	180.0
Fire	105.9	108.5	111.4	110.6	119.0	125.0	121.0	118.0	120.5	139.0
Public Works	104.5	106.8	112.2	112.6	114.5	106.5	113.0	94.0	96.0	112.0
Parks and Recreation	120.1	116.2	120.0	119.8	123.5	131.0	133.0	133.0	119.0	71.0
Planning and Development Services	28.3	28.5	25.8	27.1	24.5	34.0	37.0	41.0	54.0	55.0
Information Services	40.0	40.3	37.5	36.6	28.5	33.0	32.0	30.5	30.0	30.3
Fiscal Services	61.1	59.8	64.2	70.1	71.0	72.5	70.5	70.0	66.5	68.5
Electric	56.9	53.4	56.6	56.0	56.5	58.0	65.0	64.0	63.5	66.0
Water / Sewer Services	66.0	64.0	69.1	71.8	71.0	67.5	76.5	70.5	74.0	76.0
BVSWMA	28.3	27.3	24.4	24.0	22.0	25.5	25.0	23.5	22.0	-
Capital Project	n/a	n/a	n/a	n/a	n/a	10.0	10.0	9.0	9.0	-
Total	791.3	789.3	807.5	821.5	852.5	902.5	938.5	897.5	896.5	835.75

Source: City of College Station

Notes:

Full-time-equivalent employees include full time, part time, and seasonal/temporary employees on staff as of September 30.

During the fiscal year ended September 30, 2012, management of BVSWMA, Inc. negotiated the end of the borrowed employee agreement with the City of College Station. A majority of the employees covered under the "Borrowed Employee Agreement" are now employees of BVSWMA Inc.

CITY OF COLLEGE STATION, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
Open records requests	62	103	72	199	199	155	164	123	240	194
Economic development prospects	29	17	20	31	19	18	23	55	31	25
Code enforcement cases processed	6,280	9,341	2,848	5,984	4,838	5,148	6,248	5,268	4,701	5,011
Non-profit agencies/contracts monitored	11	10	9	13	7	10	9	10	8	7
Applicants receiving homebuyers assistance	14	16	2	9	6	3	4	6	3	15
Police										
DUI/DWI arrests	341	418	387	414	493	458	430	449	571	551
Citations processed	43,407	42,957	39,416	34,134	38,046	10,384	17,275	22,224	42,690	39,145
Uniform patrol calls handled	61,821	60,405	57,605	60,159	58,303	57,661	48,297	58,656	61,283	63,000
Average response time on high priority calls	6:28 mins	5:58 mins	6:09 mins	6:15 mins	6:17 mins	6:06 mins	6:18 mins	6:52 mins	6:41 mins	6:38 mins
Criminal investigation new cases assigned	2,292	2,259	2,300	2,368	2,256	2,635	2,590	2,098	2,582	2,089
Note: In FY08 an e-citation program was implemented thus reducing the number of paper citations processed.										
Fire										
Fire incidents (fire, rescue, and haz mat)	1,455	1,554	1,792	1,743	1,832	1,992	2,008	2,301	1,813	1,751
Business safety inspections	1,014	1,410	1,138	828	1,018	947	760	1,364	1,151	907
EMS incidents	2,754	2,800	3,241	3,048	3,773	4,718	5,367	5,414	5,407	6,814
EMS unit responses	4,687	4,900	4,930	5,276	5,476	5,369	5,051	5,646	6,090	6,295
Public Works										
Street overlay lane miles	20	18	19	19	19	15	9	2	11	10
Potholes repaired	*	*	24,696	24,778	21,506	20,546	18,000	68,548	67,448	70,515
Curb miles swept	*	*	6,338	7,235	6,040	6,955	5,620	5,595	6,244	7,131
Sign, marking, signal work orders	3,472	3,270	2,898	2,557	2,617	2,880	2,310	2,571	3,395	3,189
Note: In FY10 # of potholes repaired went to # of square feet repaired.										
Parks and Recreation										
Pavilion rentals	342	314	221	399	338	395	858	1,431	1,418	3,260
Adult participants in City leagues	8,529	8,307	10,774	822	611	786	786	571	551	590
Youth participants in City leagues	1,977	2,690	2,520	2,842	2,946	4,183	4,249	4,096	4,111	3,750
Special event participants	188,980	188,429	201,256	197,805	185,002	170,193	184,575	199,091	181,571	45,175
Instructional participants	3,447	3,581	3,579	3,075	3,432	3,538	3,077	3,112	2,765	1,835
Pool customers	142,154	145,879	132,549	146,805	128,206	142,605	138,785	93,302	114,458	144,059
Conference center customers	70,728	81,289	85,720	70,494	66,950	79,360	90,089	90,540	73,105	51,091
Lincoln center participants	72,794	81,629	82,624	98,869	100,952	93,501	82,862	79,077	83,471	85,975
Teen center participants	13,446	14,582	17,500	9,958	15,798	15,259	17,212	15,669	5,217	51,537

CITY OF COLLEGE STATION, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM - *Continued*
LAST TEN FISCAL YEARS

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Planning and Development Services										
Permits processed	6,604	6,685	6,500	6,575	7,583	6,647	5,819	5,972	6,026	5,600
Building inspections performed	13,364	13,435	13,297	13,069	13,398	13,814	12,938	12,379	11,583	12,100
Parking citations issued	18,034	16,587	11,900	8,452	7,238	9,460	9,686	6,763	4,488	6,530
Community enhancement cases	11,637	15,086	7,016	7,384	8,631	11,885	11,622	11,408	8,632	8,900
Electric										
Number of connections	35,421	35,307	36,284	37,590	38,519	37,777	37,818	38,255	37,829	39,123
Residential job orders	2,505	2,134	1,904	1,422	1,714	2,342	1,242	1,627	1,137	908
Customer service job orders	2,078	2,496	1,561	1,678	1,717	1,928	1,774	1,428	1,181	1,408
Average monthly consumption (KWH)	54,820,470	55,673,526	60,413,524	61,910,063	60,766,805	64,724,128	64,065,679	65,049,732	68,191,018	65,266,563
Avg number of outages per customer	1.33	0.72	0.92	0.31	0.12	0.27	0.72	0.04	0.17	0.16
Water										
Number of connections	29,358	31,038	32,266	33,491	34,763	37,075	37,344	37,596	37,565	39,338
New services completed	1,560	1,217	773	931	1,027	1,235	408	396	325	508
Average monthly consumption (MGW)	253,259	236,355	283,429	317,438	293,246	324,012	345,170	301,399	408,327	356,791
Water meters tested	1,025	768	732	1,254	1,174	732	834	2,009	122	172
Avg number of outages per customer	0.003	0.160	0.016	0.039	0.013	0.007	0.0067	0.0019	0.0090	0.0025
Sewer										
Number of connections	27,977	28,594	29,694	31,051	32,034	34,743	34,743	35,853	35,510	36,908
Average daily sewage treatment (thousands of gallons)	6,807	6,808	6,220	5,911	6,502	6,626	6,625	6,700	6,242	6,453
New services completed	1,540	890	571	646	521	781	604	377	301	376
Avg number of stoppages per customer	0.0001	0.003	0.003	0.003	0.003	0.002	0.0007	0.00029	0.00027	0.00240
Sanitation										
Number of users (units)	28,215	28,594	28,399	27,181	28,112	29,533	30,750	30,779	30,455	31,573
Residential tons collected	18,057	20,353	23,535	24,964	27,556	22,191	21,406	28,451	22,775	28,991
Residential tons recycled	826	1,082	923	983	1,060	1,199	1,064	1,053	1,173	1,124
Commercial tons collected	33,402	35,355	35,114	35,122	38,402	38,709	36,245	36,558	35,133	34,608
Parking garage										
Active contract customers	*	*	449	432	472	464	333	524	482	460
Hourly cash customers	106,935	97,904	127,608	108,893	109,028	107,584	104,342	85,210	83,048	80,127
Utility Customer Service										
Payments processed	404,742	408,348	401,891	413,088	423,299	443,766	461,557	467,262	456,936	476,999
Incoming calls	82,018	82,536	82,234	85,728	85,842	97,121	96,876	85,212	84,861	94,986
Meters read	552,949	577,773	598,660	618,676	640,554	670,913	694,270	708,672	719,749	732,631

Source: City of College Station various departments
* Data not measured for fiscal year indicated.

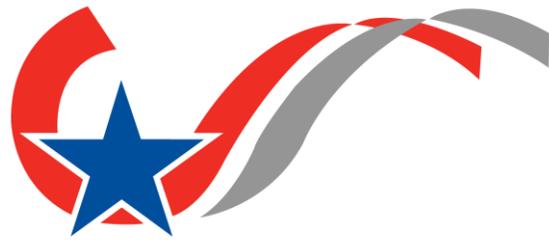
CITY OF COLLEGE STATION, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police										
Patrol units	25	25	26	26	29	29	29	27	33	32
Jail capacity	17	17	17	17	17	17	17	17	17	17
Fire stations	4	4	4	4	4	4	4	4	4	5
Note: The Fire Department operates an additional fire station located at the airport.										
Public Works										
Streets (linear miles)	733	353	385	395	429	438	428	453	474	482
Sidewalks (miles)	89	89	97	100	100	100	119	130	138	150
Traffic signals	60	62	62	62	65	66	66	69	70	75
Storm sewers (miles)	*	*	*	72	72	72	80	83	83	89
Notes: Street measurement changed from lane miles to linear miles in FY04. Storm sewer mileage includes both underground pipes and valley gutters.										
Parks and Recreation										
Acreage	1,214	1,217	1,248	1,274	1,289	1,306	1,306	1,327	1,327	1,327
Playunits	35	35	35	46	48	47	54	56	57	57
Softball/baseball fields	19	19	25	32	32	35	35	36	36	36
Soccer fields	19	19	26	31	31	29	29	30	30	30
Jogging/walking trails	22	22	26	27	28	29	33	34	34	34
Community centers	3	3	3	3	3	3	3	3	3	3
Pools	3	3	3	3	3	3	3	3	3	3
Pavilions (rentable)	5	5	6	6	7	7	6	6	7	7
Notes: Some parks have multiple playunits. Softball/baseball fields include practice fields.										
Electric										
Maximum capacity (megawatts)	255	255	280	260	355	355	355	305	305	325
Number of substations	4	4	4	5	5	5	5	6	6	6
Distribution lines (miles)	414	414	450	394	411	411	432	440	444	438
Water										
Water mains (miles)	311	317	341	365	367	381	385	396	402	410
Fire hydrants	*	2,070	2,165	2,232	2,380	2,453	2,494	2,562	2,614	2,682
Number of wells	6	6	6	8	8	8	8	9	9	9
Wells production capacity (thousands of gallons per day)	26,000	26,000	28,000	23,000	23,000	23,000	26,000	32,000	27,000	30,000
Sewer										
Sanitary sewer lines (miles)	262	264	271	279	285	301	305	313	319	324
Treatment capacity (thousands of gallons per day)	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500
Sanitation										
Collection trucks	23	24	24	24	25	25	25	25	25	25
Residential collection containers	14,413	15,207	15,958	16,647	18,135	19,549	20,275	20,671	20,550	21,547
Commercial collection containers	1,407	1,511	1,545	1,569	1,594	1,619	1,644	1,669	1,694	1,719
Fleet number of vehicles	585	600	613	627	651	643	647	662	662	576

Source: City of College Station

* Data not measured for fiscal year indicated.



CITY OF COLLEGE STATION
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