

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED SEPTEMBER 30, 2005



CITY OF COLLEGE STATION, TEXAS
HEART OF THE RESEARCH VALLEY



CITY OF COLLEGE STATION

the heart of the Research Valley

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, 2005

PREPARED BY THE

CITY OF COLLEGE STATION FISCAL SERVICES DEPARTMENT

JEFF KERSTEN, FINANCE AND STRATEGIC PLANNING DIRECTOR

PHILLIP GUILLEN, ACCOUNTING MANAGER

CITY OF COLLEGE STATION, TEXAS

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005**

Table of Contents

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	vi
GFOA Certificate of Achievement for Excellence in Financial Reporting	xiii
Organizational Chart	xiv
Principal City Officials	xv
FINANCIAL SECTION	
Independent Auditors' Report	1
Management's Discussion and Analysis (Unaudited).....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	23
Statement of Activities	24
Fund Financial Statements:	
Balance Sheet – Governmental Funds	26
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets.....	27
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	28
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	29
Statement of Net Assets – Proprietary Funds	30
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	32
Statement of Cash Flows – Proprietary Funds	34
Notes to the Financial Statements	37
Required Supplementary Information:	
Schedule of Funding Progress – Texas Municipal Retirement System	69

CITY OF COLLEGE STATION, TEXAS

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005**

Table of Contents

	Page
Schedule of Revenues, Expenditures, and Changes in Fund Balances, Budget and Actual (Budgetary Basis) – General Fund.....	70
Adjustments to General Fund Revenues and Expenditures To Reconcile From Budget Basis to GAAP Basis.....	71
Supplementary Information:	
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	74
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	78
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Budgetary Basis):	
Debt Service.....	82
Adjustments to Debt Service Fund Revenues To Reconcile from Budget Basis to GAAP Basis.....	83
Special Revenue Funds:	
Community Development	84
Convention Center.....	85
Hotel/Motel Tax	86
Parks Escrow.....	87
Wolf Pen Creek Tax Increment Financing District	88
Adjustments to Special Revenue Fund Revenues and Expenditures to Reconcile from Budget Basis to GAAP Basis.....	89
Capital Projects Funds:	
Business Park.....	90
Drainage Projects	91
General Government Projects.....	92
Parks Projects	93
Streets Projects	94

CITY OF COLLEGE STATION, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005

Table of Contents

	Page
Adjustments to Capital Projects Fund Revenues and Expenditures to Reconcile from Budget Basis to GAAP Basis.....	95
Nonmajor Enterprise Funds:	
Combining Statement of Net Assets	98
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	99
Combining Statement of Cash Flows	100
Internal Service Funds:	
Combining Statement of Net Assets	102
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	104
Combining Statement of Cash Flows	106
Capital Assets Used in the Operation of Governmental Funds:	
Schedule by Source	111
Schedule by Function and Activity	112
Schedule of Changes by Function and Activity.....	114
STATISTICAL SECTION	
Government-Wide Expenses by Function	118
Government-Wide Revenues.....	119
General Governmental Revenues and Other Financing Sources	120
General Governmental Tax Revenues By Source.....	121
General Governmental Expenditures and Other Uses by Function	122
Property Tax Levies and Collections	123
Assessed Value of Taxable Properties	124
Property Tax Rates, Ratios and Levies - All Direct and Overlapping Governments	125
Paving Assessment Collections.....	126
Computation of Legal Debt Margin	127

CITY OF COLLEGE STATION, TEXAS

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005**

Table of Contents

	Page
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	128
Schedule of Direct and Estimated Overlapping Debt	129
Ratio of Annual Debt Service Expenditures for General Obligation Debt to Total General Governmental Expenditures and Other Uses	130
Utility Funds - Schedule of Revenue Bond Coverage	131
Construction Permits	132
Principal Taxpayers	133
Principal Utility Customers	134
Summary of Insurance Coverage	135
Miscellaneous Statistical and Demographic Data	136





CITY OF COLLEGE STATION
the heart of the Research Valley

March 14, 2006

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

The 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, 2005.

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 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.

The Local Government Code, Section 103.001 (a) states: "A municipality shall have its records and accounts **audited** annually and shall have an **annual** financial statement prepared based on the **audit**." Likewise the Fiscal and Budgetary Policy Statements adopted annually by the City Council as a part of the City's Approved Budget includes a requirement that the City shall annually have an audit performed by an outside, independent auditor. The City has complied with this requirement, and the independent auditors' report has been included in this report.

THE REPORT

This report is comprised of three sections: Introductory, Financial and Statistical. The Introductory Section includes this transmittal letter, a listing of the principal City officials, and an organizational chart of the City. The Financial Section contains the Independent Auditors' Report on the basic financial statements, Management's Discussion and Analysis ("MD&A"), the basic financial statements with related notes, and combining and individual fund statements and schedules. The MD&A is a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction therewith. The City of College Station's MD&A may be found immediately following the Independent Auditors' Report. The Statistical Section provides financial and demographic information, usually presented on a multi-year basis, that is relevant to a financial statement reader.

vi

P.O. BOX 9960

1101 TEXAS AVENUE

COLLEGE STATION • TEXAS • 77842

979.764.3500

www.cstx.gov

The Financial section described above is prepared in accordance with generally accepted accounting principles for governments as prescribed by the Governmental Accounting Standards Board ("GASB") and other professional associations, as applicable.

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 47.2 square miles and a current estimated population of 81,987 as of December 2005. 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 municipality and utilizes a Council-Manager form of government organized under the Constitution and laws of the State of Texas. The City Council is composed of a mayor and six council members elected at large. The City Council appoints the City Manager, City Attorney, City Secretary and Municipal Court Judge. Almost all other City staff work under the direction of the City Manager.

The Reporting Entity and Services Provided

This report includes all government activities, organizations and functions for which the City is financially accountable as defined by the GASB. Based on these criteria, no other governmental organizations are included in the report. For additional information on the reporting entity, refer to Note I-A in the basic financial statements.

The City provides a full range of municipal services as prescribed by statute or charter. These services include police, fire and emergency medical services, parks and recreational facilities, library services, street maintenance and construction, public improvements, general administrative services and electrical, water, sewer, and sanitation systems. Internal services of the City accounted for on a cost reimbursement basis are print/mail, risk management, employee health and disability, equipment replacement, fleet management, and communications.

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 the cost of a control

should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management.

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 annual budget serves as the foundation for the City's financial planning and control. The City Charter provides that the City Manager will submit a proposed budget to the City Council between 30 and 90 days prior to the end of the fiscal year. The City's budget is prepared by function, fund and department. The City Council is required to hold a public hearing on the proposed budget and to adopt a budget no later than the 27th day of the last month of the fiscal year. The City's fiscal year begins on October 1 and ends on September 30. Controls of budgetary spending are at the department level within the City's General Fund and at the individual fund appropriation in all other funds. The City Council must authorize transfers between General Fund departments and all increases in total spending in any fund.

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

College Station has continued to grow in the last year. The concentration of stable and even-growing employment sectors such as government, higher education and health care contribute to the steady growth that College Station has experienced over the last several years. This growth provides some of the additional resources needed to maintain service levels to the citizens and visitors of College Station.

In 2005, the Bureau of Labor Statistics (BLS) significantly altered the methodology used to calculate unemployment. The new calculation method resulted in just over a one percent increase in the unemployment figure for College Station. In prior years, the unemployment rate was in the 2.5 percent range. As a result of the BLS change, the annual unemployment rate for fiscal year 2005 was approximately 3.6 percent.

In 2005, state sales tax revenues were up by 6.5 percent. Sales tax collections in College Station saw growth in fiscal year 2005 as well. This is consistent with growth in sales tax receipts the City has experienced over the last several years. In fiscal year 2005, sales taxes were up by 3.3 percent over fiscal year 2004 to \$15,445,404.

College Station continues to see growth in housing and commercial development. There were 553 new housing starts during 2005, which is slightly higher than in 2004. Total ad valorem assessed valuation increased by approximately \$261 million or approximately 8.7 percent for fiscal year 2005 over fiscal year 2004. Commercial development continued to be strong with both new and redevelopment. Several new commercial businesses opened in College Station in 2005, and several new hotels were under construction in 2005. The University Drive corridor continued to have a significant amount of new businesses and increased traffic.

One major asset of the City of College Station is that it is 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 \$940 million 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 \$450 million worth of sponsored research projects. The \$4.45 billion endowment ranked TAMU ninth in the nation for fiscal year 2005. Student enrollment at TAMU was 45,089 as of September 2005. TAMU employs more than 20,000 full-time and part-time staff.

Major Initiatives

In 2005, numerous capital improvement initiatives were undertaken by the City. Construction continued on the second phase of trails and drainage improvements in the Wolf Pen Creek District. This project is being paid for from the Wolf Pen Creek Tax Increment Financing District fund and the Drainage Utility fund, and is a significant project in the Wolf Pen Creek Corridor that is designed to help spur additional development in this growing corridor. Additional Wolf Pen Creek capital projects are planned for the future to encourage continued growth. In 2005, the expansion of the Lincoln Recreation Center was completed. The expansion included additional game room space, dressing rooms, restrooms, storage and a fitness room. The project also included a multi-purpose pavilion and 62 additional parking spaces. Construction began in 2005 on a zero-depth splash park to be installed at the Lincoln Center. The City continues to upgrade and replace infrastructure within its parks system. In 2005, other parks projects completed included improvements to Parkway Park, the installation of lighting at various soccer fields, and enhancements to a variety of parks including the installation of lighting, landscaping, benches, sidewalks, drinking fountains, and shade covers.

Street projects completed in 2005 included the extension of Longmire Drive. Completion of this roadway section makes Longmire Drive continuous between Barron Road and Valley View Drive. The project included extending a major collector roadway with two travel lanes, a continuous two-way left turn lane, bike lanes and sidewalks. The section also included a box culvert bridge with a stamped colored-concrete lining, river rock rip-rap, and streetscape-style handrails. Also completed in 2005 was the widening of Greens Prairie Road from State Highway 6 to just beyond Pebble Creek Parkway. The road was widened from two to four lanes and includes a median and turn pockets. The rehabilitation of Dominik Drive was also completed in 2005. This rehabilitation went from the end of Dominik (cul-de-sac) to Munson Drive. This section of Dominik was assigned as a bike route (with no marked bike lanes). Traffic projects completed in 2005 included a pedestrian signal at Harvey Road and Dartmouth. This project included the installation of pedestrian signals and push buttons which allows for safe access for pedestrians to and from apartments and shopping centers. This project also linked close to 1,000 feet of sidewalks and ADA ramps to make this intersection accessible to all pedestrians. Hike and bike trail projects underway in 2005 included the installation of trails in Brison Park. This project involves the installation of a bike and pedestrian path through the Old Jersey Street right-of-way adjacent to Brison Park.

Electric utility projects completed in 2005 included the installation of a 138kv capacitor bank at the Greens Prairie Road substation. This capacitor is designed to keep voltage loads stable on the transmission system. Other projects completed by the electric utility in 2005 included various system overhead improvements designed to increase system reliability and load. In addition, lines were relocated underground in conjunction with the Texas Avenue relocation project. In the water and wastewater utilities, work continued on a number of capital projects. Water and wastewater lines were moved in conjunction with the widening of Texas Avenue. Work also continued on the construction of a parallel water transmission line along FM2818 from Hwy 21 south to Villa Maria Road. The additional system capacity is required to support the Northgate area and to provide water service to the annexed area west of FM2818 along FM60. Emergency electric power production equipment was purchased in 2005 to ensure minimum water and wastewater services can be maintained in the event of a primary electric service blackout. In addition, numerous water and wastewater line rehabilitation and replacement projects were ongoing in 2005.

Construction on Fire Station #5 located on Greens Prairie Road in the southern part of College Station continued in 2005. This station is needed to provide adequate fire protection in the growing southern part of the City. It is anticipated that the station will open in 2006.

Technology is an ongoing area of advancement for the City. Completed in 2005 was the implementation of software to allow for the payment of municipal court fines over the internet. Another project completed in 2005 was the update of the City's topographical/aerial maps. These maps are integral to the City's GIS system. Also completed in 2005 was the automated police booking project. This project automates the booking of detainees in the City's jail facility. It includes live scan of fingerprints, thus making it possible to immediately compare detainee fingerprints to those on file, which should speed up the booking process allowing officers to return more quickly to patrol duty.

Capital Planning

The citizens of the City approved general obligation bond proposals totaling approximately \$38.4 million in November 2003. The second portion of this bond authorization, totaling \$5,710,000, was issued in 2005. It is anticipated that various street, traffic safety, public buildings, parks and fire station projects funded by these bonds will be built over the next five years. The City has gone to the voters three times in the last ten years with successful general obligation bond proposals. Key projects planned include street and traffic improvements, public safety facility improvements and park expansions. Upcoming street and traffic improvements include the second phase of the Dartmouth Drive extension, the design of Rock Prairie Road East widening, improvements to Barron Road and the construction of a number of new traffic signals. Public safety facility improvements include the relocation of Fire Station #3 and the expansion of the existing Police Station. Future park expansion projects include the construction of the second phase of Veterans Park and the construction of University Park. The design of the second phase of Veterans Park occurred in FY05, and construction is anticipated for FY06 and FY07. It is projected that the City will be able to make these improvements without increasing the ad valorem tax rate for the capital portion of these projects.

Planning in the electric, water, wastewater and drainage utilities provides for an anticipated investment of \$133 million over the next five years. The electric funds will be used to provide electric line extensions, transmission enhancements, substations, new customer connections, and replacements of existing facilities. The water utility will continue to replace lines in older neighborhoods, add new transmission and distribution lines, provide for a looped system, add new shallow wells, and continue a project to add transmission capacity from the well field to the City. Wastewater projects include sewer outfall lines, line extensions for annexed areas and new services, and treatment plant improvements. Drainage funds will be used for improvements that allow the City to maintain adequate storm carrying capacity of the drainage system. Some rate increases are anticipated for the utilities over the next five years to keep up with the additional capital requirements.

Cash Management

The City awards its depository contract through official bidding procedures for a two-year period with the provision for up to three one-year extensions. The City issued a request for applications for depository services in June 2005. The current depository contract expires in 2008 and is with Citibank, Texas N.A. The City's bank depository agreement requires that all demand deposits and time deposits are secured by pledged collateral with a market value equal to no less than 105 percent of the deposits, less \$100,000 which is insured by the Federal Deposit Insurance Corporation. Evidence of the pledged collateral is maintained by the Fiscal Services Department and a third party financial institution. Collateral is reviewed monthly to assure the market value of the securities pledged equals or exceeds the related bank balances. Assets pledged to the City by its depository are held by the Bank of New York.

Temporarily idle cash for all funds is invested by City officials in securities as allowed by Texas Statutes and the City's investment policy. This policy is reviewed and adopted by the City Council annually. The average balance of the City's investment portfolio for fiscal year 2005 was approximately \$129,758,428. The overall portfolio produced total interest earnings of \$3,540,745 which represents an increase of \$735,637 from fiscal year 2004. The City had no realized losses on any securities held during fiscal year 2005. Investment securities purchased by the City, except investments in pooled funds and mutual funds, are on a delivery versus payment basis. That is, funds are not wired or paid until verification has been made that the correct security has been received by the custodian. Securities are held in a custody account in the City's name. The original copy of all safekeeping statements is delivered to the City. J.P. Morgan Chase has been designated as the City's safekeeping and custodian bank.

Risk Management

The City's risk management program is administered by the Risk Management Division. The division is responsible for monitoring all claims filed against the City, as well as handling the filing of claims as necessary on behalf of the City. The Risk Management Division is responsible for administering the City's Workers' Compensation and Property and Casualty Self Insurance Funds. The City's Risk Manager is responsible for ensuring that the City's coverage is adequate to protect the City in the event of potential losses and for ensuring continuous coverage. The City has implemented an aggressive safety training program.

Employee Retirement System

The City is a member of the Texas Municipal Retirement System ("TMRS") that covers all full-time and certain part-time employees. The plan provides for no benefits beyond the contributions of the employee, employer and earnings on the individual employee account. Employee contributions are seven (7) percent of gross earnings. The City's contribution rate for 2005 was 12.17 percent. The contribution rate for the City is set by TMRS annually for a calendar year. Any unfunded liability (actuarially determined cost to the City not already paid) is paid over a 25-year period and is included as a part of the rate the City pays.

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 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, 2005 are fairly presented in conformity with U.S. generally accepted accounting principals. 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, 2004. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of College Station has received a Certificate of Achievement for twenty-three out of the last twenty-four years. We believe our current report continues to conform to the Certificate of Achievement Program 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 City Manager and Finance and Strategic Planning Director, 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 invaluable 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 progressive manner.

Respectfully submitted,



Glenn Brown
City Manager


Jeff Kersten
Finance and Strategic Planning Director

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, 2004

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.



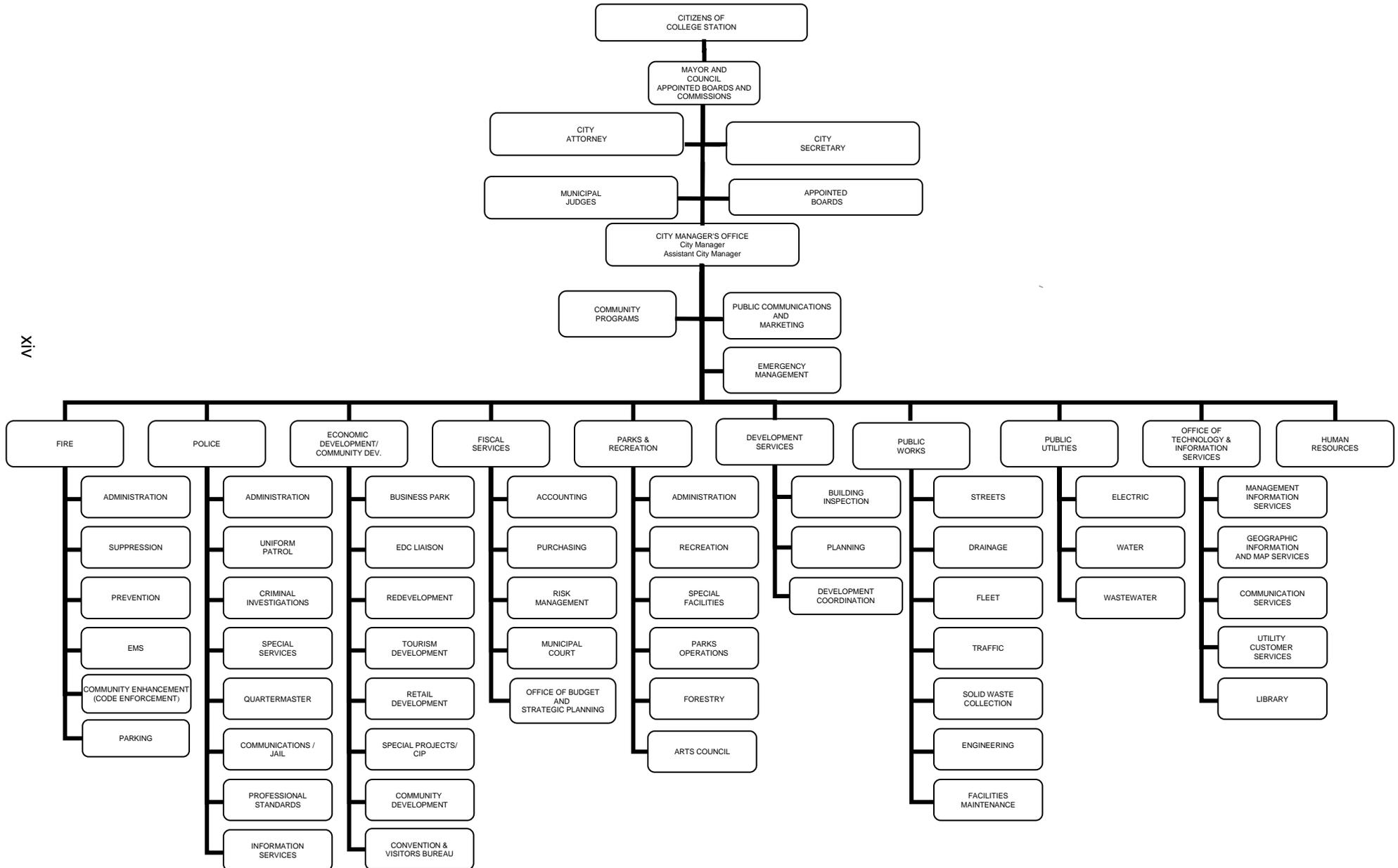
Carla E. Perry

President

Jeffrey R. Ennis

Executive Director

CITY OF COLLEGE STATION



CITY OF COLLEGE STATION, TEXAS

PRINCIPAL CITY OFFICIALS
September 30, 2005

Elected Officials:

Mayor Ron Silvia
Council Member, Mayor Pro Tem John Happ
Council Member, Place 1 Ben White
Council Member, Place 3 Ron Gay
Council Member, Place 4 Susan Lancaster
Council Member, Place 5 Chris Scotti
Council Member, Place 6 Nancy Berry

City Administration:

Interim City Manager Glenn Brown
City Attorney Marshall Cargill, Jr.
City Secretary Connie Hooks
Director of Public Utilities John Woody
Director of the Office of Technology and Information Services Olivia Burnside
Finance and Strategic Planning Director Jeff Kersten
Director of Economic Development Kim Foutz
Director of Development Services Joey Dunn
Fire Chief Robert Alley
Director of Parks and Recreation Stephen Beachy
Director of Human Resources Julie O'Connell
Police Chief Michael Clancey
Director of Public Works Mark Smith



Ingram, Wallis & Co., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Mayor Ron Silvia 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, 2005, 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 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, 2005, and the respective changes in financial position and cash flows, where applicable, 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 January 27, 2006, 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 the 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 conjunction with this report in considering the results of our audit.

The management's discussion and analysis, schedule of funding progress – Texas Municipal Retirement System and budgetary comparison information on pages 3 through 21 and 69 through 71, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, schedule of capital assets used in the operations of governmental funds and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section, schedule of capital assets used in the operation of governmental funds and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Ingram, Wallis & Company

Bryan, Texas
January 27, 2006

Management's Discussion and Analysis

For the Fiscal Year Ended September 30, 2005

(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, 2005. 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 \$304,277,434 (net assets). Of this amount, \$58,727,730 (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 \$10,830,982 during the fiscal year.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$59,413,861, an increase of \$103,275 when compared to the prior year.
- Approximately 26 percent of the combined governmental funds ending fund balance, or \$15,282,570, is available for spending at the City's discretion (unreserved-undesignated fund balance).
- During fiscal year 2005, the City's total debt increased by approximately \$10,675,000. Key factors in this increase were the issuance of \$5,710,000 in General Obligation Improvement Bonds, \$7,595,000 in Certificates of Obligation, \$8,035,000 in Utility System Revenue Bonds, and \$12,995,000 in Utility System Revenue Refunding Bonds.

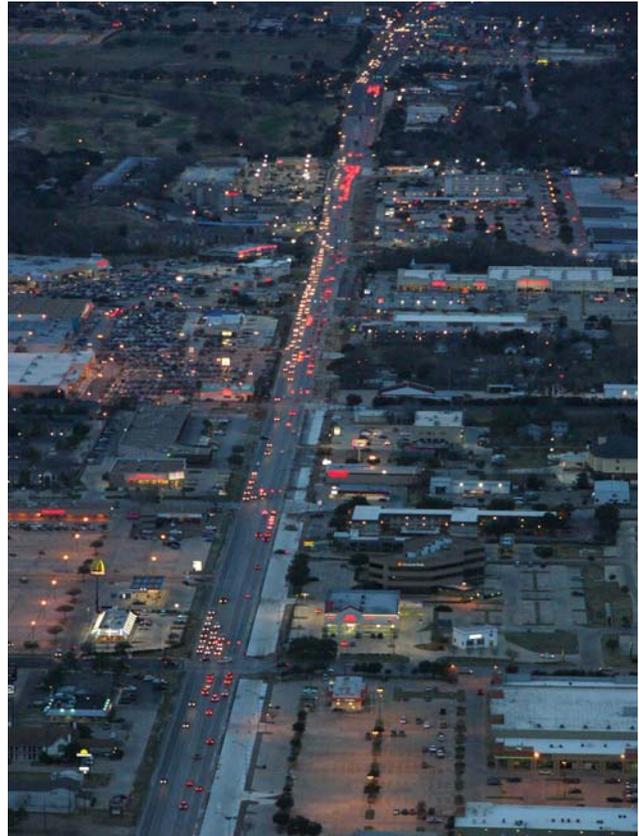


Photo by: Jim Joham of Aerial Experts

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:

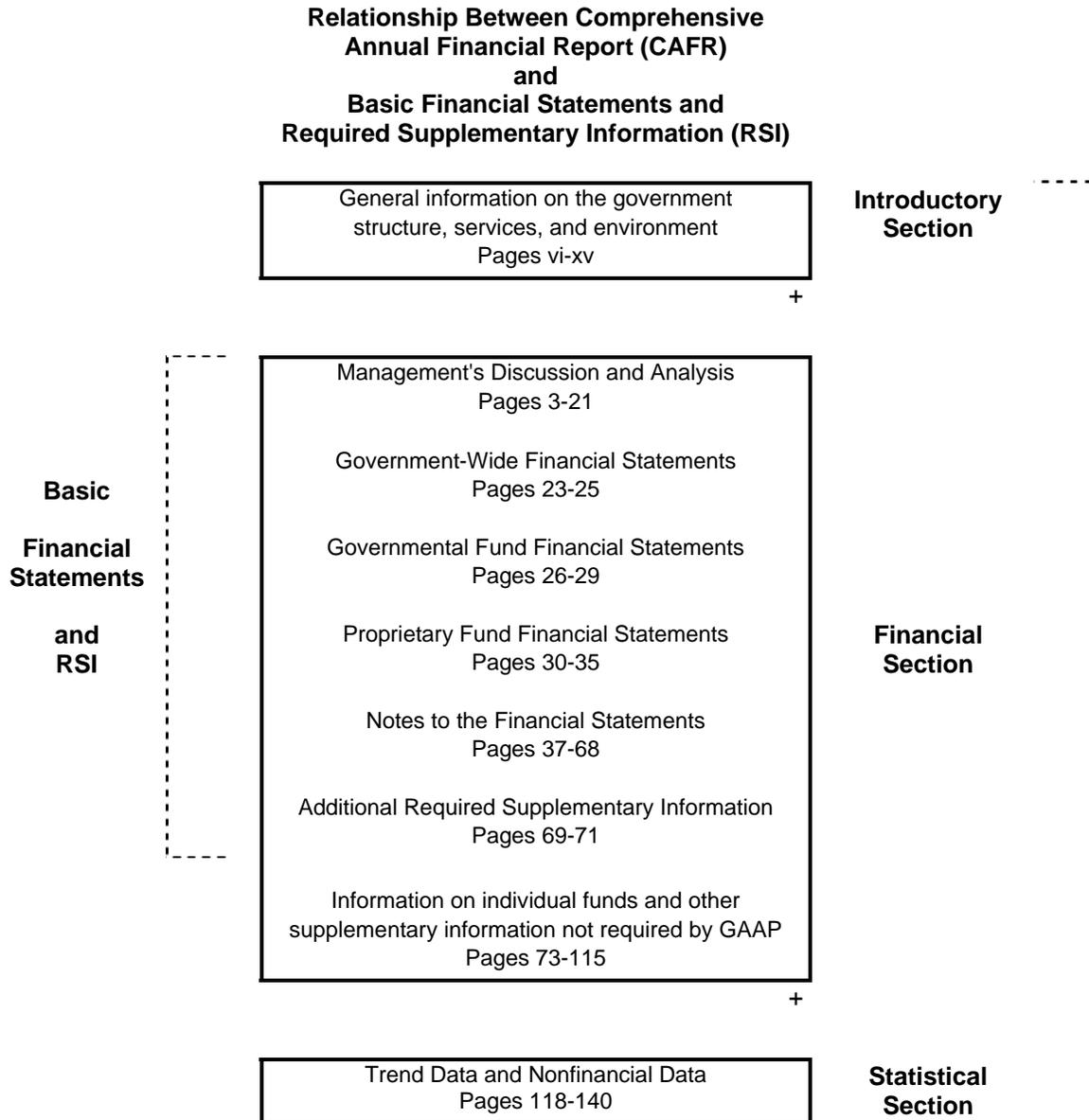
- (1) **Government-wide** financial statements
- (2) **Fund** financial statements
- (3) **Notes** to the financial statements.

Management's Discussion and Analysis

For the Fiscal Year Ended September 30, 2005
(Unaudited)

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

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, 2005

(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 difference 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, police, financial services, information systems, planning and development, fire, municipal services, parks and recreation, and citizen and neighborhood resources. The business-type activities of the City include electric, water, sewer, and solid waste operations. The government-wide financial statements can be found on pages 23-25.

Fund Financial Statements

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

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on 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 the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Management's Discussion and Analysis

For the Fiscal Year Ended September 30, 2005

(Unaudited)

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 Capital 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 non-major governmental funds is provided in the form of combining statements elsewhere in this report. The governmental fund financial statements can be found on pages 26-29.

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, sewer, sanitation, and parking activities of the City. The Electric, Water, and Sewer 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 non-major 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 communication, fleet maintenance, print-mail, and utility billing 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 billing, predominantly benefit governmental rather than business-type functions and have been included within governmental activities in the government-wide financial statements. The Utility Billing 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 statements can be found on pages 30-35.

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.

Management's Discussion and Analysis

For the Fiscal Year Ended September 30, 2005

(Unaudited)

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report presents on pages 69-71, certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees and the general fund budget-to-actual comparison.

Combining Statements

The combining statements referred to earlier in connection with the non-major governmental funds, the non-major enterprise funds, and the internal service funds are presented on pages 73-107 immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve as a useful indicator of a government's financial position. For the City, assets exceeded liabilities by \$304,277,434 at the close of the most recent fiscal year.

The largest portion of the City's net assets (78 percent) reflects its investment of \$238,462,438 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.

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Assets						
Current and Other Assets	\$ 77,727,672	\$ 75,307,405	\$ 66,784,556	\$ 63,463,862	\$ 144,512,228	\$ 138,771,267
Capital Assets	159,744,636	145,281,615	192,012,087	184,931,270	351,756,723	330,212,885
Total Assets	<u>237,472,308</u>	<u>220,589,020</u>	<u>258,796,643</u>	<u>248,395,132</u>	<u>496,268,951</u>	<u>468,984,152</u>
Liabilities						
Long-Term Liabilities						
Outstanding	91,475,720	83,471,294	79,408,055	75,608,361	170,883,775	159,079,655
Other Liabilities	7,349,018	6,798,303	13,758,724	9,659,742	21,107,742	16,458,045
Total Liabilities	<u>98,824,738</u>	<u>90,269,597</u>	<u>93,166,779</u>	<u>85,268,103</u>	<u>191,991,517</u>	<u>175,537,700</u>
Net Assets						
Invested in Capital Assets,						
Net of Related Debt	106,460,949	100,066,963	132,001,489	130,810,275	238,462,438	230,877,238
Restricted	4,289,531	4,289,623	2,797,735	2,651,325	7,087,266	6,940,948
Unrestricted	27,897,090	25,962,837	30,830,640	29,665,429	58,727,730	55,628,266
Total Net Assets	<u>\$ 138,647,570</u>	<u>\$ 130,319,423</u>	<u>\$ 165,629,864</u>	<u>\$ 163,127,029</u>	<u>\$ 304,277,434</u>	<u>\$ 293,446,452</u>

Management's Discussion and Analysis

For the Fiscal Year Ended September 30, 2005

(Unaudited)

An additional portion of the City's net assets, \$7,087,266 (2 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$58,727,730 (20 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

The comparison between fiscal year 2005 and 2004 includes three adjustments to the fiscal year 2004 numbers. The first adjustment relates to the reporting of encumbrances in the governmental activities net asset section. In fiscal year 2004 encumbrances were reported as restricted net assets. An adjustment has been made to remove encumbrances from net assets in fiscal year 2004. This makes the 2004 net assets comparable to the 2005 net assets. The second adjustment relates to a restatement in the electric fund. This restatement is the result of a correction to the value of a previously unrecorded building in the electric fund. Both Capital Assets and Invested in Capital Assets, Net of Related Debt have been increased by \$2,108,473 in the business-type activities for fiscal year 2004. The third adjustment relates to the recording of the liability for unpaid claims in the property and casualty fund and the workers' compensation fund. This adjustment caused a decrease in the 2004 governmental activities net assets of \$904,263.

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 \$10,830,982 as a result of fiscal year 2005 operations. The increase is primarily attributable to increases in ongoing revenues and relatively stable expenses.

Management's Discussion and Analysis

For the Fiscal Year Ended September 30, 2005

(Unaudited)

The following table provides a summary of the City's operations for the year ended September 30, 2005 and highlights key elements of the increase in the City's net assets:

Changes in Net Assets

For the Fiscal Year Ended September 30, 2005

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues						
Program Revenues:						
Charges for Services	\$ 9,209,467	\$ 9,525,576	\$ 76,316,028	\$ 70,518,669	\$ 85,525,495	\$ 80,044,245
Operating Grants and Contributions	2,629,494	3,208,957	-	-	2,629,494	3,208,957
Capital Grants and Contributions	4,489,883	5,266,837	1,937,320	5,179,221	6,427,203	10,446,058
General Revenues:						
Property Taxes	15,888,475	14,668,641	-	-	15,888,475	14,668,641
Sales and Mixed Beverage Taxes	15,705,090	15,238,995	-	-	15,705,090	15,238,995
Other Taxes	4,025,419	4,166,016	-	-	4,025,419	4,166,016
Interest and Investment Income	1,487,926	1,224,546	947,477	662,359	2,435,403	1,886,905
Other	-	4,386	-	-	-	4,386
Total Revenues	<u>53,435,754</u>	<u>53,303,954</u>	<u>79,200,825</u>	<u>76,360,249</u>	<u>132,636,579</u>	<u>129,664,203</u>
Expenses						
General Government	6,457,556	7,536,427	-	-	6,457,556	7,536,427
Fiscal Services	2,467,187	1,953,189	-	-	2,467,187	1,953,189
Police	10,666,318	9,654,447	-	-	10,666,318	9,654,447
Fire	7,853,876	7,189,495	-	-	7,853,876	7,189,495
Development Services	1,580,317	1,586,114	-	-	1,580,317	1,586,114
Public Works	5,401,568	5,004,976	-	-	5,401,568	5,004,976
Parks and Recreation	6,549,466	6,154,862	-	-	6,549,466	6,154,862
Office of Technology and Information Services	2,881,863	2,652,957	-	-	2,881,863	2,652,957
Interest on Long Term Debt	3,895,520	3,448,533	-	-	3,895,520	3,448,533
Unallocated Depreciation	5,430,745	2,690,998	-	-	5,430,745	2,690,998
Electric Utility	-	-	47,815,339	41,120,750	47,815,339	41,120,750
Water Utility	-	-	7,908,695	6,542,184	7,908,695	6,542,184
Sewer Utility	-	-	7,262,208	7,214,296	7,262,208	7,214,296
Sanitation Services	-	-	4,931,079	4,848,591	4,931,079	4,848,591
Parking Operations	-	-	591,944	550,544	591,944	550,544
Other	111,916	-	-	61,150	111,916	61,150
Total Expenses	<u>53,296,332</u>	<u>47,871,998</u>	<u>68,509,265</u>	<u>60,337,515</u>	<u>121,805,597</u>	<u>108,209,513</u>
Increase in Assets Before						
Transfers	139,422	5,431,956	10,691,560	16,022,734	10,830,982	21,454,690
Transfers Net	<u>8,188,725</u>	<u>(904,783)</u>	<u>(8,188,725)</u>	<u>904,783</u>	-	-
Increase in Net Assets	8,328,147	4,527,173	2,502,835	16,927,517	10,830,982	21,454,690
Net Assets at Beginning of Year, as restated	<u>130,319,423</u>	<u>125,792,250</u>	<u>163,127,029</u>	<u>146,199,512</u>	<u>293,446,452</u>	<u>271,991,762</u>
Net Assets at End of Year	<u>\$ 138,647,570</u>	<u>\$ 130,319,423</u>	<u>\$ 165,629,864</u>	<u>\$ 163,127,029</u>	<u>\$ 304,277,434</u>	<u>\$ 293,446,452</u>

Management's Discussion and Analysis

For the Fiscal Year Ended September 30, 2005

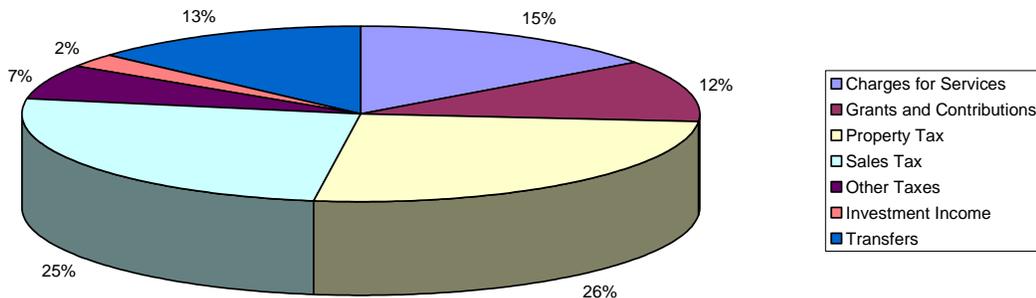
(Unaudited)

Governmental activities. Governmental activities increased the City of College Station's net assets by \$8,328,147 thereby accounting for 77 percent of the total growth in net assets. Key elements of this increase are as follows:

- Property taxes increased \$1,219,834 (8.3 percent) during the year. This is primarily the result of the total ad valorem assessed valuations increasing by \$261 million or 8.7 percent over fiscal year 2004.
- Sales and mixed beverage taxes increased \$466,095 (3.1 percent) during the year. This is attributable to continued economic growth in the area.
- Transfers increased \$9,093,508 over fiscal year 2004. In fiscal year 2004 the City issued Certificates of Obligation for both the electric and water funds. This resulted in a transfer out from the General fund of \$8,725,000 in fiscal year 2004.

The chart below illustrates the City's governmental revenues by source. For governmental activities overall without regard to program, property tax (26 percent) and sales tax (25 percent) are the largest sources of funds followed by charges for services (15 percent), and grants and contributions (12 percent). All other governmental revenues account for 22 percent of all governmental revenues.

**City of College Station, Texas
Governmental Revenues By Source
\$61,624,479**

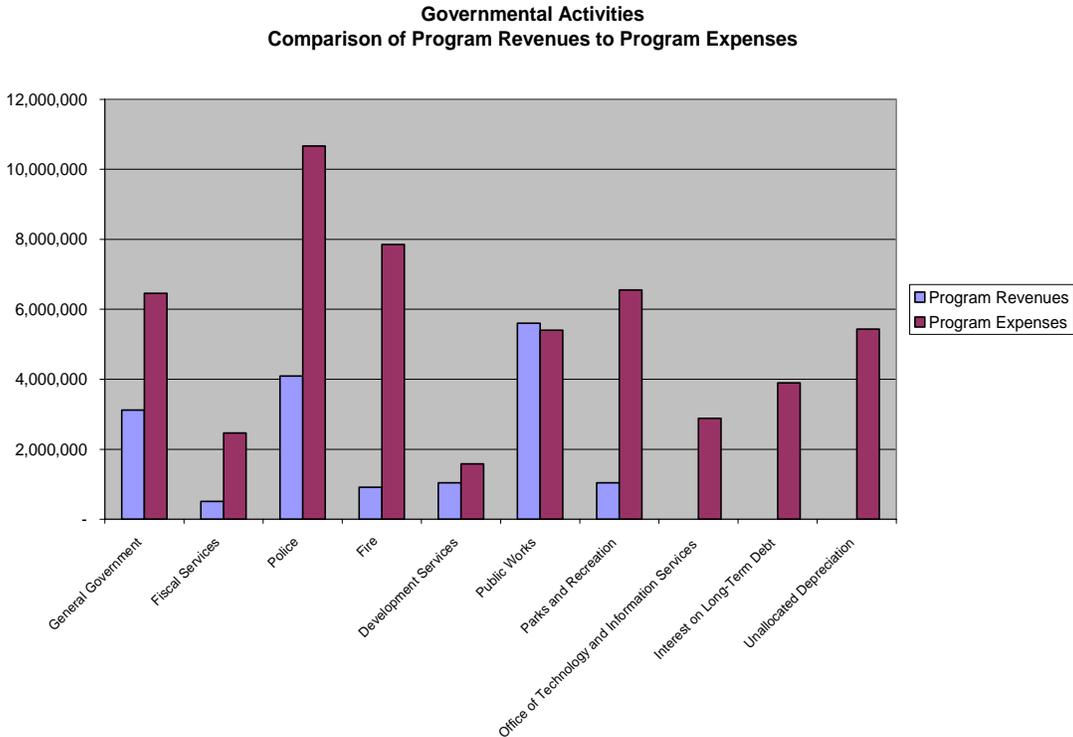


Management's Discussion and Analysis

For the Fiscal Year Ended September 30, 2005

(Unaudited)

Another useful chart depicts governmental activity program revenues relative to program expenses. That data is presented below:



Business-type activities. Business-type activities increased the City of College Station's net assets by \$2,502,835, thereby accounting for 23 percent of the total growth in net assets. Key elements of this increase are as follows:

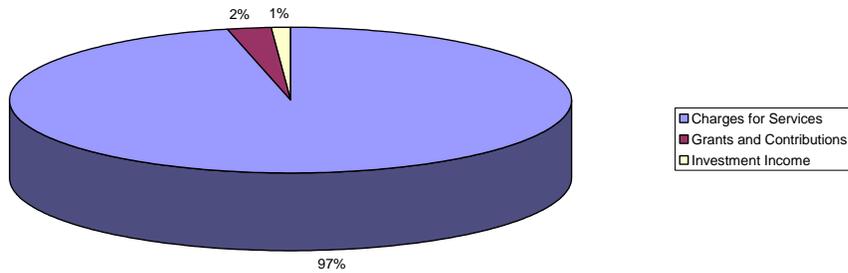
- With the continued growth in the area, capital contributions continued to be a major source of revenue for the electric, water, and sewer funds. In fiscal year 2005 capital contributions amounted to \$1,937,320.
- Electric utility expenses experienced an increase of \$6,694,589 or 16 percent from fiscal year 2004. This is primarily attributable to purchased power expenses.

Revenues for the City's business-type activities are presented in the following chart. Charges for services provided the largest share of revenues (97 percent) for the City's business-type activities. It was followed by grants and contributions (2 percent) and investment income (1 percent).

Management's Discussion and Analysis

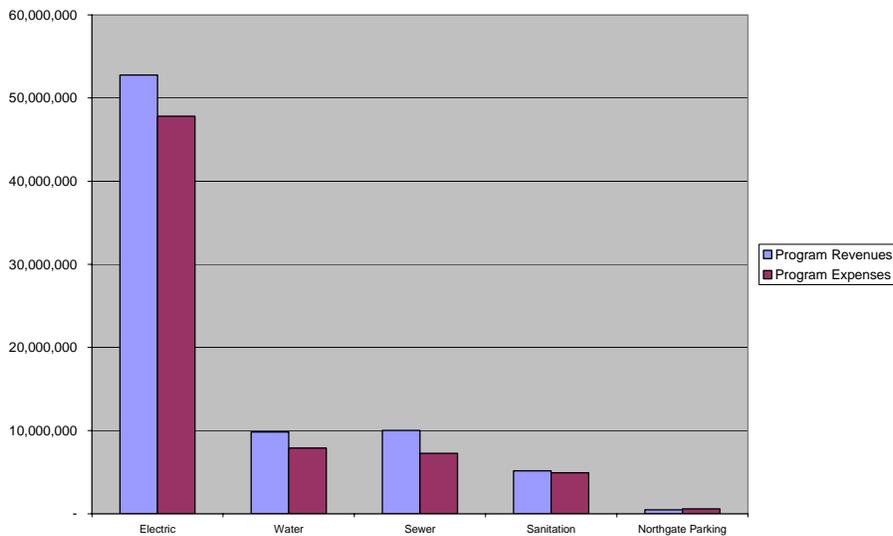
For the Fiscal Year Ended September 30, 2005
(Unaudited)

Business-type Revenues
\$79,200,825



Another useful chart depicts business-type activity program revenues relative to program expenses. That data is presented below:

Business-type Activities
Comparison of Program Revenues to Program Expenses



Management's Discussion and Analysis

For the Fiscal Year Ended September 30, 2005
(Unaudited)

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, unreserved 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 governmental funds reported by the City include the General Fund, Debt Service Fund, and Streets Capital Projects Fund. Other governmental funds of the City are reported as non-major funds.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$59,413,861. Approximately 26 percent (\$15,282,570) of this total amount constitutes unreserved fund balance and is available for spending at the City's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed as follows:

- (1) To pay debt service (\$2,815,959),
- (2) To liquidate contracts and purchase orders of the prior period (\$8,851,497),
- (3) For capital improvements (\$30,440,475),
- (4) For permanent cemetery endowments (\$1,113,033),
- (5) For police criminal investigation activity (\$23,664),
- (6) For inventory (\$56,280),
- (7) For prepaids (\$315,733),
- (8) For Court Technology (\$212,005),
- (9) For Court Security (\$278,369), and
- (10) For Court Efficiency (\$24,276).

Overall, revenues for governmental functions totaled \$48,684,565 in the fiscal year ended September 30, 2005, an increase of 2 percent or \$906,496 from the fiscal year ended September 30, 2004. Expenditures for governmental functions totaling \$69,537,871 increased by approximately 3 percent (\$2,090,330) from the fiscal year ended September 30, 2004. In fiscal year 2005, expenditures for governmental functions exceeded revenues by \$20,853,306. That amount was 6 percent more than the previous year's amount of \$19,669,472.

The General Fund is the chief operating fund of the City of College Station. At the end of the current fiscal year, the unreserved, undesignated fund balance was \$9,038,345 while the total fund balance reached \$10,170,525. The City's fiscal and budgetary policies require that the

Management's Discussion and Analysis

For the Fiscal Year Ended September 30, 2005

(Unaudited)

General Fund's undesignated fund balance be at least equal to 15 percent of budgeted expenditures, a percentage equal to 55 days of expenditures. The unreserved, undesignated fund balance is approximately 22 percent of fiscal year 2005 budgeted expenditures and exceeds the minimum requirement set by policy.

As a measure of the fund's liquidity, it is useful to compare both unreserved and total fund balance to total fund actual expenditures. Unreserved fund balance represents 23 percent of total general fund expenditures, while total fund balance represents 26 percent of the same amount. The fund balance continues to meet and exceed the Fiscal and Budgetary Policy of having 15 percent of expenditures available in fund balance.

The fund balance of the General Fund decreased by \$532,427 during the current fiscal year. Key factors in this change were as follows:

- Overall revenues were up by approximately 6 percent, primarily due to an increase in sales tax revenue and property tax revenue that resulted from strong retail sales and new property values on the tax rolls.
- Overall total expenditures were up by approximately 5 percent, primarily due to increases in department spending.

The Debt Service Fund ended the fiscal year with a fund balance of \$2,818,087. Of this amount, \$2,815,959 is reserved for the payment of debt service, and \$2,128 is reserved for encumbrances. The net increase in fund balance during the current fiscal year was \$279,374. A \$652,117 increase in debt service revenues and other financing sources was more than enough to cover principal retirements and interest payments.

The Streets Projects fund ended the fiscal year with a fund balance of \$18,184,996. 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 \$975,320. This decrease is attributable to the expenditure of funds on streets capital projects.

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 \$164,000,896. Approximately 18 percent (\$29,878,715) of this total amount constitutes unrestricted net assets. The remainder of net assets for the proprietary funds, \$134,122,181, is reported as follows:

- (1) Invested in capital assets, net of related debt (\$131,324,446), and
- (2) Restricted for debt service (\$2,797,735).

Operating revenues for proprietary activities totaled \$76,262,082 for the fiscal year, an increase of 8.7 percent or \$6,087,846 from the previous fiscal year. Operating expenses increased \$8,165,928 or 14.5 percent for the same period causing operating income to decrease \$2,078,082 or 14.9 percent. The proprietary funds reported net nonoperating expenses of \$3,419,381 at the end of fiscal year 2005 as compared to net nonoperating expenses of

Management's Discussion and Analysis

For the Fiscal Year Ended September 30, 2005

(Unaudited)

\$3,438,933 in the previous fiscal year. Net assets increased \$2,160,186 in fiscal year 2005. This is \$14,393,936 less than the increase reported in fiscal year 2004.

Electric Fund

At the end of the fiscal year, the unrestricted net assets for the Electric Fund totaled \$6,183,534. The electric utility ended the fiscal year with working capital of \$5,977,256, a decrease of 7.2 percent from fiscal year 2004. The majority of the decrease in working capital is due to an increase in the expense for purchased power. 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, 2005, Electric Fund working capital equaled approximately 13 percent of annual operating expenses.

Electric Fund operating revenues increased by 8.5 percent (\$4,038,801) during fiscal year 2005, while operating expenses increased 16.4 percent (\$6,578,783) during the same period. This resulted in a 35 percent decrease (\$2,539,982) in operating income. The increase in operating expenses is also attributable to an increase in the expense for purchased power. The combination of a decrease in operating income and \$5.5 million in transfers out resulted in net assets for the Electric Fund decreasing by \$233,160 during the fiscal year.

Water Fund

Unrestricted net assets for the Water Fund at September 30, 2005 were \$8,229,677. Working capital in the Water Fund at the end of fiscal year 2005 was \$8,497,340, an increase of approximately 12 percent from fiscal year 2004. Water Fund working capital was 134 percent of total operating expense and exceeds the minimum 15 percent requirement under the Council's adopted policy.

Water Fund operating revenues increased by 16 percent (\$1,289,996) during fiscal year 2005 as a result of increased water consumption due to drier conditions as compared to fiscal year 2004. Operating expenses increased 20 percent (\$1,071,212) over fiscal year 2004. This resulted in operating income increasing 7.4 percent to \$3,183,683 in fiscal year 2005. The Water Fund's net assets increased \$1,272,188 during the fiscal year, a 57 percent decrease over the previous year. This decrease is primarily due to lower capital contributions.

Sewer Fund

The Sewer Fund's unrestricted net assets at the end of fiscal year 2005 were \$6,728,815. The Sewer Fund ended the fiscal year with a working capital balance of \$5,964,409, which was 20 percent above fiscal year 2004. Sewer Fund working capital was 102 percent of total operating expenses and is well above the minimum requirement for the fund.

Operating revenues in the Sewer Fund were \$9,689,374, a \$522,934 (6 percent) increase over the previous fiscal year. Operating expenses increased from \$5,679,897 to \$5,842,266 or 3 percent while operating income rose by 10 percent from \$3,486,543 to \$3,847,108.

Management's Discussion and Analysis

For the Fiscal Year Ended September 30, 2005

(Unaudited)

BUDGETARY HIGHLIGHTS

The final amended budget for fiscal year 2005 totaled \$179,733,732 for all funds. Of this amount \$134,040,679 (74.6 percent) was budgeted for operations and maintenance expenditures, and \$45,693,053 (25.4 percent) was budgeted for capital improvement projects.

In the General Fund the final revised budgeted change in fund balance was \$315,100 lower than the original budgeted change and the significant items that comprise this difference can be briefly summarized as follows:

- \$200,931 - Encumbrances rolled over from previous fiscal year.
- \$174,906 - Appropriation for a FEMA grant received by the City of College Station.
- \$53,508 - Reimbursement to the Police Department for assistance with the presidential inauguration.

In the General Fund the actual change in fund balance was \$2,547,202 higher than the final revised budgeted change and the significant items that comprise this difference can be briefly summarized as follows:

- \$667,392 - Lower capital outlay expenditures primarily related to the delay in spending the funds appropriated for the AM radio station, for equipment funded from grants, and for technology projects.
- \$150,585 - Additional tax revenue generated primarily from higher sales tax revenues.
- \$488,200 - Due in part to lower expenditures related to economic development incentive outlays that were budgeted for and did not occur in FY 05.
- \$448,447 - Lower expenditures than budgeted in the Public Works Department due to less spending on Facilities Maintenance projects, Street operations, and Drainage operations.
- \$220,529 - Lower expenditures in the Fire Department due in part to lower salaries and benefits due to delays in hiring new personnel for Fire Station #5.

Strategic planning is a driving force in the preparation of the City's budget. Strategic planning is centered around the following four vision statements, under which are listed some of the key items in the fiscal year 2005 budget:

Vision Statement #1--Core Services

We will provide high quality customer service focused basic City services at a reasonable cost. These core services include police, fire, and emergency management services; traffic and drainage services; the City's administrative services; electric, water, wastewater and sanitation operations; and capital projects for each of these areas. Key items included in the 2005 fiscal year budget include:

- Additional resources for the addition of three police patrol officers, two communications operators, and one police assistant,
- Funding of a new ladder truck for a future staffing of a dedicated ladder company,
- Additional resources for a code enforcement supervisor,
- Additional resources for thoroughfare rehabilitation projects,
- Additional resources for an additional drainage crew to ensure drainage right of ways are maintained at appropriate levels,

Management's Discussion and Analysis

For the Fiscal Year Ended September 30, 2005

(Unaudited)

- Enhancement to public communications through improvements to channel 19 and streaming video over the internet, and
- Reinstatement of the pay plan to fund the market adjustment as well as the skills and performance component of the pay plan.

Vision Statement #2--Parks and Leisure Services

We will provide a large range of recreational and cultural arts opportunities. The 2005 fiscal year budget provided resources to continue funding the Parks and Recreation Department at current service levels. Additional resources were included for the following:

- Design of Veterans Park Phase II,
- Soccer field light projects at Veterans Park and Central Park, and
- Operation and maintenance.

Vision Statement #3--Planning and Development

We will provide a well-planned community. Activities related to this vision statement include planning and development services. Additional resources were included for the following:

- Additional resources for additional planning staff, and
- Resources to continue to review annexation options.

Vision Statement #4--Economic Development

We will provide a strong and diverse economic environment. This vision statement encompasses the City's economic development initiatives. The fiscal year 2005 budget included the following:

- Northgate improvements,
- Capital resources to continue the infrastructure development in Crescent Pointe,
- Funding for the development of the Spring Creek Business Park,
- Funding for the continued development of a hotel/conference center,
- Funding for an Economic Development Specialist, and
- Wolf Pen Creek Capital Projects.

Management's Discussion and Analysis

For the Fiscal Year Ended September 30, 2005
(Unaudited)

CAPITAL ASSETS

The City of College Station's investment in capital assets for its governmental and business-type activities as of September 30, 2005 amounted to \$351,756,723 (net of accumulated depreciation). This investment in capital assets includes land, utility systems, buildings 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	\$ 25,034,570	\$ 709,650	\$ 25,744,220
Utility Systems	-	160,048,489	160,048,489
Buildings and Building Improvements	14,814,974	5,157,657	19,972,631
Improvements Other than Buildings	10,733,694	-	10,733,694
Machinery and Equipment	10,120,061	53,922	10,173,983
Infrastructure	79,542,410	-	79,542,410
Construction in Progress	19,498,927	26,042,369	45,541,296
	<u>\$ 159,744,636</u>	<u>\$ 192,012,087</u>	<u>\$ 351,756,723</u>

Major capital projects completed by the City during the 2005 fiscal year include the following:

- Longmire Extension – Graham to Cypress Meadows (\$2.8 million),
- Dominik Street Rehabilitation (\$960,000),
- Greens Prairie Road Widening (\$3.8 million),
- Lincoln Center Expansion (\$973,000),
- Parkway Park Improvements (\$50,000), and
- Basketball Cover at Jack and Dorothy Miller Park (\$175,000).

Of significance is \$6,427,203 in developer capital contributions during fiscal year 2005. These contributions accounted for approximately 30 percent of the \$21.5 million increase in capital assets.

Additional information on the City's capital assets can be found in Note IV-C to the financial statements on page 51.

Management's Discussion and Analysis

For the Fiscal Year Ended September 30, 2005

(Unaudited)

DEBT ADMINISTRATION

At the end of the 2005 fiscal year, the City of College Station had total debt outstanding of \$168,120,000. Of this amount, \$88,905,000 (53 percent) comprised debt backed by the full faith and credit of the City. The remaining debt is revenue bonds secured by specified revenue sources.

Year-End Outstanding Debt Payable

	Governmental Activities	Business-Type Activities	Total
General Obligation Bonds	\$ 49,800,000	\$ -	\$ 49,800,000
Revenue Bonds	-	79,215,000	79,215,000
Certificates of Obligation	39,105,000	-	39,105,000
	<u>\$ 88,905,000</u>	<u>\$ 79,215,000</u>	<u>\$ 168,120,000</u>

The City's total debt increased by \$10,675,000 (6.8 percent) during the current fiscal year. The change in total debt was a result of the following:

- Issuance of \$5,710,000 in general obligation improvement bonds, \$7,595,000 in certificates of obligation, \$8,035,000 in utility revenue system revenue bonds, and \$12,995,000 in utility system revenue refunding bonds; and
- Retirement of \$2,995,000 in general obligation bonds, \$3,195,000 in certificates of obligation, and the retirement/defeasance of \$17,470,000 in utility revenue bonds.

As a result of the issuance of the utility revenue system refunding bonds, the City will reduce its total debt service payments over the next ten (10) years by approximately \$1,037,232.

The City's General Obligation and Certificates of Obligation have an underlying rating of AA- by Standard & Poors ("S&P") and Aa3 by Moody's Investors Service ("Moody's"). The underlying ratings for the City's revenue bonds are A+ by S&P and A1 by Moody's. Because the City's last bond issue was insured, those bonds were rated AAA with S&P and Aaa with Moody's.

Additional information on the City's long-term debt can be found in Note IV-F to the financial statements on pages 53-57 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City of College Station has continued to grow, and indicators of that growth include the following:

- An estimated population increase of 55 percent for the period of 1990 through 2005,
- An approximate \$261 million increase to the ad valorem tax base during the fiscal year,
- A local economy that has maintained an unemployment rate of less than 4 percent since 1990, and
- Sales tax revenue that grew by 3.3 percent during the fiscal year.

Part of the reason the City has been insulated from some of the effects of the slower national and state economy is due to the major influence of Texas A&M University on the local economy.

Management's Discussion and Analysis

For the Fiscal Year Ended September 30, 2005

(Unaudited)

The Fiscal Year 2006 budget was prepared with the key goal of maintaining and improving quality of life in College Station. This is done by continuing a prudent approach to City finances, meeting strategic priorities identified by the City Council, maintaining service quality and excellence, and enhancing and maintaining infrastructure and public facilities needed to provide excellent services. The ad valorem tax rate for the 2006 fiscal year is \$0.4394 per \$100 valuation (\$0.1896 for operations and maintenance and \$0.2498 for debt service). This tax rate will meet the debt service obligations of the City and provide operations and maintenance funding in the General Fund.

Current and anticipated growth in the community has resulted in increased demands for services and has put pressure on the City's utility systems. Consequently, the 2006 budget includes a 4 percent revenue increase in the Water Fund and an 8 percent increase in the Electric Fund. These rate increases are needed to meet the operating, capital and debt service coverage requirements in the funds and to ensure continued high quality service is provided as the community continues to grow. Residential sanitation rates were increased by 8 percent and commercial sanitation rates by 7 percent in FY06 in order to maintain existing residential and commercial sanitation service levels. The 2006 budget does not include a rate increase in the Sewer Fund or Drainage Fund.

The fiscal year 2006 budget for capital improvements totals \$50,474,565. The City anticipates significant expenditures for infrastructure rehabilitation and improvements in the Southside area, an older part of the City. These projects include rehabilitation of utilities, drainage ways, and streets. Some of the more significant projects are as follows:

- Street rehabilitation in the Southside area (\$2.2 million),
- Street rehabilitation in the Northgate area (\$270,000),
- Extension of Dartmouth Drive (\$3.6 million),
- Arrington Road/Decatur extension design (\$430,000),
- Barron Road Improvements (\$1.0 million),
- Veteran's Park Phase II Construction (\$6.2 million),
- University Park Development (\$400,000),
- Wolf Pen Creek Amphitheatre Improvements (\$1.0 million),
- Police Station New Addition and Renovation (\$3.6 million),
- Fire Station #3 Relocation (\$1.7 million),
- Northgate Gateway, water feature, and public restroom projects (\$775,000),
- Water Utility Construction of Shallow Wells (\$1.9 million),
- Water Plant Security Upgrades (\$1.4 million),
- Lick Creek Parallel Trunk Line (\$3 million),
- Phase I Northeast Trunk Expansion (\$715,500), and
- Bee Creek Combined Drainage Improvements (\$3.1 million).

The City plans to issue \$8,912,000 in general obligation bonds from the 2003 bond authorization for the following: \$2,340,000 for street improvements, \$237,000 for traffic projects, and \$6,335,000 for parks projects. The City also plans to issue \$7,499,000 in certificates of obligations for the following: \$1,200,000 for street improvements, \$400,000 for park projects, \$1,000,000 for Convention Center projects, \$2,070,000 for cemetery projects, \$2,229,000 for Business Park projects, \$300,000 for Wolf Pen Creek projects, and \$300,000 for the Police Station addition. The City also plans to issue \$17,850,000 in utility revenue bonds for the following: \$8,850,000 for electric capital projects, \$6,000,000 for water capital projects, and \$3,000,000 for sewer capital projects.

Management's Discussion and Analysis

For the Fiscal Year Ended September 30, 2005
(Unaudited)

REQUESTS 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: Finance and Strategic Planning Director
P.O. Box 9960
College Station, Texas 77842-9960

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



CITY OF COLLEGE STATION, TEXAS

Statement of Net Assets
As of September 30, 2005

	Governmental Activities	Business-type Activities	Total
Assets			
Equity in Cash and Cash Equivalents	\$ 23,552,655	\$ 7,266,383	\$ 30,819,038
Equity in Investments	49,772,364	15,377,378	65,149,742
Receivables, net	3,223,076	10,247,680	13,470,756
Internal Balances	(1,051,560)	1,051,560	0
Inventories	197,877	1,163,918	1,361,795
Prepaid Costs	326,730	0	326,730
Restricted Assets:			
Temporarily Restricted:			
Equity in Cash and Cash Equivalents	190,411	7,589,600	7,780,011
Equity in Investments	402,955	16,061,383	16,464,338
Receivables, net	0	98,048	98,048
Permanently Restricted:			
Equity in Cash and Cash Equivalents	354,521	0	354,521
Equity in Investments	750,250	0	750,250
Receivables, net	6,020	0	6,020
Inventory	2,373	0	2,373
Equity in Joint Venture	0	7,206,852	7,206,852
Deferred Charges, net	0	721,754	721,754
Capital Assets:			
Land and Construction in Progress	44,533,497	26,752,019	71,285,516
Other Capital Assets, net of accumulated depreciation	115,211,139	165,260,068	280,471,207
Total Assets	237,472,308	258,796,643	496,268,951
Liabilities			
Accounts Payable	2,733,155	11,128,333	13,861,488
Retainage Payable	568,407	35,721	604,128
Refundable Deposits	17,685	0	17,685
Claims Payable	894,712	0	894,712
Accrued Liabilities	1,842,091	565,681	2,407,772
Customer Construction Advances	122,556	103,383	225,939
Other Deferred Revenues	618,365	54,568	672,933
Liabilities Payable from Restricted Assets:			
Accounts Payable	131	836	967
Accrued Interest Payable	551,916	639,470	1,191,386
Accrued Liabilities	0	15,836	15,836
Refundable Deposits	0	1,214,896	1,214,896
Non-Current Liabilities:			
Due within one year:			
Compensated Absences	166,101	19,746	185,847
Bonds and Certificates of Obligation Payable	7,285,000	4,705,000	11,990,000
Due in more than one year:			
Bonds and Certificates of Obligation Payable	81,620,000	74,510,000	156,130,000
Unamortized Premium on Bonds	0	(161,869)	(161,869)
Claims Payable	764,490	0	764,490
Compensated Absences	1,640,129	335,178	1,975,307
Total Liabilities	98,824,738	93,166,779	191,991,517
Net Assets			
Invested in Capital Assets, net of related debt	106,460,949	132,001,489	238,462,438
Restricted for:			
Debt Service	2,266,171	2,797,735	5,063,906
Perpetual Care - Nonexpendable	1,113,033	0	1,113,033
Other	910,327	0	910,327
Unrestricted	27,897,090	30,830,640	58,727,730
Total Net Assets	\$ 138,647,570	\$ 165,629,864	\$ 304,277,434

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, 2005

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General Government	\$ 6,457,556	\$ 854,753	\$ 2,266,677	\$ 0
Fiscal Services	2,467,187	508,810	0	0
Police	10,666,318	4,008,637	84,788	0
Fire	7,853,876	638,775	278,029	0
Development Services	1,580,317	1,043,672	0	0
Public Works	5,401,568	1,110,686	0	4,489,883
Parks and Recreation	6,549,466	1,044,134	0	0
Office of Technology and Information Services	2,881,863	0	0	0
Interest on long-term debt	3,895,520	0	0	0
Unallocated Depreciation	5,430,745	0	0	0
Total governmental activities	53,184,416	9,209,467	2,629,494	4,489,883
Business-type activities:				
Electric	47,815,339	51,467,169	0	1,313,745
Water	7,908,695	9,519,714	0	306,646
Sewer	7,262,208	9,697,314	0	316,929
Sanitation	4,931,079	5,151,204	0	0
Northgate Parking	591,944	480,627	0	0
Total business-type activities	68,509,265	76,316,028	0	1,937,320
Total primary government	\$ 121,693,681	\$ 85,525,495	\$ 2,629,494	\$ 6,427,203

General Revenue:
Property taxes
Sales and Mixed Beverage taxes
Franchise taxes
Hotel/Motel taxes
Unrestricted investment earnings
Loss on sale of capital assets
Transfers
Total general revenues and transfers
Change in net assets
Net assets - beginning, as restated
Net assets - ending

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

**Net Revenue (Expense) and
Changes in Net Assets**

Governmental Activities	Business-type Activities	Total
\$ (3,336,126)	\$ 0	\$ (3,336,126)
(1,958,377)	0	(1,958,377)
(6,572,893)	0	(6,572,893)
(6,937,072)	0	(6,937,072)
(536,645)	0	(536,645)
199,001	0	199,001
(5,505,332)	0	(5,505,332)
(2,881,863)	0	(2,881,863)
(3,895,520)	0	(3,895,520)
(5,430,745)	0	(5,430,745)
<u>(36,855,572)</u>	<u>0</u>	<u>(36,855,572)</u>
0	4,965,575	4,965,575
0	1,917,665	1,917,665
0	2,752,035	2,752,035
0	220,125	220,125
0	(111,317)	(111,317)
<u>0</u>	<u>9,744,083</u>	<u>9,744,083</u>
<u>(36,855,572)</u>	<u>9,744,083</u>	<u>(27,111,489)</u>
15,888,475	0	15,888,475
15,705,090	0	15,705,090
1,718,491	0	1,718,491
2,306,928	0	2,306,928
1,487,926	947,477	2,435,403
(111,916)	0	(111,916)
8,188,725	(8,188,725)	0
<u>45,183,719</u>	<u>(7,241,248)</u>	<u>37,942,471</u>
8,328,147	2,502,835	10,830,982
130,319,423	163,127,029	293,446,452
<u>\$ 138,647,570</u>	<u>\$ 165,629,864</u>	<u>\$ 304,277,434</u>

CITY OF COLLEGE STATION, TEXAS

Balance Sheet

Governmental Funds

As of September 30, 2005

	General	Debt Service	Streets Projects	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Cash and Cash Equivalents	\$ 3,548,356	\$ 912,353	\$ 6,100,173	\$ 9,388,816	\$ 19,949,698
Equity in Investments	7,509,158	1,930,754	12,909,402	19,798,346	42,147,660
Receivables					
Accrued Interest	58,878	8,249	90,267	139,068	296,462
Grants	90,977	0	0	289,678	380,655
Letter of Credit	25,000	0	0	0	25,000
Accounts	780,461	0	0	193,478	973,939
Taxes	1,602,973	194,827	0	0	1,797,800
Other	23,179	0	0	0	23,179
Less Allowance for Uncollectible Accounts	(282,057)	0	0	(76,994)	(359,051)
Due from Other Funds	65,381	0	0	0	65,381
Inventories	55,971	0	0	2,373	58,344
Prepaid Costs	0	0	315,733	0	315,733
Restricted Assets					
Equity in Cash and Cash Equivalents	190,411	0	0	0	190,411
Equity in Investments	402,955	0	0	0	402,955
Total Assets	\$ 14,071,643	\$ 3,046,183	\$ 19,415,575	\$ 29,734,765	\$ 66,268,166
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$ 688,304	\$ 0	\$ 780,371	\$ 962,683	\$ 2,431,358
Retainage Payable	0	0	278,117	290,290	568,407
Interfund Payable	0	0	0	200,000	200,000
Refundable Deposits	17,685	0	0	0	17,685
Accrued Liabilities	1,804,667	33,269	84,705	41,539	1,964,180
Customer Construction Advances	35,170	0	87,386	0	122,556
Other Deferred Revenues	1,355,292	194,827	0	0	1,550,119
Total Liabilities	3,901,118	228,096	1,230,579	1,494,512	6,854,305
Fund Balances					
Reserved	1,132,180	2,818,087	18,184,996	21,996,028	44,131,291
Unreserved, Undesignated					
General Fund	9,038,345	0	0	0	9,038,345
Special Revenue Funds	0	0	0	6,244,225	6,244,225
Total Fund Balances	10,170,525	2,818,087	18,184,996	28,240,253	59,413,861
Total Liabilities and Fund Balances	\$ 14,071,643	\$ 3,046,183	\$ 19,415,575	\$ 29,734,765	\$ 66,268,166

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
 As of September 30, 2005

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

Total Fund Balance per balance sheet:	\$	59,413,861
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		150,763,329
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		931,754
Internal Service Funds are used by management to charge the costs of certain activities, such as insurance, fleet maintenance, equipment replacement and print/mail, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets.		18,579,554
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		<u>(91,040,928)</u>
Net Assets of governmental activities:	\$	<u><u>138,647,570</u></u>

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 Balances
Governmental Funds
For the Fiscal Year Ended September 30, 2005

	General	Debt Service	Streets Projects	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 23,889,473	\$ 8,722,315	\$ 0	\$ 3,007,196	\$ 35,618,984
Licenses and Permits	1,025,013	0	0	0	1,025,013
Intergovernmental	590,079	0	88,400	1,913,833	2,592,312
Charges for Services	2,480,781	0	0	153,902	2,634,683
Fines, Forfeits and Penalties	3,518,913	0	0	27	3,518,940
Special Assessments	225	0	0	1,110,461	1,110,686
Investment Income	258,048	122,434	340,358	548,361	1,269,201
Rents and Royalties	243,831	0	0	0	243,831
Loan Repayments	0	0	0	2,541	2,541
Contributions	37,082	0	0	100	37,182
Other	265,437	0	35,236	330,519	631,192
Total Revenues	32,308,882	8,844,749	463,994	7,066,940	48,684,565
Expenditures					
Current					
General Government	4,052,521	0	315,232	112,322	4,480,075
Fiscal Services	3,029,144	0	2,733	6,268	3,038,145
Police	10,829,081	0	0	0	10,829,081
Fire	7,964,785	0	0	0	7,964,785
Development Services	1,962,603	0	0	0	1,962,603
Public Works	6,100,247	0	0	16,994	6,117,241
Economic and Community Development	11,281	0	0	0	11,281
Parks and Recreation	6,778,068	0	0	128	6,778,196
Office of Technology and Information Services	2,500,518	0	0	0	2,500,518
Library	694,445	0	0	0	694,445
Reimbursed Administrative	(6,052,138)	0	519,549	2,046,782	(3,485,807)
Contributions	595,742	0	0	1,300,000	1,895,742
Community Development Block Grant	0	0	0	275,775	275,775
Home Grant	0	0	0	439,243	439,243
Other	256,636	0	0	39,708	296,344
Capital Outlay	796,245	0	5,676,806	8,962,325	15,435,376
Debt Service					
Principal Retirement	0	6,190,000	0	0	6,190,000
Interest Payments	0	3,885,075	0	0	3,885,075
Issuance Costs	0	0	39,676	78,585	118,261
Fiscal Charges	0	13,871	0	0	13,871
Intergovernmental	0	0	97,621	0	97,621
Total Expenditures	39,519,178	10,088,946	6,651,617	13,278,130	69,537,871
Deficiency of Revenues Under Expenditures	(7,210,296)	(1,244,197)	(6,187,623)	(6,211,190)	(20,853,306)
Other Financing Sources (Uses)					
Proceeds from Long-Term Debt	859,621	0	4,739,489	7,748,471	13,347,581
Sale of Capital Assets	12,182	0	0	0	12,182
Transfers In	7,444,644	1,523,571	472,814	2,034,990	11,476,019
Transfers Out	(1,638,578)	0	0	(2,240,623)	(3,879,201)
Total Other Financing Sources	6,677,869	1,523,571	5,212,303	7,542,838	20,956,581
Net Change in Fund Balances	(532,427)	279,374	(975,320)	1,331,648	103,275
Fund Balances, October 1	10,702,952	2,538,713	19,160,316	26,908,605	59,310,586
Fund Balances, September 30	<u>\$ 10,170,525</u>	<u>\$ 2,818,087</u>	<u>\$ 18,184,996</u>	<u>\$ 28,240,253</u>	<u>\$ 59,413,861</u>

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, 2005

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

Net change in fund balance - total governmental funds:	\$	103,275
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		9,140,704
The effect of various miscellaneous transactions involving capital assets is to increase net assets.		4,365,785
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		239,256
The issuance of long-term debt 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. This amount is the net effect of these differences in the treatment of long-term debt.		(7,157,581)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(82,388)
Internal Service Funds are used by management to charge the costs of certain activities, such as insurance, fleet maintenance, equipment replacement and Print/Mail, to individual funds. The net revenues of certain activities of internal service funds is reported within governmental activities.		<u>1,719,096</u>
Change in Net Assets of governmental activities:	\$	<u><u>8,328,147</u></u>

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

CITY OF COLLEGE STATION, TEXAS

Statement of Net Assets

Proprietary Funds

As of September 30, 2005

	Business-type Activities - Enterprise Funds					Governmental Activities
	Electric	Water	Sewer	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Current Assets						
Equity in Cash and Cash Equivalents	\$ 2,654,132	\$ 2,475,227	\$ 1,696,555	\$ 380,307	\$ 7,206,221	\$ 4,017,640
Equity in Investments	5,616,768	5,238,164	3,590,310	804,820	15,250,062	8,502,270
Restricted Assets:						
Equity in Cash and Cash Equivalents	800,715	578,093	697,540	0	2,076,348	0
Equity in Investments	1,694,501	1,223,381	1,476,158	0	4,394,040	0
Accrued Interest Receivable	51,577	20,676	25,795	0	98,048	0
Receivables:						
Accrued Interest	45,722	35,737	30,078	6,705	118,242	60,548
Accounts	7,710,652	1,375,343	1,208,774	658,402	10,953,171	63,765
Notes	0	0	0	12,522	12,522	0
Other	1,099,786	0	0	0	1,099,786	10,722
Less Allowance for Uncollectible Accounts	(1,695,297)	(61,376)	(124,135)	(74,527)	(1,955,335)	(24,629)
Inventories	847,899	281,211	25,565	9,243	1,163,918	141,906
Prepaid Costs	0	0	0	0	0	10,997
Total Current Assets	18,826,455	11,166,456	8,626,640	1,797,472	40,417,023	12,783,219
Noncurrent Assets						
Restricted Assets						
Equity in Cash and Cash Equivalents	2,975,038	1,045,534	1,492,680	0	5,513,252	0
Equity in Investments	6,295,882	2,212,597	3,158,864	0	11,667,343	0
Total Restricted Assets	9,270,920	3,258,131	4,651,544	0	17,180,595	0
Advance to Other Funds	200,000	0	0	0	200,000	0
Equity in Joint Venture	0	0	0	7,206,852	7,206,852	0
Deferred Charges:						
Bond Issuance Costs	276,326	278,431	357,118	0	911,875	0
Accumulated Amortization	(50,884)	(66,143)	(73,094)	0	(190,121)	0
Total Deferred Charges	225,442	212,288	284,024	0	721,754	0
Property and Equipment:						
Utility Plant	92,661,079	73,845,049	75,866,487	0	242,372,615	0
Buildings	0	0	0	5,723,063	5,723,063	746,575
Machinery and Equipment	0	0	0	1,277,329	1,277,329	24,647,812
Accumulated Depreciation	(41,970,183)	(21,936,686)	(19,094,301)	(1,788,812)	(84,789,982)	(15,957,751)
Construction in Progress	5,045,734	15,394,165	5,602,470	0	26,042,369	221,714
Land	0	0	0	709,650	709,650	0
Total Property and Equipment	55,736,630	67,302,528	62,374,656	5,921,230	191,335,044	9,658,350
Total Noncurrent assets	65,432,992	70,772,947	67,310,224	13,128,082	216,644,245	9,658,350
Total Assets	84,259,447	81,939,403	75,936,864	14,925,554	257,061,268	22,441,569
Liabilities						
Current Liabilities						
Accounts Payable	9,978,396	706,244	371,784	61,770	11,118,194	312,067
Retainage Payable	0	35,721	0	0	35,721	0
Interfund Payable	0	0	0	0	0	65,381
Accrued Liabilities	298,805	49,360	67,592	110,524	526,281	83,412
Customer Construction Advances	24,382	55,640	23,361	0	103,383	0
Other Deferred Revenues	822	0	0	53,746	54,568	0
Claims Payable	0	0	0	0	0	894,712
Payable from Restricted Assets:						
Accounts Payable	836	0	0	0	836	0
Accrued Interest Payable	155,069	251,324	233,077	0	639,470	0
Accrued Liabilities	13,174	0	2,662	0	15,836	0
Refundable Deposits	1,031,701	175,596	0	7,599	1,214,896	0
Revenue Bonds	1,346,014	1,395,231	1,963,755	0	4,705,000	0
Total Current Liabilities	12,849,199	2,669,116	2,662,231	233,639	18,414,185	1,355,572

CITY OF COLLEGE STATION, TEXAS

Statement of Net Assets

Proprietary Funds

As of September 30, 2005

	Business-type Activities - Enterprise Funds					Governmental Activities
	Electric	Water	Sewer	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Noncurrent Liabilities						
Claims Payable	0	0	0	0	0	764,490
Revenue Bonds	18,358,348	28,027,776	28,123,876	0	74,510,000	0
Unamortized Premium on Bonds	(76,046)	25,209	(111,032)	0	(161,869)	0
Accrued Vacation	142,421	48,498	73,141	33,996	298,056	112,985
Total Noncurrent Liabilities	<u>18,424,723</u>	<u>28,101,483</u>	<u>28,085,985</u>	<u>33,996</u>	<u>74,646,187</u>	<u>877,475</u>
Total Liabilities	<u>31,273,922</u>	<u>30,770,599</u>	<u>30,748,216</u>	<u>267,635</u>	<u>93,060,372</u>	<u>2,233,047</u>
Net Assets						
Invested in Capital Assets, net of related debt	46,198,978	42,507,021	36,697,217	5,921,230	131,324,446	9,658,350
Restricted for:						
Debt Service	603,013	432,106	1,762,616	0	2,797,735	0
Unrestricted	6,183,534	8,229,677	6,728,815	8,736,689	29,878,715	10,550,172
Total Net Assets	<u>\$ 52,985,525</u>	<u>\$ 51,168,804</u>	<u>\$ 45,188,648</u>	<u>\$ 14,657,919</u>	164,000,896	<u>\$ 20,208,522</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds:					1,628,968	
Net assets business-type activities:					<u>\$ 165,629,864</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 Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended September 30, 2005

	Business-type Activities - Enterprise Funds					Governmental
					Total Enterprise	Activities
	Electric	Water	Sewer	Other Enterprise Funds	Funds	Internal Service Funds
Operating Revenues						
Electric Sales	\$ 50,446,608	\$ 0	\$ 0	\$ 0	\$ 50,446,608	\$ 0
Water Sales	0	9,070,813	0	0	9,070,813	0
Sewer Service	0	0	9,419,981	0	9,419,981	0
Garbage Collection Fees	0	0	0	5,095,630	5,095,630	0
Charges for Services	0	0	0	474,700	474,700	7,991,723
Premiums	0	0	0	0	0	6,245,459
Other	984,482	445,576	269,393	54,899	1,754,350	192,755
Total Operating Revenues	51,431,090	9,516,389	9,689,374	5,625,229	76,262,082	14,429,937
Operating Expenses						
Electric Operations	42,784,102	0	0	0	42,784,102	0
Salaries and Benefits	0	1,144,338	1,580,867	1,741,608	4,466,813	2,499,462
Supplies	0	218,372	344,225	253,843	816,440	845,455
Maintenance	0	83,564	186,815	551,655	822,034	173,267
Purchased Professional Services	0	374,209	184,296	363,646	922,151	40,482
Purchased Property Services	0	967,475	564,040	1,339,327	2,870,842	101,994
Other Purchased Services	0	169,569	275,181	591,373	1,036,123	512,986
Claims	0	0	0	0	0	4,125,312
Administration Fees	0	0	0	0	0	418,907
Premiums	0	0	0	0	0	739,241
Reimbursed Administrative	0	1,458,859	728,985	495,708	2,683,552	1,077,005
Depreciation	3,929,807	1,903,529	1,929,800	178,055	7,941,191	2,743,536
Other	0	12,791	48,057	28,024	88,872	84,910
Total Operating Expenses	46,713,909	6,332,706	5,842,266	5,543,239	64,432,120	13,362,557
Operating Income	4,717,181	3,183,683	3,847,108	81,990	11,829,962	1,067,380
Nonoperating Revenues (Expenses)						
Investment Income	368,643	305,746	242,803	27,178	944,370	221,833
Reimbursed Expenses	36,079	3,325	7,940	775	48,119	30,060
Earnings in Joint Venture	0	0	0	(91,031)	(91,031)	0
Interest Expense	(824,955)	(1,336,447)	(1,536,060)	0	(3,697,462)	0
Other, Net	(353,291)	(275,257)	35,898	(30,727)	(623,377)	151,575
Total Nonoperating Revenues (Expenses)	(773,524)	(1,302,633)	(1,249,419)	(93,805)	(3,419,381)	403,468
Income (Loss) Before Capital Contributions and Transfers	3,943,657	1,881,050	2,597,689	(11,815)	8,410,581	1,470,848
Capital Contributions and Transfers						
Capital Contributions	1,313,745	306,646	316,929	0	1,937,320	0
Transfers In	0	0	0	0	0	1,007,076
Transfers Out	(5,490,562)	(915,508)	(1,180,191)	(601,454)	(8,187,715)	(416,179)
Total Capital Contributions and Transfers	(4,176,817)	(608,862)	(863,262)	(601,454)	(6,250,395)	590,897
Change in Net Assets	(233,160)	1,272,188	1,734,427	(613,269)	2,160,186	2,061,745
Beginning Net Assets, as restated	53,218,685	49,896,616	43,454,221	15,271,188		18,146,777
Ending Net Assets	\$ 52,985,525	\$ 51,168,804	\$ 45,188,648	\$ 14,657,919		\$ 20,208,522
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds:					342,649	
Change in net assets of business-type activities:					<u>\$ 2,502,835</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, 2005

	Business-type Activities - Enterprise Funds					Governmental Activities
	Electric	Water	Sewer	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities:						
Cash Received from Customers	\$ 50,023,258	\$ 9,231,314	\$ 9,543,641	\$ 5,609,463	\$ 74,407,676	\$ 14,607,587
Cash Payments to Suppliers for Goods and Services	(36,374,549)	(2,925,414)	(2,070,633)	(3,619,368)	(44,989,964)	(7,930,811)
Cash Payments to Employees for Services	(2,779,225)	(1,136,168)	(1,550,075)	(1,747,028)	(7,212,496)	(2,465,143)
Customer Deposits Received	49,655	16,385	0	4,354	70,394	0
Cash Received for Reimbursed Expenses	36,079	3,325	7,940	100	47,444	30,060
Cash Received for Miscellaneous Revenues	0	0	35,898	5,827	41,725	1,390
Cash Received from Other Funds	0	0	0	0	0	33,599
Cash Paid for Miscellaneous Expenses	(496,758)	(133,143)	19,853	(36,821)	(646,869)	(57,081)
Net Cash Provided by Operating Activities	10,458,460	5,056,299	5,986,624	216,527	21,717,910	4,219,601
Cash Flows from Noncapital Financing Activities:						
Transfers In from Other Funds	0	0	0	0	0	1,007,076
Transfers Out to Other Funds	(5,490,562)	(915,508)	(1,180,191)	(601,454)	(8,187,715)	(416,179)
Net Cash (Provided) Used by Noncapital Financing Activities	(5,490,562)	(915,508)	(1,180,191)	(601,454)	(8,187,715)	590,897
Cash Flows from Capital and Related Financing Activities:						
Acquisition and Construction of Capital Assets	(4,425,852)	(5,648,422)	(2,851,185)	0	(12,925,459)	(3,506,648)
Proceeds from Sale of Assets	0	0	0	0	0	30,084
Principal Paid on Revenue Bonds	(1,248,450)	(1,266,750)	(1,894,800)	0	(4,410,000)	0
Interest Paid on Revenue Bonds	(801,834)	(1,302,183)	(1,559,104)	0	(3,663,121)	0
Proceeds from Revenue Bonds	3,350,000	4,600,000	0	0	7,950,000	0
Net Cash Used by Capital and Related Financing Activities	(3,126,136)	(3,617,355)	(6,305,089)	0	(13,048,580)	(3,476,564)
Cash Flows from Investing Activities:						
Purchase of Investments	(33,687,234)	(21,579,879)	(20,833,684)	(2,081,278)	(78,182,075)	(21,017,936)
Proceeds from Sale and Maturities of Investment Securities	33,828,508	22,114,946	22,906,316	2,464,849	81,314,619	20,974,612
Investment Income	367,960	308,159	257,594	29,090	962,803	217,426
Net Cash Provided by Investing Activities	509,234	843,226	2,330,226	412,661	4,095,347	174,102
Net Increase in Cash and Cash Equivalents	2,350,996	1,366,662	831,570	27,734	4,576,962	1,508,036
Cash and Cash Equivalents, Oct. 1	4,078,889	2,732,192	3,055,205	352,573	10,218,859	2,509,604
Cash and Cash Equivalents, Sept. 30	\$ 6,429,885	\$ 4,098,854	\$ 3,886,775	\$ 380,307	\$ 14,795,821	\$ 4,017,640

CITY OF COLLEGE STATION, TEXAS
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2005

	Business-type Activities - Enterprise Funds				Governmental	
	Electric	Water	Sewer	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:						
Operating Income	\$ 4,717,181	\$ 3,183,683	\$ 3,847,108	\$ 81,990	\$ 11,829,962	\$ 1,067,380
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:						
Depreciation, Bad Debt Expense, Inventory Loss	3,929,807	1,903,529	1,929,800	178,055	7,941,191	2,743,536
Provision for Uncollectible Accounts	180,432	20,921	38,264	22,974	262,591	0
Miscellaneous Nonoperating Revenues	36,079	3,325	43,838	5,927	89,169	31,450
Miscellaneous Nonoperating Expenses	(496,758)	(133,143)	19,853	(36,821)	(646,869)	(11,149)
Changes in Assets and Liabilities:						
Change in Accounts Receivable	(1,407,832)	(285,075)	(145,733)	(69,512)	(1,908,152)	189,233
Change in Deferred Revenues	0	0	0	53,746	53,746	0
Change in Inventory	15,548	10,974	(5,014)	1,001	22,509	(40,125)
Change in Prepaid Costs	0	0	0	0	0	1,378
Change in Accounts Payable	3,410,511	327,530	227,716	(38,842)	3,926,915	71,237
Change in Due to Other Funds	0	0	0	0	0	(12,333)
Change in Claims Payable	0	0	0	0	0	144,675
Change in Accrued Liabilities	23,004	7,588	18,414	19,075	68,081	12,495
Change in Refundable Deposits	49,655	16,385	0	4,354	70,394	0
Change in Accrued Vacation	833	582	12,378	(5,420)	8,373	21,824
Total Adjustments	5,741,279	1,872,616	2,139,516	134,537	9,887,948	3,152,221
Net Cash Provided by Operating Activities	\$ 10,458,460	\$ 5,056,299	\$ 5,986,624	\$ 216,527	\$ 21,717,910	\$ 4,219,601

Noncash Operating, Financing, Capital and Investing Activities: During the Fiscal year the Enterprise Fund added contributed capital in the amount of \$1,937,320. Adjustments at 9/30/05 to investments to record income accrual and fair value changes were as follows: Enterprise Fund (\$299,835) and Internal Service Funds, (\$97,777).

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



Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2005

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 and is 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 City of College Station entered into a joint venture in 1990 with the City of Bryan, Texas creating the Brazos Valley Solid Waste Management Agency ("BVSWMMA"). BVSWMMA was formed to combine landfill operations for the two cities. It is subject to joint control, and each City holds a 50% interest and ownership in BVSWMMA. The City's equity interest in BVSWMMA is reported in the Sanitation Fund. (See Note V-C).

The financial statements of the City have been prepared in conformity with generally accepted accounting principles ("GAAP") as applied to state and local governments. The more significant of the City's accounting policies are described below.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary 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 are 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 function or segment. Taxes and other items not properly included among program 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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. 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*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2005

when they are collectible within the current period or soon enough thereafter 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 accumulated for the payment of principal, interest and related costs on long-term debt paid primarily from taxes levied by the City. The fund balance of the Debt Service Fund is reserved to signify that the amounts are restricted exclusively for debt service expenditures.

The *Streets Capital Projects Fund* accounts for the costs of new street construction, street improvements, and traffic signalization made with funds provided 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 service. 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 operations and maintenance, new construction, financing and related debt service. Billing and collection services are accounted for as an internal service fund.

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

Additionally, the City reports the following fund types:

Internal service 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,

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2005

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 sewer utilities and residential and commercial garbage collection; activities related to the management of the City's vehicles and heavy equipment, including preventative maintenance and vehicle repair; activities related to the City's printing and mail operations; 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.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. 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.

In general, the effect of interfund 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 Sewer 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 operating 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 operating revenues of the City's enterprise and internal service funds are charges for customer services including electric, water, sewer, and sanitation fees, equipment purchase amounts, and risk management charges. Operating expenses for enterprise funds and internal service funds include the cost of services, administrative expenses, and 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 unrestricted resources first, and then restricted resources as they are needed.

D. Implementation of New Accounting Principles

GASB Statement No. 40 – Deposit and Investment Risk Disclosures – An Amendment of GASB Statement No. 3 (“GASB 40”)

GASB Statement No. 40 reduces the custodial credit risk disclosure requirements of GASB Statement No. 3, it eliminates the activity disclosures previously mandated by GASB Statement No. 3, and it introduces a variety of new investment-related disclosures.

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2005

E. 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 flows, cash and cash equivalents (including restricted assets) include demand accounts, investment pools, money market mutual funds, 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 is 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 2005. This policy is applicable to all City funds and permits investment in obligations of the U.S. Government or its agencies, repurchase agreements, commercial paper, certificates of deposit, guaranteed investment contracts, public funds investment pools, and money market mutual funds. This policy states that the City Manager shall designate the City's Investment Officer 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 of a longer maturity 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 in investment of construction funds is at least to 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 maturities as interest rates rise, to secure market profits and shorten maturities as interest rates fall, and to take advantage of the differences in relative yield between different types of securities and varying maturities. "Swap" analysis is the responsibility of the City's Investment Officer and the decision to execute the "swap" rests with him. To protect the portfolio from imprudent trading, no security may be sold until such time as

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2005

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-vs.-payment and held in the City's name in a safekeeping account at JP Morgan Chase Bank.

Investments of all funds consist mainly of Agency securities, a money market mutual fund with Fidelity, and investments in Texpool's 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.

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.

GASB Statement No. 31 provides that governmental entities may report all investments at fair value or they may elect to report certain money market investments and participating interest-earning investment contracts at amortized cost. The City has elected to report all investments at fair value.

Inventories and Prepaid Costs

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

Payments made to vendors for services that will benefit periods beyond September 30, 2005, are recorded as prepaid costs with a reserve for prepaid items recognized in the governmental funds in the fund level financial statements to signify that a portion of fund balance is not available for other subsequent expenditures.

Interfund Transactions 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 between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Restricted Assets

In the Enterprise Funds, proceeds of utility revenue bonds, as well as resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2005

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. In the General Fund, restricted assets are comprised of Municipal Court cash bonds, Municipal Court technology funds, Municipal Court efficiency time payment fee funds, Municipal Court security funds, and police seizure funds, all of which are 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, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. 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 sewer 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 asset 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 Statement No. 71, interest is not capitalized during construction of capital assets of business-type activities because interest is recovered currently in the City's established rate.

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
Sewer 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

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.

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2005

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.

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 refundings. 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 reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

F. Budgetary Control

The City follows these procedures in establishing the budgetary data:

1. Prior to September 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means for financing them.
2. All budget requests are compiled by the Office of Budget and Strategic Planning 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. City Council 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. Budgeted amounts as originally adopted were not significantly changed by such transfers during the year.

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2005

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.

II. Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between *fund balance--total governmental funds* and *net assets--governmental activities* as reported in the government-wide statement of net assets. The details of this \$79,233,709 difference are as follows:

When capital assets (land, buildings, equipment, etc.) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the City as a whole.

Cost of Capital Assets	\$	238,877,586
Accumulated Depreciation		<u>(88,114,257)</u>
Net Capital Assets	\$	<u>150,763,329</u>

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. All liabilities, both current and long-term, are reported in the statement of net assets.

Bonds Payable	\$	(88,905,000)
Accrued Interest Payable		(551,916)
Compensated Absences		<u>(1,584,012)</u>
	\$	<u>(91,040,928)</u>

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current period expenditures. Those assets (for example, receivables) are offset by deferred revenues in the governmental funds and, thus, are not included in fund balance. Deferred revenue for emergency medical services, paving assessments, and property taxes shown on the governmental fund statements is not deferred on the statement of net assets.

Deferred Property Tax Revenue	\$	358,587
Deferred Emergency Medical Services Revenue		551,371
Paving Assessment Revenue		<u>21,796</u>
	\$	<u>931,754</u>

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2005

Internal service funds are used by management to charge certain activities, such as self insurance, print-mail services, and fleet maintenance, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets.

\$ 18,579,554

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances--total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$9,140,704 difference are as follows:

Capital Outlay	\$ 15,433,007
Depreciation Expense	<u>(6,292,303)</u>

Net Adjustment to increase <i>net changes in fund balances--total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 9,140,704</u>
---	---------------------

Another element of that reconciliation states that "The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets." The details of the \$4,365,785 difference are as follows:

Donated Capital Assets	\$ 4,489,883
Sale of Capital Assets	<u>(124,098)</u>

The net effect of miscellaneous capital asset transactions increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	<u>\$ 4,365,785</u>
--	---------------------

Another element of that reconciliation states that "The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this (\$7,157,581) difference are as follows:

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2005

Debt issued or incurred:

Issuance of General Obligation Bonds and Certificates of Obligation	\$ (13,347,581)
Principal Retirement	<u>6,190,000</u>

Net Adjustment to decrease *net changes in fund balances-total governmental funds* to arrive at *changes in net assets of governmental activities*

\$ (7,157,581)

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this (\$82,388) difference are as follows:

Compensated Absences	\$ (71,943)
Accrued Interest	<u>(10,445)</u>

Net Adjustment to decrease *net changes in fund balances-total governmental funds* to arrive at *changes in net assets of governmental activities*

\$ (82,388)

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

The Council approved one budget amendment during fiscal year 2005. This budget amendment included the following appropriations:

Collection System Rehabilitation	\$ 235,000
Mobile Data Terminal Replacements	90,000
Lincoln Center Donation	2,500
Remote Arraignment	20,000
Presidential Innaugural Reimbursement	53,508
Property Claim Costs	175,000
Fire FEMA Grant	174,906
BVSWMA Land Purchase	<u>1,057,200</u>
	<u>\$ 1,808,114</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 which have not been expended or lawfully encumbered lapse at the end of the budget year.
2. Formal budgetary integration is legally enacted and employed as a management control device during the year for all funds.

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2005

3. Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities.

B. Excess of Expenditures Over Appropriations

The amounts of any excesses of expenditures/expenses over appropriations during fiscal year 2005, and the funds in which they occurred are as follows:

<u>Fund</u>	<u>Amount</u>
Parks Escrow	\$ 165,662
Unemployment	8,454
Print/Mail	44,353
Fleet Maintenance	54,114
Debt Service	8,972
Business Park	148,462

Higher than expected capital outlay expenditures primarily resulted in the \$165,662 excess in the Parks Escrow fund. Higher than expected claims expenses resulted in the \$8,454 excess in the Unemployment fund. Higher than expected supplies, advertising, postage, and freight expenses resulted in the \$44,353 excess in the Print/Mail fund. Higher than expected salaries and benefits, maintenance, and other operating expenses resulted in the \$54,114 excess in the Fleet Maintenance fund. Higher than expected interest payments resulted in the \$8,972 excess in the Debt Service fund. Higher than expected capital outlay and debt issuance cost expenses resulted in the \$148,462 excess in the Business Park fund.

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.

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2005

As of September 30, 2005 the City had the following investments:

	<u>Fair Value</u>	<u>Weighted Average Maturity (days)</u>
Bank Demand Accounts	\$ 850,204	1
U.S. Agency Bonds	82,364,330	432
Texas Local Government Investment Pool	36,452,103	1
Fidelity Money Market Mutual Fund	1,651,263	1
	<u>\$121,317,900</u>	
Portfolio Weighted Average Maturity		294

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 the Texas Public Collateral Act of 1989. These investments include the following:

- Obligations of the United States or its agencies and instrumentalities;
- Direct obligations of the State of Texas or its agencies;
- Other obligations, the principal and interest on which is unconditionally guaranteed or insured by the State of Texas or the United States or its agencies;
- Obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent;
- Certificates of deposit issued by state and national banks domiciled in Texas that are secured by obligations qualified as acceptable collateral;
- Certificates of deposit issued by savings and loan associations domiciled in Texas that are secured obligations qualified as acceptable collateral;
- Repurchase agreements or reverse repurchase agreements;
- Commercial paper with a stated maturity of 270 days or less from the date of issuance that is rated not less than "A-1," "P-1," or its equivalent;
- Money market mutual funds that are SEC registered no-load funds with dollar-weighted average portfolio maturity of 120 days or less;
- Guaranteed investment contracts; or
- Public funds investment pools.

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2005

As of September 30, 2005 the City's investments were rated by Standard & Poor's and Moody's as follows:

	<u>S&P</u>	<u>Moody's</u>
Texpool	AAAm	NA*
Fidelity Money Market Mutual Fund	AAAm	Aaa
Federal Home Loan Bank	AAA	Aaa**
Federal National Mortgage Association	AAA	Aaa
Federal Farm Credit Bank	AAA	Aaa

*Texpool is only rated by S&P.

**FHLB Cusip 3133XCRR6 is only rated by S&P.

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%. At September 30, 2005 the issuers whose securities represented more than 5% of the City's investment portfolio were as follows: the Federal Home Loan Bank (31%), the Federal National Mortgage Association (22.7%), and the Federal Farm Credit Banks (14.3%). The 31% investment in the Federal Home Loan Bank exceeds the policy limit by 1%. This situation will be corrected in the first quarter of fiscal year 2006 when the City's investment portfolio has \$8,000,000 in Federal Home Loan Bank securities maturing.

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%.

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, 2005

B. Receivables

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

Governmental Activities:	General	Debt Service	Streets Projects	Nonmajor	Internal Service Fund Allocation	Total
Taxes:						
Property	\$ 163,759	\$ 194,827	\$ -	\$ -	\$ -	\$ 358,586
Beverage	72,109	-	-	-	-	72,109
Sales	1,367,105	-	-	-	-	1,367,105
Subtotal Taxes	1,602,973	194,827	-	-	-	1,797,800
Accrued Interest	58,878	8,249	90,267	139,068	59,732	356,194
Grants	90,977	-	-	289,678	-	380,655
Accounts/Charges for Services	780,461	-	-	193,478	37,387	1,011,326
Miscellaneous	48,179	-	-	-	-	48,179
Total Gross Governmental	2,581,468	203,076	90,267	622,224	97,119	3,594,154
Less Allowance for Uncollectible Accounts	(282,057)	-	-	(76,994)	(6,007)	(365,058)
Net Total Receivables	\$ 2,299,411	\$ 203,076	\$ 90,267	\$ 545,230	\$ 91,112	\$ 3,229,096

Business-type Activities:	Electric	Water	Sewer	Nonmajor	Internal Service Fund Allocation	Total
Accrued Interest	\$ 97,299	\$ 56,413	\$ 55,873	\$ 6,705	\$ 816	\$ 217,106
Accounts/Charges for Services	7,710,652	1,375,343	1,208,774	658,402	26,378	10,979,549
Miscellaneous	1,099,786	-	-	12,522	10,722	1,123,030
Total Gross Major Enterprise	8,907,737	1,431,756	1,264,647	677,629	37,916	12,319,685
Less Allowance for Uncollectible Accounts	(1,695,297)	(61,376)	(124,135)	(74,527)	(18,622)	(1,973,957)
Net Total Receivables	\$ 7,212,440	\$ 1,370,380	\$ 1,140,512	\$ 603,102	\$ 19,294	\$ 10,345,728

Governmental funds report deferred 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. At the end of the fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned	Total
Property Tax	\$ 358,586	\$ -	\$ 358,586
Special Assessments	21,796	-	21,796
Fines and Penalties	-	593,366	593,366
Emergency Services	551,371	-	551,371
Other	25,000	-	25,000
	\$ 956,753	\$ 593,366	\$ 1,550,119

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2005

C. Capital Assets

Capital asset activity for the year ended September 30, 2005 was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated				
Land	\$ 24,136,626	\$ 897,944	\$ -	\$ 25,034,570
Construction in Progress	15,086,813	14,426,032	(10,013,918)	19,498,927
Total Capital Assets, Not Being Depreciated	39,223,439	15,323,976	(10,013,918)	44,533,497
Capital Assets, Being Depreciated				
Buildings and Building Improvements	19,383,269	911,208	-	20,294,477
Improvements Other Than Buildings	15,679,147	2,071,881	-	17,751,028
Machinery and Equipment	23,101,825	4,374,557	(907,566)	26,568,816
Infrastructure	143,002,400	10,905,836	(144,300)	153,763,936
Total Capital Assets, Being Depreciated	201,166,641	18,263,482	(1,051,866)	218,378,257
Less Accumulated Depreciation for:				
Buildings and Building Improvements	5,036,579	442,924	-	5,479,503
Improvements Other Than Buildings	6,343,085	674,249	-	7,017,334
Machinery and Equipment	14,314,407	3,027,837	(893,489)	16,448,755
Infrastructure	69,414,394	4,827,334	(20,202)	74,221,526
Total Accumulated Depreciation	95,108,465	8,972,344	(913,691)	103,167,118
Total Capital Assets Being Depreciated, Net	106,058,176	9,291,138	(138,175)	115,211,139
Governmental Type Activities Capital Assets, Net	\$ 145,281,615	\$ 24,615,114	\$ (10,152,093)	\$ 159,744,636
Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated				
Land	\$ 709,650	\$ -	\$ -	\$ 709,650
Construction in Progress	29,106,881	13,044,442	(16,108,954)	26,042,369
Total Capital Assets, Not Being Depreciated	29,816,531	13,044,442	(16,108,954)	26,752,019
Capital Assets, Being Depreciated				
Electric System	89,402,015	5,253,839	(412,842)	94,243,012
Water System	72,792,185	1,064,521	(11,657)	73,845,049
Wastewater System	64,163,198	11,703,332	(42)	75,866,488
Buildings and Building Improvements	5,723,063	-	-	5,723,063
Machinery and Equipment	1,278,601	-	(1,272)	1,277,329
Total Capital Assets, Being Depreciated	233,359,062	18,021,692	(425,813)	250,954,941
Less Accumulated Depreciation for:				
Electric System	39,344,238	3,803,220	(272,386)	42,875,072
Water System	20,060,712	1,880,290	(4,316)	21,936,686
Wastewater System	17,227,343	1,866,967	(8)	19,094,302
Buildings and Building Improvements	422,901	142,505	-	565,406
Machinery and Equipment	1,189,129	35,550	(1,272)	1,223,407
Total Accumulated Depreciation	78,244,323	7,728,532	(277,982)	85,694,873
Total Capital Assets Being Depreciated, Net	155,114,739	10,293,160	(147,831)	165,260,068
Business Type Activities Capital Assets, Net	\$ 184,931,270	\$ 23,337,602	\$ (16,256,785)	\$ 192,012,087

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2005

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

Development Services	\$ 9,967
Fire	46,780
Fiscal Services	13,087
General Government	21,018
Office of Technology and Information Services	191,174
Parks and Recreation	507,304
Police	56,682
Public Works	15,546
Non-departmental	5,430,745
Capital Assets Held by the City's Internal Service Funds	<u>2,680,039</u>
Total Depreciation Expense	<u><u>\$ 8,972,342</u></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>
General Fund	\$ 7,444,644	\$ (1,638,578)	\$ 5,806,066	\$ -
Debt Service Fund	1,523,571	-	1,523,571	-
Special Revenue Funds:				
Community Development	-	(604,098)	(604,098)	-
Convention Center	1,200,000	-	1,200,000	-
WPC TIF	-	(436,525)	(436,525)	-
Capital Projects Funds:				
Business Park	-	(1,200,000)	(1,200,000)	-
General Government Projects	327,470	-	327,470	-
Parks Projects	507,520	-	507,520	-
Streets Projects	472,814	-	472,814	-
Enterprise Funds:				
Electric	-	(5,490,562)	-	(5,490,562)
Water	-	(915,508)	-	(915,508)
Wastewater	-	(1,180,191)	-	(1,180,191)
Sanitation	-	(401,359)	-	(401,359)
Parking	-	(200,095)	-	(200,095)
Internal Service Funds:				
Communication Services	-	(505)	(505)	-
Equipment Replacement	859,621	(414,538)	445,083	-
Fleet Maintenance	147,455	-	147,455	-
Print/Mail	-	(126)	(126)	-
Utility Billing	-	(1,010)	-	(1,010)
	<u>\$ 12,483,095</u>	<u>\$ (12,483,095)</u>	<u>\$ 8,188,725</u>	<u>\$ (8,188,725)</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 return on the investment, (3) move

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2005

revenues from enterprise funds to the general fund for economic development activity, (4) move unrestricted general 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, 2005 is as follows:

<u>Due To</u>	<u>Due From</u>	<u>Amount</u>
General Fund	Print/Mail	\$ 65,381
Electric Fund	Hotel/Motel Tax Fund	\$ 200,000

The outstanding balance between the general fund and the print/mail funds represents a working capital loan that the general fund expects to collect in the subsequent year. The outstanding balance between the electric fund and the hotel/motel tax fund represents an amount related to an economic development project that is expected to be completed in fiscal year 2006.

E. Deferred Charges

See Note IV B.

F. Long-Term Debt

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2005 is as follows:

	<u>Beginning Balance</u>	<u>Incurred/ Issued</u>	<u>Matured/ Retired</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 47,085,000	\$ 5,710,000	\$ 2,995,000	\$ 49,800,000	\$ 3,340,000
Certificates of Obligation	34,705,000	7,595,000	3,195,000	39,105,000	3,945,000
Accrued Vacation	1,681,294	1,159,248	1,034,312	1,806,230	166,101
Governmental Activity Long Term Debt	<u>\$ 83,471,294</u>	<u>\$ 14,464,248</u>	<u>\$ 7,224,312</u>	<u>\$ 90,711,230</u>	<u>\$ 7,451,101</u>
Business Type Activities:					
Utility Revenue Bonds	\$ 75,655,000	\$ 21,030,000	\$ 17,470,000	\$ 79,215,000	\$ 4,705,000
Accrued Vacation:					
Electric Fund	141,590	133,561	132,730	142,421	7,921
Water Fund	47,916	41,097	40,515	48,498	2,705
Sewer Fund	60,763	75,500	63,122	73,141	4,077
Other	81,783	98,786	89,705	90,864	5,043
Business Type Activity Long Term Debt	<u>\$ 75,987,052</u>	<u>\$ 21,378,944</u>	<u>\$ 17,796,072</u>	<u>\$ 79,569,924</u>	<u>\$ 4,724,746</u>

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2005

Internal service funds predominantly serve the governmental funds. All internal service funds, except for the utility billing fund, are included as part of the above totals for governmental activities. At year end \$56,117 of internal service funds' accrued vacation was included in governmental activities, and \$56,868 of accrued vacation for the utility billing fund was included in business type activities. For the governmental activities, accrued vacation is generally liquidated by the general fund.

Long-term debt at September 30, 2005 includes the following individual issues (not including unamortized premiums or discounts):

	Interest Rate (%)	Issue Date	Maturity Date	Original Issue	Net Retirement	Outstanding
General Obligation Bonds:						
1996 Issue and Refunding	4.70-7.50	12/1/96	2/15/15	\$ 11,845,000	\$ 8,190,000	\$ 3,655,000
1998 Issue	4.50-6.50	4/1/98	2/15/17	6,200,000	1,485,000	4,715,000
1999 Issue	3.40-5.40	4/15/99	2/15/17	6,230,000	1,460,000	4,770,000
2000 Issue	5.00-7.00	4/13/00	2/15/18	8,460,000	2,180,000	6,280,000
2001 Issue	5.00-7.00	8/1/01	2/15/17	4,140,000	1,735,000	2,405,000
2002 Issue	4.25-6.25	3/1/02	2/15/21	6,445,000	1,100,000	5,345,000
2003 Issue	3.00-5.00	7/9/03	2/15/23	4,790,000	180,000	4,610,000
2004 Issue	2.00-5.00	5/1/04	2/15/24	12,940,000	630,000	12,310,000
2005 Issue	4.00-6.00	5/26/05	2/15/25	5,710,000	-	5,710,000
				<u>\$ 66,760,000</u>	<u>\$ 16,960,000</u>	<u>\$ 49,800,000</u>
Certificates of Obligation:						
2000 Issue	5.00-7.00	4/13/00	2/15/18	\$ 4,050,000	\$ 1,630,000	\$ 2,420,000
2000A Issue	4.75-6.75	8/1/00	2/15/20	8,100,000	2,485,000	5,615,000
2001 Issue	3.50-5.00	8/2/01	2/15/20	3,650,000	1,860,000	1,790,000
2002 Issue	3.50-5.125	3/1/02	2/15/20	14,480,000	3,070,000	11,410,000
2003 Issue	2.50-3.25	12/5/02	2/15/08	1,000,000	385,000	615,000
2003A Issue	3.00-4.25	7/9/03	2/15/23	780,000	30,000	750,000
2004 Issue	2.00-5.00	5/1/04	2/15/24	9,415,000	505,000	8,910,000
2005 Issue	3.00-5.00	5/26/05	2/15/25	7,595,000	-	7,595,000
				<u>\$ 49,070,000</u>	<u>\$ 9,965,000</u>	<u>\$ 39,105,000</u>
Utility Revenue Bonds:						
1995 Issue	5.25-6.25	8/1/95	2/1/16	\$ 6,000,000	\$ 5,400,000	\$ 600,000
1996 Issue	4.15-5.60	12/1/96	2/1/17	10,110,000	8,600,000	1,510,000
1998 Issue	4.55-6.50	4/1/98	2/1/17	2,700,000	1,995,000	705,000
2000 Issue	5.00-7.00	4/13/00	2/15/18	10,500,000	6,615,000	3,885,000
2001 Issue	3.50-5.50	8/1/01	2/15/21	23,500,000	2,840,000	20,660,000
2002 Issue	4.00-6.00	3/1/02	2/15/22	18,215,000	1,670,000	16,545,000
2003 Issue	3.50-4.25	12/5/02	2/1/14	11,160,000	1,545,000	9,615,000
2003A Issue	2.50-4.25	7/9/03	2/15/23	4,850,000	185,000	4,665,000
2005 Issue	3.50-5.50	5/26/05	2/1/25	8,035,000	-	8,035,000
2005A Issue	3.00-5.25	8/18/05	2/1/18	12,995,000	-	12,995,000
				<u>\$ 108,065,000</u>	<u>\$ 28,850,000</u>	<u>\$ 79,215,000</u>

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2005

The annual requirements to amortize debt outstanding as of September 30, 2005 are as follows. Due to the nature of the obligation for accrued vacation, annual requirements to amortize such obligations are not determinable and have not been included in the following summary:

Year Ended September 30,	Governmental Activities				Business-Type Activities					
	General Obligation		Certificates of Obligation		Electric	Water	Sewer			
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest		
2006	\$ 3,340,000	\$ 2,299,382	\$ 3,945,000	\$ 1,779,255	\$ 1,330,964	\$ 860,423	\$ 1,413,850	\$ 1,422,389	\$ 1,960,186	\$ 1,376,936
2007	2,995,000	2,084,029	3,090,000	1,532,012	1,176,889	774,036	1,344,321	1,310,943	1,918,790	1,278,601
2008	3,090,000	1,954,873	2,960,000	1,402,998	1,120,973	730,671	1,422,401	1,251,978	2,031,626	1,188,178
2009	3,220,000	1,814,316	1,940,000	1,303,959	1,066,684	690,294	1,472,798	1,188,094	2,160,518	1,098,361
2010	3,385,000	1,659,987	2,030,000	1,226,832	1,083,464	645,940	1,542,960	1,114,716	2,218,576	1,000,660
2011-2015	17,245,000	5,823,499	9,695,000	4,904,607	6,069,422	2,433,648	9,016,856	4,295,795	10,398,722	3,488,659
2016-2020	11,230,000	2,277,975	11,565,000	2,347,179	4,891,689	1,163,072	9,402,783	2,004,789	7,515,528	1,316,563
2021-2025	5,295,000	486,044	3,880,000	398,528	2,973,405	246,311	3,842,995	281,319	1,838,600	71,564
	<u>\$ 49,800,000</u>	<u>\$ 18,400,105</u>	<u>\$ 39,105,000</u>	<u>\$ 14,895,370</u>	<u>\$ 19,713,490</u>	<u>\$ 7,544,395</u>	<u>\$ 29,458,964</u>	<u>\$ 12,870,023</u>	<u>\$ 30,042,546</u>	<u>\$ 10,819,522</u>

The City intends to retire all of its general long-term liabilities, plus interest, from ad valorem taxes. The proprietary fund type long-term debt will be repaid, plus interest, from the operating revenues of the Electric, Water, and Sewer Funds.

General Obligation Bonds and Certificates

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City.

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 and certificate indentures. The City is in compliance with the significant limitations and restrictions at September 30, 2005.

On May 26, 2005 the City issued \$5.71 million in General Obligation Improvement Bonds with a true interest cost of 4.35%. The proceeds from the sale of the bonds will be used to (1) pay for the cost of construction and acquisition of and improvements to City streets, traffic control systems, parks, and public facilities, and (2) pay the costs incurred in connection with the issuance of the Bonds.

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2005

On May 26, 2005 the City issued \$7.595 million in Certificates of Obligation with a true interest cost of 4.14%. The proceeds from the sale of the Certificates will be used to pay for the cost of (1) construction of streets, drainage improvements, street lighting, water improvements, and sewer improvements; (2) athletic field and park projects; (3) technology projects; (4) the acquisition and construction of capital improvements in specific areas of the City; (5) the acquisition of a fire ladder truck; (6) the acquisition of land and design cost for a City-owned cemetery; and (7) to pay the costs incurred in connection with the issuance of the Certificates.

Revenue Bonds

Utility system revenue bonds are secured by the net revenues of the Electric, Water, and Sewer 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 to an amount equal to the average annual principal and interest requirements of all outstanding bonds secured by the net revenues of the system.

On May 26, 2005 the City issued \$8.035 million in Utility System Revenue Bonds with a true interest cost of 4.37%. Proceeds from the sale of the bonds will be used for electric and water system improvements and for payment of the costs incurred in connection with the issuance of the bonds.

On August 18, 2005 the City issued \$12.995 million in Utility System Revenue Refunding Bonds with a true interest cost of 3.93%. Proceeds from the sale of the bonds were used to currently refund \$2,700,000 and advance refund \$10,360,000 of the City's outstanding Utility System Revenue Bonds in order to achieve annual and net present value savings in the City's annual debt service expense. The proceeds were also used to pay the costs incurred in connection with the issuance of the Bonds.

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, 2005, the City had an arbitrage rebate liability of \$126,000 related to the 1998 General Obligation Bonds, the 1999 General Obligation Bonds, and the 1999 Certificates of Obligation.

Defeasance

On August 18, 2005 the City issued Utility System Revenue Refunding Bonds with an average interest rate of 4.69% to refund \$13.06 million of series 1995, 1998, and 2000 Utility System Revenue bonds and 1996 Utility System Revenue and Refunding bonds. As a result of this refunding, the City will reduce its total debt service payments over the next 10 years by approximately \$1,037,232 and will obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$813,969. The proceeds from the issuance of the bonds were used to purchase U.S. Government securities that were placed in an irrevocable trust with an escrow agent to provide debt service payments on the bonds being refunded. As a result, the refunded bonds are considered to be defeased, and the liability has been removed from the business-type activities column of the City's financial statements.

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2005

The City has defeased certain revenue refunding bonds totaling \$74,140,000 and certain general obligation bonds and certificates of obligation totaling \$18,392,126 by placing the proceeds of the refunding bonds in an irrevocable trust to provide for all future debt service on the refunded bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements.

At September 30, 2005, the outstanding principal balance of the defeased revenue refunding bonds was \$22,985,000 and the outstanding principal balance of the defeased general obligation bonds and certificates of obligation was \$1,750,000.

The assets, liabilities, and financial transactions of all of these trust accounts and the liability for refunded (defeased) bonds are not reflected in the financial statements of the City.

The tables below reflect refunded debt outstanding at September 30, 2005 and are net of any amounts to be paid or retired by the trustee on October 1, 2005:

Refunded in Year Ended September 30, 2005

Utility System Revenue Bonds, Series 1995	\$	2,700,000
Utility System Revenue Bonds, Series 1996		4,260,000
Utility System Revenue Bonds, Series 1998		1,330,000
Utility System Revenue Bonds, Series 2000		4,770,000
	\$	<u>13,060,000</u>

Refunded in Prior Years

Utility System Revenue & Refunding Bonds, Series 1993	\$	2,000,000
Utility System Revenue Bonds, Series 1994		7,425,000
Utility System Revenue Bonds, Series 1990		500,000
General Obligation & Refunding Bonds, Series 1991		975,000
General Obligation Refunding Bonds, Series 1996		775,000
	\$	<u>11,675,000</u>

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2005

G. Reservations of Fund Balances and Net Assets

Fund balances for governmental funds have been reserved at September 30, 2005 as follows:

	<u>Reserved</u>
Governmental Funds:	
General Fund:	
Reserved for Encumbrances	\$ 537,586
Reserved for Inventory	56,280
Reserved for Police Seizure	23,664
Reserved for Court Technology	212,005
Reserved for Court Security	278,369
Reserved for Court Efficiency Improvements	24,276
Debt Service:	
Reserved for Encumbrances	2,128
Reserved for Bond Debt Service	2,815,959
Other Governmental Funds:	
Reserved for Encumbrances	8,311,783
Reserved for Capital Projects	30,440,475
Reserved for Endowment	1,113,033
Reserved for Prepaids	315,733
Total	<u><u>\$ 44,131,291</u></u>

H. Restatement of Net Assets

The business-type activities beginning net assets reported in the government-wide financial statements has been restated, and the electric fund beginning net assets reported in the proprietary fund financial statements has been restated. The restatement in both statements is the result of a correction to the value of a previously unrecorded building in the electric fund.

The restatement is summarized in the schedule below:

	<u>Business-type Activities</u>	<u>Electric Fund</u>
Net Assets, October 1, 2004	\$ 161,018,556	\$ 51,110,212
Adjustment to Buildings and Building Improvements	2,108,473	2,108,473
Net Assets, October 1, 2004	<u><u>\$ 163,127,029</u></u>	<u><u>\$ 53,218,685</u></u>

The governmental activities beginning net assets reported in the government-wide financial statements has been restated, and the property and casualty fund and workers' compensation fund beginning net assets reported in the internal service fund financial statements have been restated. The restatement in both statements is the result of an actuarial report showing the unpaid liability in both the property and casualty and worker's compensation funds as of September 30, 2004. The final numbers for the 2004 actuarial report were not received until after the 2004 CAFR had been issued.

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2005

The restatement is summarized in the schedule below:

	Governmental Activities	Property and Casualty Fund	Workers' Compensation Fund
Net Assets, October 1, 2004	\$ 131,223,686	\$ 404,404	\$ 235,509
Adjustment to Claims Payable	(904,263)	(154,997)	(749,266)
Net Assets, October 1, 2004	<u>\$ 130,319,423</u>	<u>\$ 249,407</u>	<u>\$ (513,757)</u>

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 46.40 cents per \$100 of assessed valuation for the year ended September 30, 2005. 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 can be generally subdivided into four categories of loss: 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 contributions from employees and from the operating funds of the City. 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 has a stop-loss insurance policy that limits its liability to \$100,000 per individual per year with an aggregate, annual liability of \$1,000,000. The liability for outstanding losses includes \$472,586 for claims incurred but not reported as of September 30, 2005.

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2005

In fiscal year 2005 the City was insured by Affiliated FM for all of its real and personal property and mobile equipment. Affiliated FM is funded by calculated contributions from the City's operating funds and provides all of the claims handling for these lines of coverage. The City carries a \$100,000 deductible per occurrence on its property insurance policy with Affiliated FM. Property insurance covers all direct losses and some indirect losses.

On all lines of liability coverage, the City is self-insured. The City has procured excess liability coverage through State National Insurance Company that is A.M. Best rated A-VII. The self-insured retention ("SIR") is \$250,000 per claim. The claims are handled by a third party claims administrator ("TPA") located in Houston, Texas.

The City is also self-insured on its workers' compensation coverage. The City opted for excess workers' compensation coverage with a SIR of \$250,000 per claim feature. The City's carrier is State National Insurance Company, and the TPA handles all of the 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 that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Based upon the most recent actuarial study, the City has recorded the potential liability of \$279,770 in the property and casualty fund and the potential liability of \$906,846 in the workers' compensation fund. The results of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors.

Lastly, the City also uses its Unemployment Fund to account for self-insurance activity involving claims filed under unemployment compensation laws. Monthly contributions based on a percentage of payroll are determined each year during the budget process and are used to fund this activity.

Settlements have not exceeded self-insured retention for 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 that a liability for claims 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 2005 and 2004 are as follows:

	2005	2004
Unpaid Claims, October 1	\$1,514,527	\$ 418,859
Incurred Claims (including IBNR's)	4,110,008	3,569,188
Claims Paid	<u>(3,965,333)</u>	<u>(2,473,520)</u>
Unpaid Claims, September 30	<u>\$1,659,202</u>	<u>\$ 1,514,527</u>

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2005

C. Joint Venture

In May 1990, the City of College Station joined the City of Bryan in creating BVSWMA. The primary purpose of BVSWMA is to achieve economy of scale savings for the participants through joint ownership and use of regional waste management facilities. Each city holds a 50% interest and ownership in BVSWMA.

BVSWMA is governed by an Administrative Board of Trustees ("Board") comprised of the City Manager and a staff person from each city; in addition, the Mayors of each city serve alternating two-year terms on the Board. The Board has complete responsibility for the daily operating activities of BVSWMA. After Board approval, the BVSWMA annual budget is presented for approval by both cities as a part of their regular budget.

The City's share of BVSWMA's change in net assets for fiscal year 2005 was (\$91,031).

State and federal laws and regulations require BVSWMA 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. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, BVSWMA reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$2.8 million reported as accrued postclosure maintenance costs at September 30, 2005, represents the cumulative amount reported to date based on the use of 66 percent of the estimated capacity of the landfill. BVSWMA will recognize the remaining estimated cost of closure and postclosure care of \$1.5 million as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2005. BVSWMA expects to close the landfill in the year 2008. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2005

The following is a summary of information from the audited financial statements of BVSWMA as of September 30, 2005:

	<u>2005</u>	<u>2004</u>
Assets:		
Current Assets	\$ 9,593,720	\$ 12,714,944
Capital Assets		
(Net of \$4,722,979 Accumulated Depreciation at 2005 and \$4,546,076 at 2004)	5,707,912	4,132,478
Deferred Landfill Permits		
(Net of \$507,081 Accumulated Amortization at 2005 and \$429,483 at 2004)	<u>2,363,213</u>	<u>2,363,993</u>
	<u>17,664,845</u>	<u>19,211,415</u>
Liabilities:		
Current Liabilities	417,866	460,842
Noncurrent Liabilities:		
Accrued Post Closure Maintenance Costs	<u>2,833,276</u>	<u>4,154,808</u>
Total Liabilities	<u>3,251,142</u>	<u>4,615,650</u>
Net Assets		
Invested In Capital Assets	5,707,912	4,132,478
Unrestricted	<u>8,705,791</u>	<u>10,463,287</u>
Total Net Assets	<u>\$ 14,413,703</u>	<u>\$ 14,595,765</u>
Program Revenues	\$ 5,186,729	\$ 4,770,116
Expenses	<u>5,668,732</u>	<u>5,597,320</u>
	(482,003)	(827,204)
General Revenues	<u>299,941</u>	<u>210,600</u>
Change in Net Assets	<u>\$ (182,062)</u>	<u>\$ (616,604)</u>

A copy of BVSWMA's separate audited financial statements may be obtained from the City's Fiscal Services Department.

D. Retirement Plan

The City has adopted GASB Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and GASB Statement No. 27, Accounting for Pensions by State and Local Government Employees. These statements require the following disclosures:

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"), one of 801 administered by TMRS, an agent multiple-employer public employee retirement system.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2005

two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are 200 percent of the employee's accumulated contributions. In addition, the City can grant as often as annually another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

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

Deposit Rate:	7%
Matching Ratio (City to Employee):	2 to 1
Members Vested After:	5 years

Members can retire at age 60 and above with 5 or more years of service or with 20 years of service regardless of age. A member is vested after 5 years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

Contributions

Under the state law governing TMRS, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period. The unit credit actuarial cost method is used for determining the City contribution rate. Both the employees and the City make 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 is the basis for the rate and the calendar year when the rate goes into effect. (i.e. December 31, 2004 valuation is effective for rates beginning January 2006).

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2005

The following is a schedule of actuarial liabilities and funding progress:

Actuarial Valuation Date	<u>12/31/2004</u>
Actuarial Value of Assets	\$ 70,336,601
Actuarial Accrued Liability	\$ 87,906,815
Percentage Funded	80.0%
Unfunded (Overfunded) Actuarial Accrued Liability (UAAL)	\$ 17,570,214
Annual Covered Payroll	\$ 30,978,906
UAAL as a Percentage of Covered Payroll	56.7%
Net Pension Obligation (NPO) at Beginning of Period	\$ -
Plus Annual Pension Cost:	
Annual Required Contribution (ARC)	3,814,370
Less Contributions Made	<u>3,814,370</u>
NPO at the End of the Period	<u><u>\$ -</u></u>

Actuarial assumptions as of the latest actuarial valuation are as follows:

Actuarial Cost Method:	Unit Credit
Amortization Method:	Level Percent of Payroll
Remaining Amortization Period:	25 Years--Open Period
Asset Valuation Method:	Amortized Cost (to accurately reflect the requirements of GASB Statement No. 25, paragraphs 36e and 138)
Investment Rate of Return:	7%
Projected Salary Increases:	None
Includes Inflation at:	3.50%
Cost-of-Living Adjustments:	None

Each of the 801 Municipalities have an annual, individual actuarial valuation performed. All assumptions for the 12/31/04 valuations are contained in the 2004 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P.O. Box 149153, Austin, Texas 78714-9153.

Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Applicable historical trend information concerning this plan is presented on the next page:

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2005

<u>Fiscal Year Ending</u>	<u>Annual Required Contribution (ARC)</u>	<u>Contributions Made</u>	<u>Net Pension Obligation</u>
1996	\$1,107,037	\$1,107,037	-
1997	\$1,299,737	\$1,299,737	-
1998	\$1,662,022	\$1,662,022	-
1999	\$1,965,749	\$1,965,749	-
2000	\$2,154,204	\$2,154,204	-
2001	\$2,272,217	\$2,272,217	-
2002	\$2,511,159	\$2,511,159	-
2003	\$2,694,930	\$2,694,930	-
2004	\$3,204,948	\$3,204,948	-
2005	\$3,814,370	\$3,814,370	-

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Accrued Actuarial Liability (AAL)</u>	<u>Unfunded Accrued Actuarial Liability (UAAL)</u>	<u>Net Assets Available as a Percent of Pension Benefit Obligation</u>
12/31/1995	\$26,004,146	\$31,518,807	\$5,514,661	83%
12/31/1996	\$30,332,645	\$36,941,994	\$6,609,349	82%
12/31/1997	\$34,566,021	\$42,100,099	\$7,534,078	82%
12/31/1998	\$38,759,223	\$45,574,205	\$6,814,982	85%
12/31/1999	\$43,010,803	\$49,987,308	\$6,976,505	86%
12/31/2000	\$47,880,750	\$55,811,761	\$7,931,011	86%
12/31/2001	\$52,927,528	\$61,856,550	\$8,929,022	86%
12/31/2002	\$57,742,291	\$68,424,249	\$10,681,958	84%
12/31/2003	\$63,223,606	\$80,476,343	\$17,252,737	79%
12/31/2004	\$70,336,601	\$87,906,815	\$17,570,214	80%

<u>Actuarial Valuation Date</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12/31/1995	\$17,581,968	31%
12/31/1996	\$18,001,720	37%
12/31/1997	\$17,839,856	42%
12/31/1998	\$19,339,128	35%
12/31/1999	\$20,803,862	34%
12/31/2000	\$23,651,256	34%
12/31/2001	\$25,422,558	35%
12/31/2002	\$27,784,120	38%
12/31/2003	\$28,537,016	61%
12/31/2004	\$30,978,906	57%

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2005

Post Retirement/Employment Benefits

In addition to providing pension benefits, the City provides certain health care benefits for retired employees as established by City Resolution No. 9-13-90-5.10, which was passed and approved by the City Council on September 13, 1990. According to this resolution, employees who retire while working for the City and their dependents are eligible to remain on the City's health plan as long as the employee makes monthly premium payments. During fiscal year 2005, fifteen former employees were covered under this arrangement. Prior to the passage of this resolution, employees who reached retirement while working for the City were eligible to remain on the City's self-insured health plan and have their monthly premiums paid for by the City. During fiscal year 2005, one retiree was covered under this plan; however, claims filed by this retiree were not material.

The City also provides health benefits as required by the Federal Government under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"). COBRA requires employers that sponsor group health plans to provide continuation of group coverage to employees and their dependents under certain circumstances where coverage would otherwise end. Terminated employees who qualify under COBRA pay premium costs for themselves and dependents. Expenditures are recognized as claims are submitted. COBRA participants are reimbursed at the same levels as active employees. The amount of expenditures related to COBRA claims for the year ended September 30, 2005 was \$427,116. The City received a stop-loss payment related to these claims in the amount of \$315,459. As of September 30, 2005 the City has 5 COBRA participants.

E. 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. Since the City is no longer the Plan Administrator or the trustee, the assets of the plan are no longer a reportable fund in the City's basic financial statements.

F. Commitments and Contingencies

Construction Commitments

The City has active construction projects as of September 30, 2005. At year-end, the construction commitments with contractors for specific projects were as follows:

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2005

Project Name	Spent to Date	Remaining Commitment
Shenandoah/Spring Creek Substation	\$ -	\$ 566,902
Rock Prairie Landfill Phase I	2,086,467	128,493
1119 Detroit	41,661	26,119
Water Service Ext. Phase I	-	2,052,658
Highway 30/60 Infrastructure Phase II	1,050,216	353,789
Fire Station #5	1,125,089	158,911
Greens Prairie Capacitor Substation Install.	-	157,600
Intergenerational Park Additions	137,151	156,817
Playground & Sidewalk at Lincoln Center	-	56,570
John Crompton Park Site Development	352,639	194,170
Longmire, Graham to Cypress Meadow	986,914	90,566
Greens Prairie Widening	1,428,542	1,310,903
Green Prairie Road/Arrington Road Align.	469,800	561,397
Wolf Pen Creek Upper Trails System	1,752,866	896,954
Dowling Road Pump Station Chemical Feed Building	29,450	2,756,650
Rehabilitation of Water Wells 4 & 5	91,574	21,426
Well #6 and Line	637,578	659,658
Dominik Street Rehabilitation	790,156	81,682
Hwy 6 Water Impact Fee 18" Water Line	148,017	16,446
Installation of Pavillion over Basketball Court/ Miller Park	119,024	33,826
	<u>\$ 11,247,144</u>	<u>\$ 10,281,537</u>

G. Bonds Available for Sale

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

	Year Authorized	Unissued Amount
Public Buildings	1984	\$ 700,000
Street Improvements	1984	500,000
Street Improvements	2003	16,930,000
Traffic Management	2003	2,450,000
Park Improvements	2003	7,955,000
Municipal Complex Improvements	2003	3,655,000
Fire Station Improvements	2003	1,310,000
Total		<u>\$ 33,500,000</u>

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2005

H. Revenue Bond Coverage

All the net revenues of the Electric, Water, and Sewer 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.

CITY OF COLLEGE STATION, TEXAS
Schedule of Funding Progress
Texas Municipal Retirement System
Last Ten Fiscal Years

Actuarial Valuation Date*	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/1996	\$26,004,146	\$31,518,807	\$5,514,661	82.5%	\$17,581,968	31.4%
12/31/1997	\$30,332,645	\$36,941,994	\$6,609,349	82.1%	\$18,001,720	36.7%
12/31/1998	\$34,566,021	\$42,100,099	\$7,534,078	82.1%	\$17,839,856	42.2%
12/31/1999	\$38,759,223	\$45,574,205	\$6,814,982	85.0%	\$19,339,128	35.2%
12/31/2000	\$43,010,803	\$49,987,308	\$6,976,505	86.0%	\$20,803,862	33.5%
12/31/2001	\$47,880,750	\$55,811,761	\$7,931,011	85.8%	\$23,651,256	33.5%
12/31/2002	\$52,927,528	\$61,856,550	\$8,929,022	85.6%	\$25,422,558	35.1%
12/31/2003	\$57,742,291	\$68,424,249	\$10,681,958	84.4%	\$27,784,120	38.4%
12/31/2004	\$63,223,606	\$80,476,343	\$17,252,737	78.6%	\$28,537,016	60.5%
12/31/2005	\$70,336,601	\$87,906,815	\$17,570,214	80.0%	\$30,978,906	56.7%

*Assets are stated at cost as of December 31 of the preceding year.

CITY OF COLLEGE STATION, TEXAS
Schedule of Revenues, Expenditures, and Changes
in Fund Balances Budget and Actual (Budgetary Basis)
General Fund
For the Fiscal Year Ended September 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues				
Taxes	\$ 23,733,833	\$ 23,733,833	\$ 23,884,418	\$ 150,585
Licenses and Permits	1,038,000	1,038,000	1,025,013	(12,987)
Intergovernmental	500,649	594,826	590,077	(4,749)
Charges for Services	2,483,245	2,483,245	2,480,786	(2,459)
Fines, Forfeits and Penalties	3,555,902	3,555,902	3,518,915	(36,987)
Investment Income	266,970	266,970	357,436	90,466
Rents and Royalties	248,300	248,300	243,832	(4,468)
Contributions	9,700	12,200	37,082	24,882
Reimbursed Expenditures	8,700	62,208	57,922	(4,286)
Other	200,300	200,300	207,736	7,436
Total Revenues	<u>32,045,599</u>	<u>32,195,784</u>	<u>32,403,217</u>	<u>207,433</u>
Expenditures				
Current				
General Government	3,715,290	4,044,947	4,030,494	(14,453)
Fiscal Services	3,138,656	3,093,020	2,985,628	(107,392)
Police	10,579,593	10,659,834	10,691,649	31,815
Fire	8,070,035	8,105,713	7,885,184	(220,529)
Development Services	2,113,752	2,103,701	1,959,574	(144,127)
Public Works	6,661,229	6,771,329	6,322,882	(448,447)
Economic and Community Development	0	13,440	11,281	(2,159)
Parks and Recreation	6,901,883	6,976,383	6,771,144	(205,239)
Office of Technology and Information Services	2,567,458	2,574,122	2,486,659	(87,463)
Library	723,346	723,346	694,445	(28,901)
Nondepartmental				
Reimbursed Administrative	(6,125,167)	(6,125,167)	(6,000,650)	124,517
Contributions	1,085,644	1,064,644	576,444	(488,200)
Other	334,258	61,989	61,616	(373)
Capital Outlay	1,399,679	1,463,640	796,248	(667,392)
Total Expenditures	<u>41,165,656</u>	<u>41,530,941</u>	<u>39,272,598</u>	<u>(2,258,343)</u>
Deficiency of Revenues Under Expenditures	<u>(9,120,057)</u>	<u>(9,335,157)</u>	<u>(6,869,381)</u>	<u>2,465,776</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	20,600	20,600	12,182	(8,418)
Transfers In	7,420,800	7,420,800	7,444,644	23,844
Transfers Out	(693,470)	(793,470)	(727,470)	66,000
Total Other Financing Sources	<u>6,747,930</u>	<u>6,647,930</u>	<u>6,729,356</u>	<u>81,426</u>
Net Change in Fund Balances	(2,372,127)	(2,687,227)	(140,025)	2,547,202
Fund Balances, October 1	10,702,952	10,702,952	10,702,952	0
Fund Balances, September 30	<u>\$ 8,330,825</u>	<u>\$ 8,015,725</u>	<u>\$ 10,562,927</u>	<u>\$ 2,547,202</u>

CITY OF COLLEGE STATION, TEXAS
Adjustments to General Fund Revenues and
Expenditures To Reconcile From
Budget Basis to GAAP Basis
For the Fiscal Year Ended September 30, 2005

Net change in fund balances - Budget Basis	\$ (140,025)
Revenues	
Market Adjustment for Investments	(99,391)
Other	5,055
Expenditures	
Bad Debt Expense	(190,672)
Payroll Accrual, net	(334,218)
Capitalize/Reclass Assets	257,133
Reclass Expense	(37,010)
Other	6,701
	6,701
Net change in fund balances - GAAP Basis	\$ (532,427)



COMBINING FINANCIAL STATEMENTS NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

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

Convention Center - to account for the receipt and expenditure of funds received by the City in the operation and maintenance of a convention center. Revenues associated with this fund are derived from the hotel and motel occupancy tax and convention center rentals.

Hotel/Motel Tax - to 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.

Parks Escrow - to 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 neighborhood parks in residential areas.

Wolf Pen Creek Tax Increment Financing District - to 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.

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.

Business Park - to account for the cost of street, water, and sewer improvements at the College Station Business Park.

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

General Government Projects - 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.

Parks Projects - to account for the costs of new parks and improvements to existing parks made with funds provided from the sale of general obligation bonds.

PERMANENT FUNDS

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the City's programs.

Cemetery Perpetual Care Fund - to account for principal trust amounts received and related interest income for the College Station cemetery.

CITY OF COLLEGE STATION, TEXAS

Combining Balance Sheet
Nonmajor Governmental Funds
As of September 30, 2005

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total
Current Assets				
Equity in Cash and Cash Equivalents	\$ 3,170,736	\$ 5,863,559	\$ 354,521	\$ 9,388,816
Equity in Investments	6,639,426	12,408,670	750,250	19,798,346
Receivables				
Accrued Interest	40,193	93,701	5,174	139,068
Grants	289,678	0	0	289,678
Accounts	57,293	133,038	3,147	193,478
Less Allowance for Uncollectible Accounts	(57,293)	(17,400)	(2,301)	(76,994)
Inventories	0	0	2,373	2,373
Total Assets	<u>\$ 10,140,033</u>	<u>\$ 18,481,568</u>	<u>\$ 1,113,164</u>	<u>\$ 29,734,765</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 405,726	\$ 556,826	\$ 131	\$ 962,683
Retainage Payable	159,137	131,153	0	290,290
Interfund Payable	200,000	0	0	200,000
Accrued Liabilities	0	41,539	0	41,539
Total Liabilities	<u>764,863</u>	<u>729,518</u>	<u>131</u>	<u>1,494,512</u>
Fund Balances				
Reserved				
Reserved for Encumbrances	3,130,945	1,886,657	0	5,017,602
Reserved for Capital Projects	0	15,865,393	0	15,865,393
Reserved for Perpetual Care	0	0	1,113,033	1,113,033
Unreserved				
Undesignated	6,244,225	0	0	6,244,225
Total Fund Balances	<u>9,375,170</u>	<u>17,752,050</u>	<u>1,113,033</u>	<u>28,240,253</u>
Total Liabilities and Fund Balances	<u>\$ 10,140,033</u>	<u>\$ 18,481,568</u>	<u>\$ 1,113,164</u>	<u>\$ 29,734,765</u>

CITY OF COLLEGE STATION, TEXAS
Combining Balance Sheet
Nonmajor Governmental Funds - Special Revenue Funds
As of September 30, 2005

	Community Development	Convention Center	Hotel/Motel	Parks Escrow	Wolf Pen Creek Tax Increment Financing District	Total
Current Assets						
Equity in Cash and Cash Equivalents	\$ 251,083	\$ 302,541	\$ 1,092,849	\$ 438,090	\$ 1,086,173	\$ 3,170,736
Equity in Investments	531,351	640,248	2,312,725	856,504	2,298,598	6,639,426
Receivables						
Accrued Interest	0	85	15,993	5,674	18,441	40,193
Grants	289,678	0	0	0	0	289,678
Accounts	0	0	57,293	0	0	57,293
Less Allowance for Uncollectible						
Accounts	0	0	(57,293)	0	0	(57,293)
Total Assets	<u>\$ 1,072,112</u>	<u>\$ 942,874</u>	<u>\$ 3,421,567</u>	<u>\$ 1,300,268</u>	<u>\$ 3,403,212</u>	<u>\$ 10,140,033</u>
Liabilities and Fund Balances						
Liabilities						
Accounts Payable	\$ 79,164	\$ 7,571	\$ 25,636	\$ 106,368	\$ 186,987	\$ 405,726
Retainage Payable	5,019	55,275	0	28,499	70,344	159,137
Interfund Payable	0	0	200,000	0	0	200,000
Total Liabilities	<u>84,183</u>	<u>62,846</u>	<u>225,636</u>	<u>134,867</u>	<u>257,331</u>	<u>764,863</u>
Fund Balances						
Reserved for Encumbrances	957,546	680,828	1,015,649	79,649	397,273	3,130,945
Unreserved						
Undesignated	30,383	199,200	2,180,282	1,085,752	2,748,608	6,244,225
Total Fund Balances	<u>987,929</u>	<u>880,028</u>	<u>3,195,931</u>	<u>1,165,401</u>	<u>3,145,881</u>	<u>9,375,170</u>
Total Liabilities and Fund Balances	<u>\$ 1,072,112</u>	<u>\$ 942,874</u>	<u>\$ 3,421,567</u>	<u>\$ 1,300,268</u>	<u>\$ 3,403,212</u>	<u>\$ 10,140,033</u>

CITY OF COLLEGE STATION, TEXAS
Combining Balance Sheet
Nonmajor Governmental Funds - Capital Projects Funds
As of September 30, 2005

	Business Park	Drainage Projects	General Government Projects	Parks Projects	Total
Current Assets					
Equity in Cash and Cash Equivalents	\$ 572,175	\$ 2,160,284	\$ 2,751,948	\$ 379,152	\$ 5,863,559
Equity in Investments	1,210,856	4,571,670	5,823,770	802,374	12,408,670
Receivables					
Accrued Interest	14,868	33,341	35,973	9,519	93,701
Accounts	0	133,038	0	0	133,038
Less Allowance for Uncollectible Accounts	0	(17,400)	0	0	(17,400)
Total Assets	<u>\$ 1,797,899</u>	<u>\$ 6,880,933</u>	<u>\$ 8,611,691</u>	<u>\$ 1,191,045</u>	<u>\$ 18,481,568</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$ 337	\$ 201,773	\$ 262,007	\$ 92,709	\$ 556,826
Retainage Payable	0	35,299	61,209	34,645	131,153
Accrued Liabilities	0	15,566	5,290	20,683	41,539
Total Liabilities	<u>337</u>	<u>252,638</u>	<u>328,506</u>	<u>148,037</u>	<u>729,518</u>
Fund Balances					
Reserved					
Reserved for Encumbrances	105,296	386,027	1,037,326	358,008	1,886,657
Reserved for Capital Projects	1,692,266	6,242,268	7,245,859	685,000	15,865,393
Total Fund Balances	<u>1,797,562</u>	<u>6,628,295</u>	<u>8,283,185</u>	<u>1,043,008</u>	<u>17,752,050</u>
Total Liabilities and Fund Balances	<u>\$ 1,797,899</u>	<u>\$ 6,880,933</u>	<u>\$ 8,611,691</u>	<u>\$ 1,191,045</u>	<u>\$ 18,481,568</u>

CITY OF COLLEGE STATION, TEXAS
 Balance Sheet
 Nonmajor Governmental Fund - Permanent Fund
 Cemetery Perpetual Care Fund
 As of September 30, 2005

Current Assets	
Equity in Cash and Cash Equivalents	\$ 354,521
Equity in Investments	750,250
Receivables	
Accrued Interest	5,174
Accounts	3,147
Allowance for Uncollectible Accounts	(2,301)
Inventories	<u>2,373</u>
Total Assets	<u><u>\$ 1,113,164</u></u>
Liabilities and Fund Balances	
Liabilities	
Accounts Payable	<u>\$ 131</u>
Total Liabilities	<u>131</u>
Fund Balances	
Reserved	
Reserved for Perpetual Care	<u>1,113,033</u>
Total Fund Balances	<u>1,113,033</u>
Total Liabilities and Fund Balances	<u><u>\$ 1,113,164</u></u>

CITY OF COLLEGE STATION, TEXAS

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

Nonmajor Governmental Funds

For the Fiscal Year Ended September 30, 2005

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total
Revenues				
Taxes	\$ 3,007,196	\$ 0	\$ 0	\$ 3,007,196
Charges for Services	0	49,726	104,176	153,902
Intergovernmental	1,913,833	0	0	1,913,833
Special Assessment	0	1,110,461	0	1,110,461
Fines, Forfeits and Penalties	27	0	0	27
Investment Income	199,938	328,758	19,665	548,361
Loan Repayments	2,541	0	0	2,541
Contributions	0	0	100	100
Other	330,237	282	0	330,519
Total Revenues	5,453,772	1,489,227	123,941	7,066,940
Expenditures				
Current				
General Government	71,027	41,295	0	112,322
Fiscal Services	0	6,268	0	6,268
Parks	128	0	0	128
Public Works	0	16,994	0	16,994
Community Development				
Block Grant	275,775	0	0	275,775
Home Grant	439,243	0	0	439,243
Reimbursed Administrative	985,547	1,061,235	0	2,046,782
Contributions	1,300,000	0	0	1,300,000
Other	14,960	23,146	1,602	39,708
Capital Outlay	3,514,178	5,448,147	0	8,962,325
Debt Issuance Costs	21,052	57,533	0	78,585
Total Expenditures	6,621,910	6,654,618	1,602	13,278,130
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,168,138)	(5,165,391)	122,339	(6,211,190)
Other Financing Sources (Uses)				
Proceeds from Long-Term Debt Issuance	1,881,052	5,867,419	0	7,748,471
Transfers In	1,200,000	834,990	0	2,034,990
Transfers Out	(1,040,623)	(1,200,000)	0	(2,240,623)
Total Other Financing Sources	2,040,429	5,502,409	0	7,542,838
Net Change in Fund Balances	872,291	337,018	122,339	1,331,648
Fund Balances, October 1	8,502,879	17,415,032	990,694	26,908,605
Fund Balances, September 30	\$ 9,375,170	\$ 17,752,050	\$ 1,113,033	\$ 28,240,253

CITY OF COLLEGE STATION, TEXAS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Special Revenue Funds
For the Fiscal Year Ended September 30, 2005

	Community Development	Convention Center	Hotel/Motel Tax	Parks Escrow	Wolf Pen Creek Tax Increment Financing District	Total
Revenues						
Taxes	\$ 0	\$ 0	\$ 2,306,928	\$ 0	\$ 700,268	\$ 3,007,196
Intergovernmental	1,913,833	0	0	0	0	1,913,833
Fines, Forfeits and Penalties	0	0	27	0	0	27
Investment Income	0	10,090	60,653	81,295	47,900	199,938
Loan Repayments	2,541	0	0	0	0	2,541
Other	30,327	0	44,771	255,139	0	330,237
Total Revenues	<u>1,946,701</u>	<u>10,090</u>	<u>2,412,379</u>	<u>336,434</u>	<u>748,168</u>	<u>5,453,772</u>
Expenditures						
Current						
General Government	0	0	71,027	0	0	71,027
Parks	0	0	0	0	128	128
Community Development Block Grant	275,775	0	0	0	0	275,775
Home Grant	439,243	0	0	0	0	439,243
Reimbursed Administrative	622,022	0	353,525	10,000	0	985,547
Contributions	0	0	1,300,000	0	0	1,300,000
Other	0	0	14,960	0	0	14,960
Capital Outlay	0	1,164,052	0	828,662	1,521,464	3,514,178
Debt Issuance Costs	0	0	0	0	21,052	21,052
Total Expenditures	<u>1,337,040</u>	<u>1,164,052</u>	<u>1,739,512</u>	<u>838,662</u>	<u>1,542,644</u>	<u>6,621,910</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>609,661</u>	<u>(1,153,962)</u>	<u>672,867</u>	<u>(502,228)</u>	<u>(794,476)</u>	<u>(1,168,138)</u>
Other Financing Sources (Uses)						
Proceeds from Long-Term Debt Issuance	0	0	0	0	1,881,052	1,881,052
Transfers In	0	1,200,000	0	0	0	1,200,000
Transfers Out	(604,098)	0	0	0	(436,525)	(1,040,623)
Total Other Financing Sources (Uses)	<u>(604,098)</u>	<u>1,200,000</u>	<u>0</u>	<u>0</u>	<u>1,444,527</u>	<u>2,040,429</u>
Net Change in Fund Balances	5,563	46,038	672,867	(502,228)	650,051	872,291
Fund Balances, October 1	982,366	833,990	2,523,064	1,667,629	2,495,830	8,502,879
Fund Balances, September 30	<u>\$ 987,929</u>	<u>\$ 880,028</u>	<u>\$ 3,195,931</u>	<u>\$ 1,165,401</u>	<u>\$ 3,145,881</u>	<u>\$ 9,375,170</u>

CITY OF COLLEGE STATION, TEXAS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Capital Projects Funds
For the Fiscal Year Ended September 30, 2005

	Business Park	Drainage Projects	General Government Projects	Parks Projects	Total
Revenues					
Charges for Services	\$ 0	\$ 0	\$ 0	\$ 49,726	\$ 49,726
Special Assessment	0	1,110,461	0	0	1,110,461
Investment Income	52,530	135,261	121,359	19,608	328,758
Other	0	282	0	0	282
Total Revenues	<u>52,530</u>	<u>1,246,004</u>	<u>121,359</u>	<u>69,334</u>	<u>1,489,227</u>
Expenditures					
Current					
General Government	0	15,566	5,290	20,439	41,295
Fiscal Services	0	0	5,346	922	6,268
Public Works	0	16,994	0	0	16,994
Reimbursed Administrative	29,200	819,478	202,557	10,000	1,061,235
Other	0	6,323	16,823	0	23,146
Capital Outlay	369,161	1,471,515	1,893,694	1,713,777	5,448,147
Debt Issuance Costs	5,659	0	34,455	17,419	57,533
Total Expenditures	<u>404,020</u>	<u>2,329,876</u>	<u>2,158,165</u>	<u>1,762,557</u>	<u>6,654,618</u>
Deficiency of Revenues Under Expenditures	<u>(351,490)</u>	<u>(1,083,872)</u>	<u>(2,036,806)</u>	<u>(1,693,223)</u>	<u>(5,165,391)</u>
Other Financing Sources (Uses)					
Proceeds from Long-Term Debt Issuance	505,659	0	3,519,386	1,842,374	5,867,419
Transfers In	0	0	327,470	507,520	834,990
Transfers Out	(1,200,000)	0	0	0	(1,200,000)
Total Other Financing Sources (Uses)	<u>(694,341)</u>	<u>0</u>	<u>3,846,856</u>	<u>2,349,894</u>	<u>5,502,409</u>
Net Change in Fund Balances	(1,045,831)	(1,083,872)	1,810,050	656,671	337,018
Fund Balances, October 1	2,843,393	7,712,168	6,473,135	386,336	17,415,032
Fund Balances, September 30	<u>\$ 1,797,562</u>	<u>\$ 6,628,296</u>	<u>\$ 8,283,185</u>	<u>\$ 1,043,007</u>	<u>\$ 17,752,050</u>

CITY OF COLLEGE STATION, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Fund - Permanent Fund
Cemetery Perpetual Care Fund
For the Fiscal Year Ended September 30, 2005

Revenues	
Sale of Cemetery Lots	\$ 104,176
Investment Income	19,665
Contributions	100
Total Revenues	<u>123,941</u>
Expenditures	
Other	<u>1,602</u>
Total Expenditures	<u>1,602</u>
Net Change in Fund Balances	122,339
Fund Balances, October 1	990,694
Fund Balances, September 30	<u><u>\$ 1,113,033</u></u>

CITY OF COLLEGE STATION, TEXAS
Debt Service Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended September 30, 2005

	Original Budget	Revised Budget	Actual	Variance Over (Under)
Revenues				
Taxes	\$ 9,011,900	\$ 9,011,900	\$ 8,722,315	\$ (289,585)
Investment Income	50,000	50,000	95,461	45,461
Accrued Bond Interest	0	0	40,895	40,895
Total Revenues	9,061,900	9,061,900	8,858,671	(203,229)
Expenditures				
Debt Service				
Principal Payments	6,190,000	6,190,000	6,190,000	0
Interest Payments	3,876,975	3,876,975	3,885,075	8,100
Fiscal Charges	0	0	13,871	13,871
Debt Issuance Cost	13,000	13,000	0	(13,000)
Total Expenditures	10,079,975	10,079,975	10,088,946	8,971
Deficiency of Revenues Under Expenditures	(1,018,075)	(1,018,075)	(1,230,275)	(212,200)
Other Financing Sources				
Transfers In	1,523,571	1,523,571	1,523,571	0
Total Other Financing Sources	1,523,571	1,523,571	1,523,571	0
Net Change in Fund Balances	505,496	505,496	293,296	(212,200)
Fund Balances, October 1	2,538,713	2,538,713	2,538,713	0
Fund Balances, September 30	\$ 3,044,209	\$ 3,044,209	\$ 2,832,009	\$ (212,200)

CITY OF COLLEGE STATION, TEXAS
Adjustments to Debt Service Fund Revenues
To Reconcile From Budget Basis to GAAP Basis
Debt Service Fund
For the Fiscal Year Ended September 30, 2005

Change in Fund Balances - Budget Basis	\$ 293,296
Revenues	
Market Adjustment for Investments	<u>(13,922)</u>
Change in Fund Balances - GAAP Basis	<u><u>\$ 279,374</u></u>

CITY OF COLLEGE STATION, TEXAS
Community Development Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended September 30, 2005

	Original Budget	Revised Budget	Actual	Variance Over (Under)
Revenues				
Intergovernmental				
Community Development Block Grant	\$ 2,588,190	\$ 2,588,190	\$ 1,324,150	\$ (1,264,040)
Home Grant	1,631,117	1,631,117	589,683	(1,041,434)
Loan Repayments	0	0	2,493	2,493
Interest on Loans	0	0	48	48
Other	260,394	260,394	30,327	(230,067)
Total Revenues	4,479,701	4,479,701	1,946,701	(2,533,000)
Expenditures				
Community Development Block Grant	2,588,190	2,588,190	275,775	(2,312,415)
Home Grant	1,631,117	1,631,117	439,243	(1,191,874)
Reimbursed Administrative	0	0	622,022	622,022
Affordable Housing	240,394	240,394	0	(240,394)
Total Expenditures	4,459,701	4,459,701	1,337,040	(3,122,661)
Excess of Revenues Over Expenditures	20,000	20,000	609,661	589,661
Other Financing Uses				
Transfers Out	0	0	(604,098)	(604,098)
Total Other Financing Uses	0	0	(604,098)	(604,098)
Change in Fund Balances	20,000	20,000	5,563	(14,437)
Fund Balances, October 1	982,366	982,366	982,366	0
Fund Balances, September 30	\$ 1,002,366	\$ 1,002,366	\$ 987,929	\$ (14,437)

See reconciliation to GAAP basis on page 89.

CITY OF COLLEGE STATION, TEXAS
Convention Center Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended September 30, 2005

	Original Budget	Revised Budget	Actual	Variance Over (Under)
Revenues				
Investment Income	\$ 18,000	\$ 18,000	\$ 10,232	\$ (7,768)
Total Revenues	<u>18,000</u>	<u>18,000</u>	<u>10,232</u>	<u>(7,768)</u>
Expenditures				
Capital Outlay	1,200,000	1,200,000	1,147,686	(52,314)
Total Expenditures	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,147,686</u>	<u>(52,314)</u>
Deficiency of Revenues Under Expenditures	<u>(1,182,000)</u>	<u>(1,182,000)</u>	<u>(1,137,454)</u>	<u>44,546</u>
Other Financing Sources				
Transfers In	1,200,000	1,200,000	1,200,000	0
Total Other Financing Sources	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,200,000</u>	<u>0</u>
Change in Fund Balances	18,000	18,000	62,546	44,546
Fund Balances, October 1	<u>833,990</u>	<u>833,990</u>	<u>833,990</u>	<u>0</u>
Fund Balances, September 30	<u>\$ 851,990</u>	<u>\$ 851,990</u>	<u>\$ 896,536</u>	<u>\$ 44,546</u>

See reconciliation to GAAP basis on page 89.

CITY OF COLLEGE STATION, TEXAS
Hotel/Motel Tax Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended September 30, 2005

	Original Budget	Revised Budget	Actual	Variance Over (Under)
Revenues				
Taxes	\$ 2,272,000	\$ 2,272,000	\$ 2,306,928	\$ 34,928
Charges for Services	9,500	9,500	0	(9,500)
Fines, Forfeits and Penalties	0	0	27	27
Investment Income	45,000	45,000	87,644	42,644
Other	500	500	44,771	44,271
Total Revenues	<u>2,327,000</u>	<u>2,327,000</u>	<u>2,439,370</u>	<u>112,370</u>
Expenditures				
Current				
Development Services	25,000	25,000	59,511	34,511
Public Relations	6,200	6,200	7,804	1,604
General Government	600,000	600,000	3,712	(596,288)
Reimbursed Administrative	278,000	278,000	353,525	75,525
Contributions	1,300,000	1,300,000	1,300,000	0
Other	50,000	50,000	14,960	(35,040)
Contingency	40,000	40,000	0	(40,000)
Total Expenditures	<u>2,299,200</u>	<u>2,299,200</u>	<u>1,739,512</u>	<u>(559,688)</u>
Excess of Revenues Over Expenditures	<u>27,800</u>	<u>27,800</u>	<u>699,858</u>	<u>672,058</u>
Other Financing Uses				
Transfers Out	(600,000)	(600,000)	0	600,000
Total Other Financing Uses	<u>(600,000)</u>	<u>(600,000)</u>	<u>0</u>	<u>600,000</u>
Change in Fund Balances	(572,200)	(572,200)	699,858	1,272,058
Fund Balances, October 1	<u>2,523,064</u>	<u>2,523,064</u>	<u>2,523,064</u>	<u>0</u>
Fund Balances, September 30	<u>\$ 1,950,864</u>	<u>\$ 1,950,864</u>	<u>\$ 3,222,922</u>	<u>\$ 1,272,058</u>

See reconciliation to GAAP basis on page 89.

CITY OF COLLEGE STATION, TEXAS
Parks Escrow Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended September 30, 2005

	Original Budget	Revised Budget	Actual	Variance Over (Under)
Revenues				
Investment Income	\$ 30,000	\$ 30,000	\$ 90,872	\$ 60,872
Other	50,000	50,000	255,139	205,139
Total Revenues	<u>80,000</u>	<u>80,000</u>	<u>346,011</u>	<u>266,011</u>
Expenditures				
Current				
Reimbursed Administrative	5,000	5,000	10,000	5,000
Capital Outlay	668,000	668,000	828,662	160,662
Total Expenditures	<u>673,000</u>	<u>673,000</u>	<u>838,662</u>	<u>165,662</u>
Change in Fund Balances	(593,000)	(593,000)	(492,651)	100,349
Fund Balances, October 1	<u>1,667,629</u>	<u>1,667,629</u>	<u>1,667,629</u>	<u>0</u>
Fund Balances, September 30	<u><u>\$ 1,074,629</u></u>	<u><u>\$ 1,074,629</u></u>	<u><u>\$ 1,174,978</u></u>	<u><u>\$ 100,349</u></u>

See reconciliation to GAAP basis on page 89.

CITY OF COLLEGE STATION, TEXAS
 Wolf Pen Creek Tax Increment Financing District Fund
 Schedules of Revenues, Expenditures, and
 Changes in Fund Balances
 Budget and Actual (Budgetary Basis)
 For the Fiscal Year Ended September 30, 2005

	Original Budget	Revised Budget	Actual	Variance Over (Under)
Revenues				
Taxes	\$ 731,350	\$ 731,350	\$ 700,268	\$ (31,082)
Investment Income	40,000	40,000	79,020	39,020
Total Revenues	<u>771,350</u>	<u>771,350</u>	<u>779,288</u>	<u>7,938</u>
Expenditures				
Current				
Parks and Recreation	700	700	128	(572)
Debt Issuance Costs	0	0	21,052	21,052
Capital Outlay	2,882,500	2,882,500	1,500,906	(1,381,594)
Total Expenditures	<u>2,883,200</u>	<u>2,883,200</u>	<u>1,522,086</u>	<u>(1,361,114)</u>
Deficiency of Revenues Under Expenditures	<u>(2,111,850)</u>	<u>(2,111,850)</u>	<u>(742,798)</u>	<u>1,369,052</u>
Other Financing Sources (Uses)				
Proceeds from Long-Term Debt Issuance	1,860,000	1,860,000	1,881,052	21,052
Transfers Out	(436,525)	(436,525)	(436,525)	0
Total Other Financing Sources	<u>1,423,475</u>	<u>1,423,475</u>	<u>1,444,527</u>	<u>21,052</u>
Change in Fund Balances	(688,375)	(688,375)	701,729	1,390,104
Fund Balances, October 1	<u>2,495,830</u>	<u>2,495,830</u>	<u>2,495,830</u>	<u>0</u>
Fund Balances, September 30	<u><u>\$ 1,807,455</u></u>	<u><u>\$ 1,807,455</u></u>	<u><u>\$ 3,197,559</u></u>	<u><u>\$ 1,390,104</u></u>

See reconciliation to GAAP basis on page 89.

CITY OF COLLEGE STATION, TEXAS
Adjustments to Special Revenue Fund Revenues and
Expenditures to Reconcile from Budget Basis to GAAP Basis
For the Fiscal Year Ended September 30, 2005

	<u>Community Development</u>	<u>Convention Center</u>	<u>Hotel/Motel Tax</u>	<u>Parks Escrow</u>	<u>Wolf Pen Creek Tax Increment Financing District</u>
Change in Fund Balances - Budget Basis	\$ 5,563	\$ 62,546	\$ 699,858	\$ (492,651)	\$ 701,729
Revenues:					
Market Adjustment for Investments	0	(142)	(26,991)	(9,577)	(31,120)
Expenditures:					
Reclass Expense	<u>0</u>	<u>(16,366)</u>	<u>0</u>	<u>0</u>	<u>(20,558)</u>
Change in Fund Balances - GAAP Basis	<u>\$ 5,563</u>	<u>\$ 46,038</u>	<u>\$ 672,867</u>	<u>\$ (502,228)</u>	<u>\$ 650,051</u>

CITY OF COLLEGE STATION, TEXAS
Business Park Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended September 30, 2005

	Original Budget	Revised Budget	Actual	Variance Over (Under)
Revenues				
Investment Income	\$ 70,000	\$ 70,000	\$ 77,622	\$ 7,622
Total Revenues	<u>70,000</u>	<u>70,000</u>	<u>77,622</u>	<u>7,622</u>
Expenditures				
Current				
Reimbursed Administrative	29,200	29,200	29,200	0
Capital Outlay	220,000	220,000	362,803	142,803
Debt Issuance Cost	0	0	5,659	5,659
Total Expenditures	<u>249,200</u>	<u>249,200</u>	<u>397,662</u>	<u>148,462</u>
Deficiency of Revenues Under Expenditures	<u>(179,200)</u>	<u>(179,200)</u>	<u>(320,040)</u>	<u>(140,840)</u>
Other Financing Sources (Uses)				
Proceeds from Long-Term Debt Issuance	3,150,000	3,150,000	505,659	(2,644,341)
Transfers Out	0	(1,200,000)	(1,200,000)	0
Total Other Financing Sources (Uses)	<u>3,150,000</u>	<u>1,950,000</u>	<u>(694,341)</u>	<u>(2,644,341)</u>
Change in Fund Balances	2,970,800	1,770,800	(1,014,381)	(2,785,181)
Fund Balances, October 1	<u>2,843,393</u>	<u>2,843,393</u>	<u>2,843,393</u>	<u>0</u>
Fund Balances, September 30	<u>\$ 5,814,193</u>	<u>\$ 4,614,193</u>	<u>\$ 1,829,012</u>	<u>\$ (2,785,181)</u>

See reconciliation to GAAP basis on page 95.

CITY OF COLLEGE STATION, TEXAS
Drainage Projects Fund
Schedules of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended September 30, 2005

	Original Budget	Revised Budget	Actual	Variance Over (Under)
Revenues				
Special Assessment	\$ 1,093,900	\$ 1,093,900	\$ 1,111,410	\$ 17,510
Investment Income	125,000	125,000	191,529	66,529
Total Revenues	<u>1,218,900</u>	<u>1,218,900</u>	<u>1,302,939</u>	<u>84,039</u>
Expenditures				
Current				
Purchased Professional Services	0	0	16,994	16,994
Reimbursed Administrative	890,082	710,503	819,478	108,975
Debt Issuance Costs	2,500	2,500	0	(2,500)
Capital Outlay	<u>2,112,057</u>	<u>2,112,057</u>	<u>1,459,564</u>	<u>(652,493)</u>
Total Expenditures	<u>3,004,639</u>	<u>2,825,060</u>	<u>2,296,036</u>	<u>(529,024)</u>
Deficiency of Revenues Under Expenditures	<u>(1,785,739)</u>	<u>(1,606,160)</u>	<u>(993,097)</u>	<u>613,063</u>
Other Financing Sources (Uses)				
Transfers Out	0	(65,000)	0	65,000
Other	<u>0</u>	<u>0</u>	<u>282</u>	<u>282</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>(65,000)</u>	<u>282</u>	<u>65,282</u>
Change in Fund Balances	(1,785,739)	(1,671,160)	(992,815)	678,345
Fund Balances, October 1	<u>7,712,168</u>	<u>7,712,168</u>	<u>7,712,168</u>	<u>0</u>
Fund Balances, September 30	<u><u>\$ 5,926,429</u></u>	<u><u>\$ 6,041,008</u></u>	<u><u>\$ 6,719,353</u></u>	<u><u>\$ 678,345</u></u>

See reconciliation to GAAP basis on page 95.

CITY OF COLLEGE STATION, TEXAS
 General Government Projects Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balances
 Budget and Actual (Budgetary Basis)
 For the Fiscal Year Ended September 30, 2005

	Original Budget	Revised Budget	Actual	Variance Over (Under)
Revenues				
Investment Income	\$ 90,000	\$ 90,000	\$ 182,068	\$ 92,068
Total Revenues	<u>90,000</u>	<u>90,000</u>	<u>182,068</u>	<u>92,068</u>
Expenditures				
Current				
Fiscal Services	0	0	5,346	5,346
Reimbursed Administrative	202,557	202,557	202,557	0
Other	0	0	16,823	16,823
Capital Outlay	6,334,470	6,424,470	1,870,140	(4,554,330)
Debt Issuance Costs	<u>17,000</u>	<u>17,000</u>	<u>34,455</u>	<u>17,455</u>
Total Expenditures	<u>6,554,027</u>	<u>6,644,027</u>	<u>2,129,321</u>	<u>(4,514,706)</u>
Deficiency of Revenues Under Expenditures	<u>(6,464,027)</u>	<u>(6,554,027)</u>	<u>(1,947,253)</u>	<u>4,606,774</u>
Other Financing Sources				
Proceeds from Long-Term Debt Issuance	2,885,000	2,885,000	3,519,386	634,386
Transfers In	<u>829,470</u>	<u>592,470</u>	<u>327,470</u>	<u>(265,000)</u>
Total Other Financing Sources	<u>3,714,470</u>	<u>3,477,470</u>	<u>3,846,856</u>	<u>369,386</u>
Change in Fund Balances	(2,749,557)	(3,076,557)	1,899,603	4,976,160
Fund Balances, October 1	<u>6,473,135</u>	<u>6,473,135</u>	<u>6,473,135</u>	<u>0</u>
Fund Balances, September 30	<u>\$ 3,723,578</u>	<u>\$ 3,396,578</u>	<u>\$ 8,372,738</u>	<u>\$ 4,976,160</u>

See reconciliation to GAAP basis on page 95.

CITY OF COLLEGE STATION, TEXAS
Parks Projects Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended September 30, 2005

	Original Budget	Revised Budget	Actual	Variance Over (Under)
Revenues				
Charges for Services	\$ 68,300	\$ 68,300	\$ 49,726	\$ (18,574)
Investment Income	7,000	7,000	35,672	28,672
Total Revenues	<u>75,300</u>	<u>75,300</u>	<u>85,398</u>	<u>10,098</u>
Expenditures				
Current				
Reimbursed Administrative	10,000	10,000	10,000	0
Other	0	0	922	922
Capital Outlay	2,203,000	2,203,000	1,713,262	(489,738)
Debt Issuance Costs	0	0	17,419	17,419
Total Expenditures	<u>2,213,000</u>	<u>2,213,000</u>	<u>1,741,603</u>	<u>(471,397)</u>
Deficiency of Revenues Under Expenditures	<u>(2,137,700)</u>	<u>(2,137,700)</u>	<u>(1,656,205)</u>	<u>481,495</u>
Other Financing Sources				
Proceeds from Long-Term Debt Issuance	1,775,000	1,775,000	1,842,374	67,374
Transfers In	370,000	370,000	507,520	137,520
Total Other Financing Sources	<u>2,145,000</u>	<u>2,145,000</u>	<u>2,349,894</u>	<u>204,894</u>
Change in Fund Balances	7,300	7,300	693,689	686,389
Fund Balances, October 1	<u>386,336</u>	<u>386,336</u>	<u>386,336</u>	<u>0</u>
Fund Balances, September 30	<u>\$ 393,636</u>	<u>\$ 393,636</u>	<u>\$ 1,080,025</u>	<u>\$ 686,389</u>

See reconciliation to GAAP basis on page 95.

CITY OF COLLEGE STATION, TEXAS
Streets Projects Funds
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended September 30, 2005

	Original Budget	Revised Budget	Actual	Variance Over (Under)
Revenues				
Intergovernmental	\$ 580,000	\$ 580,000	\$ 88,400	\$ (491,600)
Investment Income	300,000	300,000	492,696	192,696
Other	0	0	35,236	35,236
Total Revenues	<u>880,000</u>	<u>880,000</u>	<u>616,332</u>	<u>(263,668)</u>
Expenditures				
Current				
Purchased Professional Services	264,000	264,000	233,260	(30,740)
Reimbursed Administrative	519,549	519,549	519,549	0
Capital Outlay	5,490,624	5,490,624	5,373,320	(117,304)
Debt Issuance Costs	30,000	30,000	39,676	9,676
Total Expenditures	<u>6,304,173</u>	<u>6,304,173</u>	<u>6,165,805</u>	<u>(138,368)</u>
Deficiency of Revenues Under Expenditures	<u>(5,424,173)</u>	<u>(5,424,173)</u>	<u>(5,549,473)</u>	<u>(125,300)</u>
Other Financing Sources				
Proceeds from Long-Term Debt Issuance	4,700,000	4,700,000	4,739,489	39,489
Transfers In	652,624	652,624	472,814	(179,810)
Total Other Financing Sources	<u>5,352,624</u>	<u>5,352,624</u>	<u>5,212,303</u>	<u>(140,321)</u>
Change in Fund Balances	(71,549)	(71,549)	(337,170)	(265,621)
Fund Balances, October 1	<u>19,160,316</u>	<u>19,160,316</u>	<u>19,160,316</u>	<u>0</u>
Fund Balances, September 30	<u>\$ 19,088,767</u>	<u>\$ 19,088,767</u>	<u>\$ 18,823,146</u>	<u>\$ (265,621)</u>

See reconciliation to GAAP basis on page 95.

CITY OF COLLEGE STATION, TEXAS
Adjustments to Capital Projects Fund Revenues and
Expenditures to Reconcile from Budget Basis to GAAP Basis
For the Fiscal Year Ended September 30, 2005

	Business Park	Drainage Projects	General Government Projects	Parks Projects	Streets Projects
Change in Fund Balances - Budget Basis	\$ (1,014,381)	\$ (992,815)	\$ 1,899,603	\$ 693,689	\$ (337,170)
Revenues:					
Market Adjustment for Investments	(25,092)	(56,268)	(60,709)	(16,064)	(152,338)
Reclass Revenue	0	(949)	0	0	0
Expenditures:					
Bad Debt Expense	0	(6,323)	0	0	0
Reclass Expense	(6,358)	(11,951)	(23,554)	(515)	(401,107)
Arbitrage Expense	0	(15,566)	(5,290)	(20,439)	(84,705)
Change in Fund Balances - GAAP Basis	<u>\$ (1,045,831)</u>	<u>\$ (1,083,872)</u>	<u>\$ 1,810,050</u>	<u>\$ 656,671</u>	<u>\$ (975,320)</u>



COMBINING FINANCIAL STATEMENTS

NONMAJOR ENTERPRISE FUNDS

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

Northgate Parking Garage - to 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

As of September 30, 2005

	<u>Sanitation</u>	<u>Northgate Parking Garage</u>	<u>Total</u>
Current Assets			
Equity in Cash and Cash Equivalents	\$ 147,353	\$ 232,954	\$ 380,307
Equity in Investments	311,834	492,986	804,820
Receivables			
Accrued Interest	2,283	4,422	6,705
Accounts	649,119	9,283	658,402
Notes	12,522	0	12,522
Less Allowance for Uncollectible Accounts	(74,330)	(197)	(74,527)
Inventories	9,243	0	9,243
Total Current Assets	<u>1,058,024</u>	<u>739,448</u>	<u>1,797,472</u>
Equity in Joint Venture	<u>7,206,852</u>	<u>0</u>	<u>7,206,852</u>
Property and Equipment			
Buildings	0	5,723,063	5,723,063
Machinery and Equipment	1,149,026	128,303	1,277,329
Accumulated Depreciation	(1,120,024)	(668,788)	(1,788,812)
Land	0	709,650	709,650
Total Property and Equipment	<u>29,002</u>	<u>5,892,228</u>	<u>5,921,230</u>
Total Assets	<u>8,293,878</u>	<u>6,631,676</u>	<u>14,925,554</u>
Liabilities			
Current Liabilities			
Accounts Payable	54,171	7,599	61,770
Accrued Liabilities	99,460	11,064	110,524
Other Deferred Revenues	0	53,746	53,746
Total Current Liabilities	<u>153,631</u>	<u>72,409</u>	<u>226,040</u>
Current Liabilities Payable from Restricted Assets			
Refundable Deposits	0	7,599	7,599
Total Current Liabilities Payable from Restricted Assets	<u>0</u>	<u>7,599</u>	<u>7,599</u>
Noncurrent Liabilities			
Accrued Vacation	31,836	2,160	33,996
Total Noncurrent Liabilities	<u>31,836</u>	<u>2,160</u>	<u>33,996</u>
Total Liabilities	<u>185,467</u>	<u>82,168</u>	<u>267,635</u>
Net Assets			
Invested in Capital Assets, net of related debt	29,002	5,892,228	5,921,230
Unrestricted	8,079,409	657,280	8,736,689
Net Assets	<u>\$ 8,108,411</u>	<u>\$ 6,549,508</u>	<u>\$ 14,657,919</u>

CITY OF COLLEGE STATION, TEXAS
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Fiscal Year Ended September 30, 2005

	<u>Sanitation</u>	<u>Northgate Parking Garage</u>	<u>Total</u>
Operating Revenues			
Garbage Collection Fees	\$ 5,095,630	\$ 0	\$ 5,095,630
Charges for Services	0	474,700	474,700
Other	54,899	0	54,899
Total Operating Revenues	<u>5,150,529</u>	<u>474,700</u>	<u>5,625,229</u>
Operating Expenses			
Salaries and Benefits	1,515,933	225,675	1,741,608
Supplies	237,081	16,762	253,843
Maintenance	531,080	20,575	551,655
Purchased Professional Services	268,533	95,113	363,646
Purchased Property Services	1,298,698	40,629	1,339,327
Other Purchased Services	584,834	6,539	591,373
Reimbursed Administrative	472,354	23,354	495,708
Depreciation	11,353	166,702	178,055
Other	27,674	350	28,024
Total Operating Expenses	<u>4,947,540</u>	<u>595,699</u>	<u>5,543,239</u>
Operating Income (Loss)	<u>202,989</u>	<u>(120,999)</u>	<u>81,990</u>
Nonoperating Revenues (Expenses)			
Investment Income	10,898	16,280	27,178
Reimbursed Expenses	675	100	775
Earnings in Joint Venture	(91,031)	0	(91,031)
Other, Net	(36,554)	5,827	(30,727)
Total Nonoperating Revenues (Expenses)	<u>(116,012)</u>	<u>22,207</u>	<u>(93,805)</u>
Income (Loss) Before Transfers	<u>86,977</u>	<u>(98,792)</u>	<u>(11,815)</u>
Transfers			
Transfers Out	(401,359)	(200,095)	(601,454)
Total Transfers	<u>(401,359)</u>	<u>(200,095)</u>	<u>(601,454)</u>
Change in Net Assets	(314,382)	(298,887)	(613,269)
Beginning Net Assets	8,422,793	6,848,395	15,271,188
Ending Net Assets	<u>\$ 8,108,411</u>	<u>\$ 6,549,508</u>	<u>\$ 14,657,919</u>

CITY OF COLLEGE STATION, TEXAS
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ended September 30, 2005

	Sanitation	Northgate Parking Garage	Total
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 5,083,331	\$ 526,132	\$ 5,609,463
Cash Payments to Suppliers for Goods and Services	(3,417,496)	(201,872)	(3,619,368)
Cash Payments to Employees for Services	(1,523,234)	(223,794)	(1,747,028)
Customer Deposits Received	0	4,354	4,354
Cash Received for Reimbursed Expenses	0	100	100
Cash Received for Miscellaneous Revenues	0	5,827	5,827
Cash Paid for Miscellaneous Expenses	(36,821)	0	(36,821)
Net Cash Provided by Operating Activities	105,780	110,747	216,527
Cash Flows from Noncapital Financing Activities:			
Transfers Out to Other Funds	(401,359)	(200,095)	(601,454)
Net Cash Used by Noncapital Financing Activities	(401,359)	(200,095)	(601,454)
Cash Flows from Investing Activities:			
Purchase of Investments	(832,805)	(1,248,473)	(2,081,278)
Proceeds from Sale and Maturities of Investment Securities	1,092,980	1,371,869	2,464,849
Investment Income	13,053	16,037	29,090
Net Cash Provided by Investing Activities	273,228	139,433	412,661
Net Increase (Decrease) in Cash and Cash Equivalents	(22,351)	50,085	27,734
Cash and Cash Equivalents, Oct. 1	169,704	182,869	352,573
Cash and Cash Equivalents, Sept. 30	\$ 147,353	\$ 232,954	\$ 380,307
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$ 202,989	\$ (120,999)	\$ 81,990
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation, Bad Debt Expense, Inventory Loss	11,353	166,702	178,055
Provision for Uncollectible Accounts	23,009	(35)	22,974
Miscellaneous Nonoperating Revenues	0	5,927	5,927
Miscellaneous Nonoperating Expenses	(36,821)	0	(36,821)
Changes in Assets and Liabilities:			
Change in Accounts Receivable	(67,198)	(2,314)	(69,512)
Change in Deferred Revenue	0	53,746	53,746
Change in Inventory	1,001	0	1,001
Change in Accounts Payable	(37,039)	(1,803)	(38,842)
Change in Accrued Liabilities	15,787	3,288	19,075
Change in Refundable Deposits	0	4,354	4,354
Change in Accrued Vacation	(7,301)	1,881	(5,420)
Total Adjustments	(97,209)	231,746	134,537
Net Cash Provided by Operating Activities	\$ 105,780	\$ 110,747	\$ 216,527

COMBINING FINANCIAL STATEMENTS

INTERNAL SERVICE FUNDS

Communication Services - to account for the activities related to the operation and maintenance of the City's radio and telephone systems.

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

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

Print/Mail Services - to account for the activities related to the City's printing and mailing operations.

Property and Casualty - 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 - to account for self-insurance activity on claims filed under unemployment compensation laws.

Utility Billing - 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 - to account for self-insurance activity relating to administration of the City's workers' compensation plan.

CITY OF COLLEGE STATION, TEXAS

Internal Service Funds

Combining Statement of Net Assets

As of September 30, 2005

	<u>Communication Services</u>	<u>Employee Benefits</u>	<u>Equipment Replacement</u>	<u>Fleet Maintenance</u>	<u>Print/Mail Services</u>
Current Assets					
Equity in Cash and Cash Equivalents	\$ 23,339	\$ 1,248,626	\$ 2,414,245	\$ 31,799	\$ 0
Equity in Investments	49,390	2,642,386	5,109,112	67,294	0
Receivables					
Accrued Interest	254	18,765	37,616	270	(458)
Accounts	0	7,314	0	0	0
Other	0	0	0	0	0
Less Allowance for Uncollectible Accounts	0	(1,994)	0	0	0
Inventories	0	0	0	113,559	28,347
Prepaid Costs	0	0	0	0	10,997
Total Current Assets	<u>72,983</u>	<u>3,915,097</u>	<u>7,560,973</u>	<u>212,922</u>	<u>38,886</u>
Property and Equipment					
Buildings	0	0	0	746,575	0
Machinery and Equipment	1,207,944	0	21,432,863	279,154	145,918
Accumulated Depreciation	(1,088,932)	0	(13,390,181)	(437,679)	(136,069)
Construction in Progress	0	0	221,714	0	0
Total Property and Equipment	<u>119,012</u>	<u>0</u>	<u>8,264,396</u>	<u>588,050</u>	<u>9,849</u>
Total Assets	<u>191,995</u>	<u>3,915,097</u>	<u>15,825,369</u>	<u>800,972</u>	<u>48,735</u>
Liabilities					
Current Liabilities					
Accounts Payable	3,976	109,871	25,072	141,972	14,556
Due to Other Funds	0	0	0	0	65,381
Claims Payable	0	472,586	0	0	0
Accrued Liabilities	11,501	0	0	24,732	7,779
Total Current Liabilities	<u>15,477</u>	<u>582,457</u>	<u>25,072</u>	<u>166,704</u>	<u>87,716</u>
Noncurrent Liabilities					
Claims Payable	0	0	0	0	0
Accrued Vacation	8,030	0	0	36,101	11,986
Total Noncurrent Liabilities	<u>8,030</u>	<u>0</u>	<u>0</u>	<u>36,101</u>	<u>11,986</u>
Total Liabilities	<u>23,507</u>	<u>582,457</u>	<u>25,072</u>	<u>202,805</u>	<u>99,702</u>
Net Assets					
Invested in Capital Assets	119,012	0	8,264,396	588,050	9,849
Unreserved	49,476	3,332,640	7,535,901	10,117	(60,816)
Total Net Assets	<u>\$ 168,488</u>	<u>\$ 3,332,640</u>	<u>\$ 15,800,297</u>	<u>\$ 598,167</u>	<u>\$ (50,967)</u>

<u>Property and Casualty</u>	<u>Unemployment</u>	<u>Utility Billing</u>	<u>Workers' Compensation</u>	<u>Total</u>
\$ 101,368	\$ 38,584	\$ 60,162	\$ 99,517	\$ 4,017,640
214,519	81,653	127,316	210,600	8,502,270
1,366	567	816	1,352	60,548
30,073	0	26,378	0	63,765
0	0	10,722	0	10,722
(4,013)	0	(18,622)	0	(24,629)
0	0	0	0	141,906
0	0	0	0	10,997
<u>343,313</u>	<u>120,804</u>	<u>206,772</u>	<u>311,469</u>	<u>12,783,219</u>
0	0	0	0	746,575
0	0	1,581,933	0	24,647,812
0	0	(904,890)	0	(15,957,751)
0	0	0	0	221,714
<u>0</u>	<u>0</u>	<u>677,043</u>	<u>0</u>	<u>9,658,350</u>
<u>343,313</u>	<u>120,804</u>	<u>883,815</u>	<u>311,469</u>	<u>22,441,569</u>
6,481	0	10,139	0	312,067
0	0	0	0	65,381
81,515	0	0	340,611	894,712
0	0	39,400	0	83,412
<u>87,996</u>	<u>0</u>	<u>49,539</u>	<u>340,611</u>	<u>1,355,572</u>
198,255	0	0	566,235	764,490
0	0	56,868	0	112,985
<u>198,255</u>	<u>0</u>	<u>56,868</u>	<u>566,235</u>	<u>877,475</u>
<u>286,251</u>	<u>0</u>	<u>106,407</u>	<u>906,846</u>	<u>2,233,047</u>
0	0	677,043	0	9,658,350
57,062	120,804	100,365	(595,377)	10,550,172
<u>\$ 57,062</u>	<u>\$ 120,804</u>	<u>\$ 777,408</u>	<u>\$ (595,377)</u>	<u>\$ 20,208,522</u>

CITY OF COLLEGE STATION, TEXAS
Internal Service Funds
Combining Statement of Revenues, Expenses,
and Changes in Fund Net Assets
For the Fiscal Year Ended September 30, 2005

	Communication Services	Employee Benefits	Equipment Replacement	Fleet Maintenance	Print/Mail Services
Operating Revenues					
Charges for Services	\$ 703,597	\$ 0	\$ 3,087,377	\$ 1,595,949	\$ 444,800
Premiums	0	5,009,830	0	0	0
Other	0	18,103	0	0	0
Total Operating Revenues	703,597	5,027,933	3,087,377	1,595,949	444,800
Operating Expenses					
Salaries and Benefits	345,118	0	0	710,265	201,662
Supplies	47,259	0	4,482	597,693	105,034
Maintenance	75,468	0	1,500	24,952	28,251
Purchased Professional Services	0	0	0	868	30
Purchased Property Services	12,358	0	0	16,365	39,437
Other Purchased Services	24,474	690	0	38,756	54,756
Claims	0	3,269,873	0	0	0
Administration Fees	0	340,599	0	0	0
Premiums	0	400,060	0	0	0
Reimbursed Administrative	110,517	53,821	0	150,118	38,912
Depreciation	24,980	0	2,622,844	24,161	8,054
Other	0	5,239	0	59,814	0
Total Operating Expenses	640,174	4,070,282	2,628,826	1,622,992	476,136
Operating Income (Loss)	63,423	957,651	458,551	(27,043)	(31,336)
Nonoperating Revenues (Expenses)					
Investment Income	(118)	64,458	140,526	3,558	(1,904)
Reimbursed Expenses	0	2,278	0	845	0
Other, Net	0	897	150,387	0	493
Total Nonoperating Revenues (Expenses)	(118)	67,633	290,913	4,403	(1,411)
Income (Loss) Before Transfers	63,305	1,025,284	749,464	(22,640)	(32,747)
Transfers					
Transfers In	0	0	859,621	147,455	0
Transfers Out	(505)	0	(414,538)	0	(126)
Total Transfers	(505)	0	445,083	147,455	(126)
Change in Net Assets	62,800	1,025,284	1,194,547	124,815	(32,873)
Beginning Net Assets, October 1, as restated	105,688	2,307,356	14,605,750	473,352	(18,094)
Ending Net Assets, September 30	\$ 168,488	\$ 3,332,640	\$ 15,800,297	\$ 598,167	\$ (50,967)

Property and Casualty	Unemployment	Utility Billing	Workers' Compensation	Total
\$ 0	\$ 0	\$ 2,160,000	\$ 0	\$ 7,991,723
589,210	35,867	0	610,552	6,245,459
0	0	158,430	16,222	192,755
<u>589,210</u>	<u>35,867</u>	<u>2,318,430</u>	<u>626,774</u>	<u>14,429,937</u>
0	0	1,242,417	0	2,499,462
0	0	90,987	0	845,455
0	0	43,096	0	173,267
0	0	25,584	14,000	40,482
0	0	33,834	0	101,994
0	0	393,962	348	512,986
421,755	33,454	0	400,230	4,125,312
28,308	0	0	50,000	418,907
227,351	0	0	111,830	739,241
124,277	0	463,083	136,277	1,077,005
0	0	63,497	0	2,743,536
12,445	0	7,412	0	84,910
<u>814,136</u>	<u>33,454</u>	<u>2,363,872</u>	<u>712,685</u>	<u>13,362,557</u>
<u>(224,926)</u>	<u>2,413</u>	<u>(45,442)</u>	<u>(85,911)</u>	<u>1,067,380</u>
5,644	2,270	3,108	4,291	221,833
26,937	0	0	0	30,060
0	0	(202)	0	151,575
<u>32,581</u>	<u>2,270</u>	<u>2,906</u>	<u>4,291</u>	<u>403,468</u>
<u>(192,345)</u>	<u>4,683</u>	<u>(42,536)</u>	<u>(81,620)</u>	<u>1,470,848</u>
0	0	0	0	1,007,076
0	0	(1,010)	0	(416,179)
0	0	(1,010)	0	590,897
<u>(192,345)</u>	<u>4,683</u>	<u>(43,546)</u>	<u>(81,620)</u>	<u>2,061,745</u>
249,407	116,121	820,954	(513,757)	18,146,777
<u>\$ 57,062</u>	<u>\$ 120,804</u>	<u>\$ 777,408</u>	<u>\$ (595,377)</u>	<u>\$ 20,208,522</u>

CITY OF COLLEGE STATION, TEXAS
Internal Service Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended September 30, 2005

	Communication Services	Employee Benefits	Equipment Replacement	Fleet Maintenance	Print/Mail Services
Cash Flows from Operating Activities:					
Cash Received from Customers	\$ 703,597	\$ 5,059,019	\$ 3,087,377	\$ 1,607,275	\$ 444,800
Cash Payments to Suppliers for Goods and Services	(286,595)	(4,111,762)	19,090	(839,963)	(283,365)
Cash Payments to Employees for Services	(344,970)	0	0	(700,366)	(193,569)
Cash Received for Reimbursed Expenses	0	2,278	0	845	0
Cash Received for Miscellaneous Revenues	0	897	0	0	493
Cash Received from Other Funds	0	0	0	0	33,599
Cash Paid for Miscellaneous Expenses	0	0	(9,621)	(45,932)	0
Net Cash Provided (Used) by Operating Activities	72,032	950,432	3,096,846	21,859	1,958
Cash Flows from Noncapital Financing Activities:					
Transfers In from Other Funds	0	0	859,621	147,455	0
Transfers Out to Other Funds	(505)	0	(414,538)	0	(126)
Net Cash Provided (Used) by Noncapital Financing Activities	(505)	0	445,083	147,455	(126)
Cash Flows from Capital and Related Financing Activities:					
Acquisition of Capital Assets	0	0	(3,436,314)	(70,334)	0
Proceeds from Sale of Assets	0	0	30,084	0	0
Net Cash Used by Capital and Related Financing Activities	0	0	(3,406,230)	(70,334)	0
Cash Flows from Investing Activities:					
Purchase of Investments	(110,752)	(6,435,596)	(12,749,109)	(150,511)	0
Proceeds from Sale and Maturities of Investment Securities	62,567	6,014,380	13,226,782	83,217	0
Investment Income	(360)	60,432	143,383	113	(1,832)
Net Cash Provided (Used) by Investing Activities	(48,545)	(360,784)	621,056	(67,181)	(1,832)
Net Increase in Cash and Cash Equivalents	22,982	589,648	756,755	31,799	0
Cash and Cash Equivalents, Oct. 1	357	658,978	1,657,490	0	0
Cash and Cash Equivalents, Sept. 30	<u>\$ 23,339</u>	<u>\$ 1,248,626</u>	<u>\$ 2,414,245</u>	<u>\$ 31,799</u>	<u>\$ 0</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ 63,423	\$ 957,651	\$ 458,551	\$ (27,043)	\$ (31,336)
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	24,980	0	2,622,844	24,161	8,054
Miscellaneous Nonoperating Revenues	0	3,175	0	845	493
Miscellaneous Nonoperating Expenses	0	0	(9,621)	0	0
Change in Assets and Liabilities:					
Change in Accounts Receivable	0	33,080	0	11,326	0
Change in Inventories	0	0	0	(41,250)	1,125
Change in Prepaid Costs	0	0	0	0	(4,622)
Change in Accounts Payable	(16,519)	(16,685)	25,072	89,853	(13,448)
Change in Due to Other Funds	0	0	0	(45,932)	33,599
Change in Claims Payable	0	(26,789)	0	0	0
Change in Accrued Liabilities	1,104	0	0	4,419	2,292
Change in Accrued Vacation	(956)	0	0	5,480	5,801
Total Adjustments	8,609	(7,219)	2,638,295	48,902	33,294
Net Cash Provided (Used) by Operating Activities	\$ 72,032	\$ 950,432	\$ 3,096,846	\$ 21,859	\$ 1,958

Property and Casualty	Unemployment	Utility Billing	Workers' Compensation	Total
\$ 727,471	\$ 35,867	\$ 2,315,407	\$ 626,774	\$ 14,607,587
(692,589)	(33,454)	(1,054,524)	(647,649)	(7,930,811)
0	0	(1,226,238)	0	(2,465,143)
26,937	0	0	0	30,060
0	0	0	0	1,390
0	0	0	0	33,599
0	0	(1,528)	0	(57,081)
<u>61,819</u>	<u>2,413</u>	<u>33,117</u>	<u>(20,875)</u>	<u>4,219,601</u>
0	0	0	0	1,007,076
<u>0</u>	<u>0</u>	<u>(1,010)</u>	<u>0</u>	<u>(416,179)</u>
<u>0</u>	<u>0</u>	<u>(1,010)</u>	<u>0</u>	<u>590,897</u>
0	0	0	0	(3,506,648)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>30,084</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(3,476,564)</u>
(525,137)	(203,705)	(312,544)	(530,582)	(21,017,936)
502,229	211,133	302,658	571,646	20,974,612
5,610	2,314	3,102	4,664	217,426
<u>(17,298)</u>	<u>9,742</u>	<u>(6,784)</u>	<u>45,728</u>	<u>174,102</u>
44,521	12,155	25,323	24,853	1,508,036
56,847	26,429	34,839	74,664	2,509,604
<u>\$ 101,368</u>	<u>\$ 38,584</u>	<u>\$ 60,162</u>	<u>\$ 99,517</u>	<u>\$ 4,017,640</u>
<u>\$ (224,926)</u>	<u>\$ 2,413</u>	<u>\$ (45,442)</u>	<u>\$ (85,911)</u>	<u>\$ 1,067,380</u>
0	0	63,497	0	2,743,536
26,937	0	0	0	31,450
0	0	(1,528)	0	(11,149)
142,274	0	2,553	0	189,233
0	0	0	0	(40,125)
0	0	0	6,000	1,378
5,106	0	(2,142)	0	71,237
0	0	0	0	(12,333)
112,428	0	0	59,036	144,675
0	0	4,680	0	12,495
0	0	11,499	0	21,824
<u>286,745</u>	<u>0</u>	<u>78,559</u>	<u>65,036</u>	<u>3,152,221</u>
<u>\$ 61,819</u>	<u>\$ 2,413</u>	<u>\$ 33,117</u>	<u>\$ (20,875)</u>	<u>\$ 4,219,601</u>



**CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS**



CITY OF COLLEGE STATION, TEXAS
 Capital Assets Used in the Operation of Governmental Funds
 Schedule by Source
 As of September 30, 2005

Governmental funds capital assets:	
Buildings and Building Improvements	\$ 19,547,902
Improvements	17,751,028
Machinery and Equipment	3,502,937
Infrastructure	153,763,936
Construction in Progress	19,277,213
Land	25,034,570
	<u>\$ 238,877,586</u>
Investments in governmental funds capital assets by source:	
Capital Projects	\$ 149,195,957
General Fund Revenues	5,711,679
Special Revenue Funds	12,271,924
Contributions	71,698,026
	<u>\$ 238,877,586</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

CITY OF COLLEGE STATION, TEXAS
 Capital Assets Used in the Operation of Governmental Funds
 Schedule by Function and Activity
 As of September 30, 2005

Function and Activity	Total	Buildings	Improvements Other than Bldg	Machine/Tool Equipment	Infrastructure	Land
Development Services:						
Development Services Administration	\$ 24,029	\$ 8,900	\$ -	\$ 15,129	\$ -	\$ -
Engineering	-	-	-	-	-	-
Planning	-	-	-	-	-	-
	<u>24,029</u>	<u>8,900</u>	<u>-</u>	<u>15,129</u>	<u>-</u>	<u>-</u>
Fire:						
Emergency Medical Services	312,952	-	-	312,952	-	-
Fire Administration	188,744	-	-	188,744	-	-
Fire Prevention	-	-	-	-	-	-
Fire Suppression	259,175	-	-	259,175	-	-
	<u>760,871</u>	<u>-</u>	<u>-</u>	<u>760,871</u>	<u>-</u>	<u>-</u>
Fiscal Services:						
Accounting	-	-	-	-	-	-
Fiscal Administration	-	-	-	-	-	-
Municipal Court	79,991	-	-	79,991	-	-
Purchasing	-	-	-	-	-	-
Risk Management	-	-	-	-	-	-
	<u>79,991</u>	<u>-</u>	<u>-</u>	<u>79,991</u>	<u>-</u>	<u>-</u>
General Government:						
Budget/Research	-	-	-	-	-	-
Community Development	20,840	-	-	-	-	20,840
City Manager	79,321	-	-	79,321	-	-
City Programs	1,437,504	-	-	-	-	1,437,504
City Secretary	-	-	-	-	-	-
Economic Development	14,470	-	-	-	-	14,470
Human Resources	-	-	-	-	-	-
Legal	-	-	-	-	-	-
Capital Projects	20,642,210	-	177,225	314,330	607,061	19,543,594
Public Relations	123,426	-	-	123,426	-	-
	<u>22,317,771</u>	<u>-</u>	<u>177,225</u>	<u>517,077</u>	<u>607,061</u>	<u>21,016,408</u>
Office of Technology and Information Services:						
Geographic Information Systems	32,292	-	-	32,292	-	-
Library Services	236,969	-	-	196,969	-	40,000
Management Information Systems	938,655	-	-	938,655	-	-
OTIS Administration	155,994	-	-	155,994	-	-
	<u>1,363,910</u>	<u>-</u>	<u>-</u>	<u>1,323,910</u>	<u>-</u>	<u>40,000</u>
Police:						
Criminal Investigation	36,620	-	-	36,620	-	-
Communications/Jail	-	-	-	-	-	-
Police Administration	323,662	-	-	323,662	-	-
Professional Standards	-	-	-	-	-	-
Quartermaster	-	-	-	-	-	-
Special Services	-	-	-	-	-	-
Technical Services	-	-	-	-	-	-
Uniform Patrol	23,440	-	-	23,440	-	-
	<u>383,722</u>	<u>-</u>	<u>-</u>	<u>383,722</u>	<u>-</u>	<u>-</u>

CITY OF COLLEGE STATION, TEXAS
 Capital Assets Used in the Operation of Governmental Funds
 Schedule by Function and Activity
 As of September 30, 2005

Function and Activity	Total	Buildings	Improvements Other than Bldg	Machine/Tool Equipment	Infrastructure	Land
Parks and Recreation:						
Forestry	24,025	-	13,735	10,290	-	-
Parks Administration	207,050	-	207,050	-	-	-
Parks Maintenance/Operations	195,517	-	66,456	129,061	-	-
Capital Projects	16,152,914	898,445	14,503,817	-	-	750,652
Recreation	-	-	-	-	-	-
Special Facilities	22,619	-	10,619	12,000	-	-
	<u>16,602,125</u>	<u>898,445</u>	<u>14,801,677</u>	<u>151,351</u>	<u>-</u>	<u>750,652</u>
Public Works:						
Drainage Maintenance	-	-	-	-	-	-
Engineering	9,387	-	-	9,387	-	-
Facilities Maintenance	19,975	5,255	-	14,720	-	-
Public Works Administration	20,517	-	-	20,517	-	-
Capital Projects	45,524,156	-	1,430,035	-	42,789,138	1,304,983
Streets Maintenance	178,409	-	-	178,409	-	-
Traffic Signs/Markings	-	-	-	-	-	-
Traffic Signals	47,853	-	-	47,853	-	-
	<u>45,800,297</u>	<u>5,255</u>	<u>1,430,035</u>	<u>270,886</u>	<u>42,789,138</u>	<u>1,304,983</u>
Other:						
Non-departmental	132,267,657	18,635,302	1,342,091	-	110,367,737	1,922,527
	<u>132,267,657</u>	<u>18,635,302</u>	<u>1,342,091</u>	<u>-</u>	<u>110,367,737</u>	<u>1,922,527</u>
Construction in Progress						
	19,277,213	2,398,016	2,869,338	1,512,499	12,497,360	-
	<u>19,277,213</u>	<u>2,398,016</u>	<u>2,869,338</u>	<u>1,512,499</u>	<u>12,497,360</u>	<u>-</u>
Total Governmental Funds Capital Assets	<u>\$ 238,877,586</u>	<u>\$ 21,945,918</u>	<u>\$ 20,620,366</u>	<u>\$ 5,015,436</u>	<u>\$ 166,261,296</u>	<u>\$ 25,034,570</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

CITY OF COLLEGE STATION, TEXAS
 Capital Assets Used in the Operation of Governmental Funds
 Schedule of Changes by Function and Activity
 As of September 30, 2005

Function and Activity	Governmental Funds Capital Assets 9/30/04	Additions	Retirements	Transfers/Other	Governmental Funds Capital Assets 9/30/05
Development Services:					
Development Services Administration	\$ -	\$ 24,029	\$ -	\$ -	\$ 24,029
Engineering	-	-	-	-	-
Planning	-	-	-	-	-
	<u>-</u>	<u>24,029</u>	<u>-</u>	<u>-</u>	<u>24,029</u>
Fire:					
Emergency Medical Services	178,414	134,537	-	-	312,951
Fire Administration	188,745	-	-	-	188,745
Fire Prevention	-	-	-	-	-
Fire Suppression	247,061	12,114	-	-	259,175
	<u>614,220</u>	<u>146,651</u>	<u>-</u>	<u>-</u>	<u>760,871</u>
Fiscal Services:					
Accounting	-	-	-	-	-
Fiscal Administration	-	-	-	-	-
Municipal Court	44,563	35,428	-	-	79,991
Purchasing	-	-	-	-	-
Risk Management	-	-	-	-	-
	<u>44,563</u>	<u>35,428</u>	<u>-</u>	<u>-</u>	<u>79,991</u>
General Government:					
Budget/Research	-	-	-	-	-
Community Development	20,840	-	-	-	20,840
City Manager	79,322	-	-	-	79,322
City Programs	1,437,504	-	-	-	1,437,504
City Secretary	-	-	-	-	-
Economic Development	14,470	-	-	-	14,470
Human Resources	-	-	-	-	-
Legal	-	-	-	-	-
Capital Projects	19,816,016	826,193	-	-	20,642,209
Public Relations	63,642	59,784	-	-	123,426
	<u>21,431,794</u>	<u>885,977</u>	<u>-</u>	<u>-</u>	<u>22,317,771</u>
Office of Technology and Information Services:					
Geographic Information Systems	18,585	13,707	-	-	32,292
Library Services	190,724	46,246	-	-	236,970
Management Information Systems	855,650	92,781	(9,777)	-	938,654
OTIS Administration	155,994	-	-	-	155,994
	<u>1,220,953</u>	<u>152,734</u>	<u>(9,777)</u>	<u>-</u>	<u>1,363,910</u>
Police:					
Criminal Investigation	36,620	-	-	-	36,620
Communications/Jail	-	-	-	-	-
Police Administration	269,359	54,303	-	-	323,662
Professional Standards	-	-	-	-	-
Quartermaster	-	-	-	-	-
Special Services	-	-	-	-	-
Technical Services	-	-	-	-	-
Uniform Patrol	5,350	18,090	-	-	23,440
	<u>311,329</u>	<u>72,393</u>	<u>-</u>	<u>-</u>	<u>383,722</u>

CITY OF COLLEGE STATION, TEXAS
 Capital Assets Used in the Operation of Governmental Funds
 Schedule of Changes by Function and Activity
 As of September 30, 2005

Function and Activity	Governmental Funds				Governmental Funds
	Capital Assets 9/30/04	Additions	Retirements	Transfers/Other	Capital Assets 9/30/05
Parks and Recreation:					
Forestry	24,025	-	-	-	24,025
Parks Administration	172,265	34,785	-	-	207,050
Parks Maintenance/Operations	174,082	21,435	-	-	195,517
Capital Projects	13,575,690	2,577,224	-	-	16,152,914
Recreation	-	-	-	-	-
Special Facilities	12,000	10,619	-	-	22,619
	<u>13,958,062</u>	<u>2,644,063</u>	<u>-</u>	<u>-</u>	<u>16,602,125</u>
Public Works:					
Drainage Maintenance	-	-	-	-	-
Engineering	9,387	-	-	-	9,387
Facilities Maintenance	19,975	-	-	-	19,975
Public Works Administration	20,517	-	-	-	20,517
Capital Projects	38,750,966	6,917,490	(144,300)	-	45,524,156
Streets Maintenance	100,313	78,095	-	-	178,408
Traffic Signs/Markings	-	-	-	-	-
Traffic Signals	-	47,854	-	-	47,854
	<u>38,901,158</u>	<u>7,043,439</u>	<u>(144,300)</u>	<u>-</u>	<u>45,800,297</u>
Other:					
Non-departmental	127,563,105	4,704,552	-	-	132,267,657
	<u>127,563,105</u>	<u>4,704,552</u>	<u>-</u>	<u>-</u>	<u>132,267,657</u>
Construction in Progress					
	15,063,588	14,014,970	(9,801,345)	-	19,277,213
	<u>15,063,588</u>	<u>14,014,970</u>	<u>(9,801,345)</u>	<u>-</u>	<u>19,277,213</u>
Total Governmental Funds Capital Assets	<u>\$ 219,108,772</u>	<u>\$ 29,724,236</u>	<u>\$ (9,955,422)</u>	<u>\$ -</u>	<u>\$ 238,877,586</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.





CITY OF COLLEGE STATION, TEXAS
GOVERNMENT-WIDE EXPENSES BY FUNCTION
LAST TEN FISCAL YEARS (1)

Fiscal Year	General Government	Fiscal Services	Police	Fire	Development Services	Public Works	Parks and Recreation	Office of Technology and Information Services	Interest on Long-Term Debt	Unallocated Depreciation	Electric	Water	Sewer	Other Business Types	Total
2003	\$ 7,857,618	\$ 1,834,859	\$ 9,374,251	\$ 7,102,089	\$ 1,651,761	\$ 5,242,162	\$ 6,361,728	\$ 2,919,155	\$ 3,643,268	\$ 2,543,780	\$ 43,299,695	\$ 6,283,025	\$ 7,347,315	\$ 4,880,746	\$ 110,341,452
2004	7,536,427	1,953,189	9,654,447	7,189,495	1,586,114	5,004,976	6,154,862	2,652,957	3,448,533	2,690,998	41,120,750	6,542,184	7,214,296	5,460,285	108,209,513
2005	6,457,556	2,467,187	10,666,318	7,853,876	1,580,317	5,401,568	6,549,466	2,881,863	3,895,520	5,430,745	47,815,339	7,908,695	7,262,208	5,523,023	121,693,681

(1)The City of College Station first applied GASB statement no. 34 in fiscal year 2003; therefore, government-wide financial information for years prior to fiscal year 2003 is not available.

Source: City of College Station

CITY OF COLLEGE STATION, TEXAS

**GOVERNMENT-WIDE REVENUES
LAST TEN FISCAL YEARS (1)**

Fiscal Year	Program Revenues			General Revenues			
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Unrestricted Investment Earnings	Miscellaneous	Total
2003	\$ 79,586,591	\$ 1,942,508	\$ 10,286,807	\$ 31,277,451	\$ 2,866,829	\$ 19,563	\$ 125,979,749
2004	80,044,245	3,208,957	10,446,058	34,073,652	1,886,905	4,386	129,664,203
2005	85,525,495	2,629,494	6,427,203	35,618,984	2,435,403	(111,916)	132,524,663

The City of College Station first applied GASB statement no. 34 in fiscal year 2003; therefore, government-wide financial information for years prior to fiscal year 2003 is not available.

Source: City of College Station

CITY OF COLLEGE STATION, TEXAS

GENERAL GOVERNMENTAL REVENUES AND OTHER FINANCING SOURCES (1)
LAST TEN FISCAL YEARS

Fiscal Year	Taxes	Licenses & Permits	Fines, Forfeits & Penalties	Charges for Services	Transfers	All Other	Other Financing Sources	Total
1996	\$ 18,697,853	\$ 513,624	\$ 1,342,865	\$ 1,249,491	\$ 5,523,091	\$ 962,608	\$ 199,300	\$ 28,488,832
1997	18,552,416	487,300	1,177,057	1,250,952	5,387,075	1,304,713	6,828,120	34,987,633
1998	20,300,800	577,032	1,233,604	1,368,883	5,396,700	1,324,899	32,375	30,234,293
1999	21,458,761	643,968	1,208,499	1,463,432	5,664,744	1,414,194	22,082	31,875,680
2000	23,304,989	680,776	1,393,505	1,681,877	6,303,785	1,622,967	55,403	35,043,302
2001	24,474,987	779,159	1,796,203	1,892,964	6,895,193	1,750,703	24,329	37,613,538
2002	27,065,526	870,636	2,225,354	2,160,678	7,288,572	1,369,579	30,106	41,010,451
2003	29,157,436	1,012,960	2,654,154	2,403,316	7,700,326	665,420	1,086,874	44,680,486
2004	31,209,942	1,112,766	2,956,836	2,398,165	8,422,120	1,149,458	8,919,386	56,168,673
2005	32,611,788	1,025,013	3,518,913	2,480,781	8,968,215	1,517,136	871,803	50,993,649

(1) Revenues presented include the General and Debt Service Fund.

Source: City of College Station

CITY OF COLLEGE STATION, TEXAS

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE LAST TEN FISCAL YEARS

Fiscal Year	General				Total
	Property	Sales	Franchise	Mixed Drink	
1996	\$ 7,216,073	\$ 9,468,207	\$ 1,876,572	\$ 137,001	\$ 18,697,853
1997	7,534,910	9,775,888	1,088,349	153,269	18,552,416
1998	7,777,890	10,912,466	1,415,464	194,980	20,300,800
1999	8,272,479	11,489,702	1,523,736	172,844	21,458,761
2000	8,967,583	12,573,564	1,577,815	186,027	23,304,989
2001	9,799,281	12,773,722	1,644,627	257,357	24,474,987
2002	11,716,307	13,400,054	1,714,241	234,924	27,065,526
2003	13,441,000	13,780,639	1,688,947	246,850	29,157,436
2004	14,668,641	14,957,697	1,974,587	281,298	31,882,223
2005	15,888,475	15,445,404	1,718,491	259,686	33,312,056

Source: City of College Station

CITY OF COLLEGE STATION, TEXAS

**GENERAL GOVERNMENTAL EXPENDITURES AND OTHER USES BY FUNCTION (1)
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>General Government</u>	<u>Police</u>	<u>Fire</u>	<u>Public Works</u>	<u>Parks and Recreation</u>	<u>Library Services</u>	<u>Capital Outlay</u>	<u>Reimbursed Administrative</u>	<u>All Other</u>	<u>Debt Service</u>	<u>Transfers Out</u>	<u>Total</u>
1996	\$ 6,669,982	\$ 5,357,437	\$ 3,887,596	\$ 3,554,664	\$ 3,820,477	\$ 326,310	\$ 593,796	\$ (3,371,737)	\$ 314,767	\$ 5,601,567	\$ 80,500	\$ 26,835,359
1997	7,005,557	5,860,586	3,898,305	3,142,284	4,146,567	367,545	365,591	(3,240,805)	336,410	4,517,030	6,761,040	33,160,110
1998	6,264,446	6,289,005	4,195,334	3,821,635	4,263,428	546,437	641,779	(3,683,731)	448,263	4,607,064	2,478,117	29,871,777
1999	7,045,038	6,903,838	4,841,832	3,923,009	4,592,990	571,742	659,861	(4,034,541)	344,589	4,997,131	757,030	30,602,519
2000	7,812,664	7,567,620	5,179,104	4,353,073	5,168,231	600,778	397,312	(4,645,701)	544,170	5,582,927	1,115,376	33,675,554
2001	8,783,263	8,273,632	5,702,804	4,583,796	5,185,737	581,768	376,328	(5,287,928)	606,757	7,700,234	767,000	37,273,391
2002	9,731,964	8,914,893	6,405,874	5,211,720	6,045,622	734,083	150,000	(5,823,852)	305,049	9,384,142	480,807	41,540,302
2003	10,052,883	9,143,331	6,989,125	5,292,243	6,279,342	681,350	673,305	(6,013,085)	577,777	9,480,421	1,103,590	44,260,282
2004	10,693,348	9,803,577	7,275,289	5,534,404	6,387,846	665,291	978,568	(5,486,919)	1,648,676	8,813,797	9,499,773	55,813,650
2005	11,556,067	10,829,081	7,964,785	6,100,247	6,778,068	694,445	796,245	(6,052,138)	852,378	10,088,946	1,638,578	51,246,702

(1) Expenditures presented include the General and Debt Service Funds.

Source: City of College Station

CITY OF COLLEGE STATION, TEXAS

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

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Total Collections as a Percent of Current Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Outstanding Delinquent Taxes as a Percent of Current Levy</u>
1996	\$ 7,171,715	\$ 7,086,990	98.82%	\$ 74,982	\$ 7,161,972	99.86%	\$ 233,927	3.26%
1997	7,506,754	7,433,046	99.02%	60,133	7,493,179	99.82%	215,100	2.87%
1998	7,758,131	7,688,127	99.10%	50,005	7,738,132	99.74%	233,548	3.01%
1999	8,292,212	8,164,162	98.46%	59,095	8,223,257	99.17%	200,077	2.41%
2000	9,068,352	8,866,966	97.78%	47,940	8,914,906	98.31%	134,418	1.48%
2001	9,939,852	9,684,038	97.43%	62,887	9,746,925	98.06%	248,883	2.50%
2002	11,892,629	11,570,787	97.29%	80,751	11,651,538	97.97%	328,666	2.76%
2003	13,010,508	12,595,378	96.81%	236,468	12,831,846	98.63%	331,582	2.55%
2004	14,092,814	13,790,565	97.86%	125,543	13,916,108	98.75%	321,487	2.28%
2005	15,270,852	14,971,605	98.04%	123,397	15,095,002	98.85%	327,844	2.15%

Source: City Of College Station

CITY OF COLLEGE STATION, TEXAS

ASSESSED VALUE OF TAXABLE PROPERTIES (1) LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Land and Improvements</u>	<u>Personal Property and Minerals</u>	<u>Less Exemptions and Abatements</u>	<u>Less TIF (2) Captured Value</u>	<u>Total</u>
1996	\$ 1,500,298,696	\$ 158,694,184	\$ 47,371,511	\$ -	\$ 1,611,621,369
1997	1,699,990,449	235,332,211	234,121,234	5,526,343	1,695,675,083
1998	1,813,136,426	251,996,841	245,085,209	12,889,738	1,807,158,320
1999	1,946,701,852	261,317,181	276,453,209	18,504,453	1,913,061,371
2000	2,134,828,786	285,990,138	308,471,247	37,318,353	2,075,029,324
2001	2,357,679,796	303,435,454	345,752,888	41,698,188	2,273,664,174
2002	2,565,933,396	304,577,588	380,950,901	39,379,860	2,450,180,223
2003	2,843,495,003	308,466,163	428,395,713	48,757,938	2,674,807,515
2004	3,201,775,895	320,496,233	493,364,734	39,971,363	2,988,936,031
2005	3,494,141,544	353,712,884	556,722,986	40,802,035	3,250,329,407

124

(1) Assessed Value is 100% of the estimated actual value.

(2) Tax Increment Financing District (TIF)

Sources: Brazos County Appraisal District
2004 Certified Appraisal Roll

CITY OF COLLEGE STATION, TEXAS

PROPERTY TAX RATES, RATIOS AND LEVIES
ALL DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Fiscal Year (1)	Tax Rates (2) (per \$100 of Assessed Value)				Tax Ratios			Original Tax Levies		
	City	School	County	Total (3)	City	School	County	City	School	County
1996	0.4450	1.6100	0.4100	2.4650	100%	100%	100%	\$ 7,171,715	\$ 28,663,937	\$ 15,071,727
1997	0.4427	1.6900	0.4180	2.5507	100%	100%	100%	7,506,754	31,524,892	15,968,203
1998	0.4293	1.7400	0.4170	2.5863	100%	100%	100%	7,758,131	33,969,261	17,043,370
1999	0.4293	1.7500	0.4170	2.5963	100%	100%	100%	8,292,212	36,786,152	17,749,813
2000	0.4293	1.7500	0.4170	2.5963	100%	100%	100%	9,068,352	39,822,571	18,917,599
2001	0.4293	1.7500	0.4100	2.5893	100%	100%	100%	9,939,852	44,121,783	20,283,475
2002	0.4777	1.7900	0.4200	2.6877	100%	100%	100%	11,892,630	48,527,735	22,629,312
2003	0.4777	1.7900	0.4146	2.6823	100%	100%	100%	13,010,508	53,294,883	24,066,065
2004	0.4653	1.7700	0.4350	2.6703	100%	100%	100%	14,092,814	57,990,642	26,931,269
2005	0.4640	1.7700	0.4726	2.7066	100%	100%	100%	15,270,852	63,028,955	31,890,149

- (1) Tax rates are established by each taxing jurisdiction on an annual basis for revenues to be collected in the following fiscal year.
- (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.

Source: Brazos County Appraisal District

CITY OF COLLEGE STATION, TEXAS

PAVING ASSESSMENT COLLECTIONS
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Current Assessment</u>	<u>Assessments Collected</u>	<u>Percentage of Assessments Collected (%)</u>	<u>Total Outstanding Assessments</u>
1996	-	17,217	21.70%	\$ 62,113
1997	-	2,152	3.46%	59,962
1998	-	36,367	60.65%	23,595
1999	-	503	2.13%	23,092
2000	-	1,296	5.31%	21,796
2001	-	350	1.61%	21,446
2002	-	-	0.00%	21,796
2003	-	-	0.00%	21,796
2004	-	-	0.00%	-
2005	-	-	0.00%	-

Source: City of College Station Fiscal Services Department

CITY OF COLLEGE STATION, TEXAS

COMPUTATION OF LEGAL DEBT MARGIN SEPTEMBER 30, 2005

The City has no general obligation legal debt limit other than a ceiling on the 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

RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Estimated Population</u>	<u>Assessed Value</u>	<u>Gross Bonded Debt</u>	<u>Less Debt Service Cash Funds</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt To Assessed Valuation</u>	<u>Net Bonded Debt Per Capita</u>
1996	60,040 (1)	\$ 1,611,621,369	\$ 22,263,475	\$ 1,189,570	\$ 21,073,905	1.31	351
1997	61,525 (1)	1,695,675,083	25,388,915	1,947,403	23,441,512	1.38	381
1998	63,130 (1)	1,807,158,320	28,960,000	2,826,148	26,133,852	1.45	414
1999	66,200 (1)	1,913,061,371	32,750,000	3,472,280	29,277,720	1.53	442
2000	68,038 (2)	2,075,029,324	38,700,000	4,202,042	34,497,958	1.66	507
2001	70,308 (1)	2,273,664,174	39,375,000	1,722,254	37,652,746	1.66	536
2002	72,500 (1)	2,450,180,223	41,665,000	1,287,038	40,377,962	1.65	557
2003	75,763 (1)	2,674,807,515	43,170,000	659,180	42,510,820	1.59	561
2004	80,219 (1)	2,988,936,031	47,085,000	585,336	46,499,664	1.56	580
2005	81,699 (1)	3,250,329,407	49,800,000	912,353	48,887,647	1.50	598

Source:

(1) Metropolitan Planning Organization & City of College Station
Planning Division

(2) U.S. Government Preliminary Guide

CITY OF COLLEGE STATION, TEXAS

SCHEDULE OF DIRECT AND ESTIMATED OVERLAPPING DEBT
SEPTEMBER 30, 2005

Taxing Body	Net Debt		Percent	City's Share	
	Amount	As Of		Amount	Per Capita *
<u>ESTIMATED OVERLAPPING DEBT</u>					
College Station I.S.D. (1)	\$ 58,785,000	8/31/2005	83.48%	\$ 49,073,718	\$ 601
Brazos County (2)	\$ 51,510,000	9/30/2005	46.80%	24,106,680	295
Bryan I.S.D (3)	\$ 105,570,000	9/1/2005	5.17%	<u>5,457,969</u>	<u>67</u>
				<u>78,638,367</u>	<u>963</u>
 NET BONDED DEBT					
City of College Station (4)	\$ 88,905,000	9/30/2005	100.00%	<u>88,905,000</u>	<u>1,088</u>
NET BONDED AND ESTIMATED OVERLAPPING DEBT				<u>\$ 167,543,367</u>	<u>\$ 2,051</u>

*Population: 81,699

Source:

(1) College Station Independent School District

(2) Brazos County Auditor

(3) Bryan Independent School District

(4) City of College Station Fiscal Services Department

CITY OF COLLEGE STATION, TEXAS

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL OBLIGATION DEBT
TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES AND OTHER USES
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest, Fiscal and Other Charges</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures and Other Uses</u>	<u>Ratio</u>
1996	\$ 3,938,735	\$ 1,660,441	\$ 5,599,176	\$ 26,835,359	20.86%
1997	2,694,075	1,738,745	4,432,820	33,160,109	13.37%
1998	3,113,915	1,483,793	4,597,708	29,871,777	15.39%
1999	2,845,000	2,141,792	4,986,792	30,602,519	16.30%
2000	3,460,000	2,122,927	5,582,927	33,675,554	16.58%
2001	4,475,000	3,222,734	7,697,734	37,273,391	20.65%
2002	5,950,000	3,434,142	9,384,142	41,540,302	22.59%
2003	5,820,000	3,660,028	9,480,028	44,260,282	21.42%
2004	5,445,000	3,275,554	8,720,554	55,813,650	15.62%
2005	3,195,000	2,273,863	5,468,863	51,246,702	10.67%

Source: City of College Station

CITY OF COLLEGE STATION, TEXAS

UTILITY FUNDS
SCHEDULE OF REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Operating Revenues</u>	<u>Operating Expenses (Excluding Depreciation)</u>	<u>Net Revenues</u>	<u>Average Total</u>	<u>Annual Coverage</u>	<u>Maximum Total</u>	<u>Annual Coverage</u>
1996 (1)	\$ 45,380,036	\$ 32,395,644	\$ 12,984,392	\$ 2,655,401	4.89	\$ 6,089,271	2.13
1997	48,615,366	29,608,260	19,007,106	2,968,110	6.40	6,388,449	2.98
1998	49,966,216	27,885,854	22,080,362	3,014,943	7.32	5,906,739	3.74
1999	49,101,104	30,080,145	19,020,959	2,844,899	6.69	5,502,384	3.46
2000	52,932,584	41,925,412	11,007,172	3,472,421	3.17	5,687,161	1.94
2001	59,143,896	45,465,778	13,687,118	4,688,518	2.92	6,395,244	2.14
2002	62,141,066	46,274,555	15,866,511	5,825,064	2.72	8,048,707	1.97
2003	64,046,246	47,785,550	16,260,696	5,773,582	2.81	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

(1) In Fiscal Year 1996, the Utility Billing Fund was reported separately as an Internal Service Fund.

Source: City of College Station

CITY OF COLLEGE STATION, TEXAS

CONSTRUCTION PERMITS
LAST TEN CALENDAR YEARS

Calendar Year	Residential		Commercial		Total	
	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value
1996	656	\$ 48,953,298	131	\$ 14,432,979	787	\$ 63,386,277
1997	590	53,435,022	212	47,682,555	802	101,117,577
1998	655	69,831,880	150	57,439,865	805	127,271,745
1999	1,020	87,917,466	138	26,665,024	1,158	114,582,490
2000	639	85,278,855	162	46,094,230	801	131,373,085
2001	782	79,340,756	191	40,194,722	973	119,535,478
2002	776	58,965,494	177	27,658,030	953	86,623,524
2003	658	96,990,934	106	36,366,447	764	133,357,381
2004	549	80,567,342	143	94,924,256	692	175,491,598
2005	553	109,359,951	159	27,863,784	712	137,223,735

Source: City of College Station Planning & Development Services

CITY OF COLLEGE STATION, TEXAS

PRINCIPAL TAXPAYERS SEPTEMBER 30, 2005

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2005 Assessed Valuation</u>	<u>Percent of Total Assessed Valuation</u>
CBL & Associates	Retail Mall	\$ 50,480,675	1.55%
College Station Hospital, LP	Medical	48,724,190	1.50%
Alkossler/Weinberg	Housing	32,014,545	0.99%
Verizon Communications, Inc	Utility	29,663,440	0.91%
Wal-Mart's/Sam's	Retail	27,583,820	0.85%
Common Wealth Austin	Housing	21,500,740	0.66%
University Heights-College Station	Housing	20,773,980	0.64%
HE Butt Store Property Co	Grocery	20,178,780	0.62%
JER College Station Hotel	Hotel	18,350,600	0.57%
University Commons	Housing	18,260,720	0.56%
		<u>\$ 287,531,490</u>	<u>8.85%</u>

Source: Brazos County Appraisal District

CITY OF COLLEGE STATION, TEXAS

PRINCIPAL UTILITY CUSTOMERS

SEPTEMBER 30, 2005

Utility Customer	Type of Business	FY2005 KWH Consumption	Total Percent of KWH Consumed
CSISD	Schools	18,609,489	2.57%
City of College Station	Municipality	16,820,228	2.32%
CBL & Associates	Retail Mall	14,122,051	1.95%
Texas A&M	University	10,008,480	1.38%
Wal-Mart	Retail	7,666,400	1.06%
College Station Medical Ctr	Hospital	7,175,880	0.99%
Kroger	Retail Grocery	6,850,800	0.94%
Albertsons	Retail Grocery	6,661,301	0.92%
US Dept of Agriculture	Government	5,165,200	0.71%
HE Butt Store Property Co	Retail Grocery	5,157,480	0.71%
TOTAL		<u>98,237,309</u>	<u>13.55%</u>

Total KWH Consumption for the period October 1, 2004 to September 30, 2005 was
724,962,988

Source: City of College Station Utility Billing Division

CITY OF COLLEGE STATION, TEXAS

SUMMARY OF INSURANCE COVERAGE September 30, 2005

Insurance Company	Coverage	Self Insured Retention	Limits
State National Insurance Co.	General Liability	\$250,000 occurrence General Aggregate	\$5 million \$15 million
State National Insurance Co.	Auto Liability	\$250,000 CSL	\$5 million
State National Insurance Co.	Workers Compensation	\$250,000	\$5 million
State National Insurance Co.	Employer's Liability	\$250,000	\$5 million
State National Insurance Co.	Law Enforcement Liability	\$250,000 General Aggregate	\$5 million \$15 million
State National Insurance Co.	Public Officials Liability	\$250,000 General Aggregate	\$5 million \$15 million
Federal Insurance Co.	Employee Theft	\$100,000	\$300,000
Federal Insurance Co.	Premises	\$100,000	\$300,000
Federal Insurance Co.	Transit	\$100,000	\$300,000
Federal Insurance Co.	Depositors Forgery	\$100,000	\$300,000
Federal Insurance Co.	Computer Theft Fund	\$100,000	\$1 million
Affiliated FM Ins. Co.	Property Coverage	\$100,000	\$125.5 million
Affiliated FM Ins. Co.	Mobile Equipment	\$100,000	\$7 million
Affiliated FM Ins. Co.	Boiler & Machinery	\$100,000	\$50 million
Affiliated FM Ins. Co.	Certified Act of Terrorism Coverage	\$100,000	\$125.5 million
Affiliated FM Ins. Co.	Flood	\$100,000	\$2.5 million
Affiliated FM Ins. Co.	Gross Earnings	\$100,000	\$1 million
Affiliated FM Ins. Co.	Newly Acquired Property	\$100,000	\$1.5 million
Affiliated FM Ins. Co.	Coverage A & B Demolition & Increased Cost	\$100,000	\$1 million each

CITY OF COLLEGE STATION, TEXAS

MISCELLANEOUS STATISTICAL AND DEMOGRAPHIC DATA SEPTEMBER 30, 2005

Date Incorporated	October 1938
Date first charter adopted	October 1938
Date present charter amended	May 1992
Form of government	Council-Manager

Area in square miles:

Year	Square Miles
1938	1.5
1948	4.2
1958	7.3
1968	17.3
1978	22.6
1982	23.8
1986	26.7
1988	27.7
1992	28.1
1994	30.0
1996	38.2
1998	40.8
2004	47.2

Miles of streets	Paved	385 Linear Miles
	Unpaved	4.0 Lane Miles
Miles of sidewalks		97 Miles

Fire Protection:

Number of stations	4
Number of full-time employees	114

Police Protection:

Number of employees (sworn)	100
Number of employees (civilian)	47
Number of patrol units	21
One jail facility with a capacity of 30	

CITY OF COLLEGE STATION, TEXAS

MISCELLANEOUS STATISTICAL AND DEMOGRAPHIC DATA

SEPTEMBER 30, 2005

(Continued)

RECREATION:

Number of playgrounds	35	Number of gyms	1
Number of basketball courts	20	Number of volleyball courts	8
Number of soccer fields	26	Number of nature trails	9
Number of softball/baseball fields	25	Number of open play areas	30
Number of tennis courts	14	Number of picnic pavilions	10
Number of picnic shelters	19	Number of jogging/walking trails	26
Number of swimming pools	3		

PARKS:

<u>Facility</u>	<u>Acres</u>	<u>Facility</u>	<u>Acres</u>
Anderson	8.94	Luther Jones	1.80
Arboretum/Bee Creek	43.50	Merry Oaks	4.60
Bill Madeley	5.14	Nantucket	3.90
Brison	9.20	Oaks	7.50
Brother's Pond	16.12	Parkway	1.90
Castlegate	8.26	Pebble Creek	10.20
Castlerock	5.86	Raintree	13.00
Central	47.20	Richard Carter	7.14
Conference Center	2.30	Sandstone	15.21
Cy Miller	2.50	Southeast Park	66.68
Eastgate	1.80	Southern Oaks	14.49
Edelweiss	12.30	Southwest Park Site	9.42
Edelweiss Gardens	13.60	Southwood Complex	44.70
Emerald Forest	4.59	Steeplechase Park Site	9.00
Gabbard	10.67	Thomas	16.10
Georgia K. Fitch	11.30	University Park Site	10.20
Hensel-TAMU	29.70	Veterans Athletic	150.00
Jack and Dorothy Miller	10.00	W.A. Tarrow (includes Lincoln)	21.26
John Crompton	15.26	Westfield	4.29
Lemon Tree	15.40	Windwood	1.37
Lick Creek	515.54	Wolfpen Creek	19.49
Lion's	1.50	Woodcreek	6.60
Longmire	4.16	Woodland Hills	<u>14.40</u>
		TOTAL ACREAGE	<u><u>1,248.09</u></u>

CITY OF COLLEGE STATION, TEXAS

MISCELLANEOUS STATISTICAL AND DEMOGRAPHIC DATA

SEPTEMBER 30, 2005

(Continued)

UTILITY FUNDS:

Electric Customers (Connections)	36,284
Average Electrical Consumption:	60,413,524 KWH/Month
Water Customers (Connections)	32,266
Average Water Consumption:	283,429 MGW/Month
Number of Employees:	
Electric	59
Water	27
Sewer	42
Water Capacity:	
Number of Wells	6
Combined Capacity of Wells	28 million gallons per day
Number of Ground Storage Tanks, 2	One 3-million gallon, One 5-million gallon
Number of Elevated Storage Tanks, 2	One 3-million gallon, One 2-million gallon
Miles of Water Lines	341 miles
Electric Capacity:	
Maximum Capacity	280 megawatts
Annual Peak Demand	180 kw
Number of Substations	4
Miles of Distribution Lines	450 miles
Miles of Sewer Lines	271 miles
Solid Waste Collection Fund:	
Number of Users (Units)	28,399
Methodology	Curbside pickup using automated containers

CITY OF COLLEGE STATION, TEXAS

MISCELLANEOUS STATISTICAL AND DEMOGRAPHIC DATA SEPTEMBER 30, 2005 (Continued)

Education:

Attendance centers	11
Number of classrooms	550
Number of teachers	600
Number of students	7,683

Elections:

Number of registered voters:	
Last general election (Brazos County)	86,283
Last municipal election	42,206
Number of votes cast in:	
Last general election (Brazos County)	54,904
Last municipal election	3,623
Percentage of registered voters voting in:	
Last general election (Brazos County)	64.00%
Last municipal election	8.58%

Population:

Estimate Census Count	
2000	68,038
1990	52,456
1980	37,296
1970	17,676
1960	1,196
1950	7,925

Source: City of College Station

CITY OF COLLEGE STATION, TEXAS

MISCELLANEOUS STATISTICAL AND DEMOGRAPHIC DATA SEPTEMBER 30, 2005 (Continued)

ACTUAL TEXAS A&M UNIVERSITY ENROLLMENT BY FALL SEMESTERS

<u>Year</u>	<u>University Enrollment</u>
1996	41,892
1997	41,461
1998	43,389
1999	43,442
2000	44,026
2001	44,618
2002	45,143
2003	44,813
2004	44,435
2005	45,089

Source: WWW.TAMU.EDU

PRIMARY LABOR FORCE FOR COLLEGE STATION

<u>Year</u>	<u>Total Labor Force</u>	<u>Number Employed</u>	<u>Number Unemployed</u>	<u>Percent Unemployed</u>
1996	26,691	25,973	718	2.7
1997	28,453	27,862	591	2.1
1998	28,889	28,377	512	1.8
1999	30,793	30,246	547	1.8
2000	31,273	30,802	471	1.5
2001	30,572	30,020	552	1.8
2002	29,734	29,105	629	2.1
2003	33,975	33,160	815	2.4
2004	35,348	34,709	639	1.8
2005	41,057	39,584	1473	3.6

Source: Texas Workforce