



Comprehensive Annual Financial Report



FOR FISCAL YEAR ENDED SEPTEMBER 30, 2006
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, 2006

PREPARED BY THE

CITY OF COLLEGE STATION FISCAL SERVICES DEPARTMENT

JEFF KERSTEN, CHIEF FINANCIAL OFFICER

PHILLIP GUILLEN, ASSISTANT DIRECTOR OF FISCAL SERVICES

CITY OF COLLEGE STATION, TEXAS

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006**

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CITY OF COLLEGE STATION, TEXAS

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March 14, 2007

Honorable Mayor, Members of the City Council, and
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, 2006.

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 include 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.

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 83,947 as of September 2006. 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, Municipal Court Judge and Internal Auditor. 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 1.6 percent to 2.6 percent range. As a result of the BLS change, the unemployment rate for fiscal year 2006 as of October was approximately 3.4 percent.

In 2006, state sales tax revenues were up by 13.6 percent. Sales tax collections in College Station saw growth in fiscal year 2006 as well. This is consistent with growth in sales tax receipts the City has experienced over the last several years. In fiscal year 2006, sales taxes were up by 8.5 percent over fiscal year 2005 to \$16,752,174.

College Station continues to see growth in housing and commercial development. There were 630 new housing starts during 2006, which is higher than in 2005 by 13.9 percent. Total ad valorem assessed valuation increased by approximately \$354 million or approximately 10.8 percent for fiscal year 2006 over fiscal year 2005. Commercial development continued to be strong with both new and redevelopment. Several new commercial businesses opened in College Station in 2006, and several new hotels were under construction and opened in 2006. Once again, the University Drive corridor had a significant amount of new business 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 a billion dollars annually to the local economy. TAMU has

consistently ranked among the top 50 universities in the United States. Each year, TAMU's approximately 2,500 faculty members conduct an estimated \$450 million worth of sponsored research projects. The \$5.64 billion endowment ranked TAMU tenth in the nation for fiscal year 2006. Student enrollment at TAMU was 45,370 as of September 2006. TAMU employs more than 20,000 full-time and part-time staff.

Major Initiatives

In 2006, numerous capital improvement initiatives were undertaken by the City. Projects currently underway in the Wolf Pen Creek District include additions to the Wolf Pen Creek Amphitheater and the design of a water feature. These projects are being paid for from the Wolf Pen Creek Tax Increment Financing District fund, and are designed to help spur additional development in this growing corridor. In 2006, construction began on the second phase of Veterans Park. This project includes the addition of three soccer fields, three softball fields, a pavilion and a concession area. Construction continued in 2006 on a zero-depth splash park that is being installed at the Lincoln Center. In 2006, parks projects completed included Steeplechase Park; the installation of a basketball court, cover and iron fence at Lion's Park; and various park upgrades such as the installation of lighting, landscaping, benches, sidewalks, drinking fountains, and shade covers. In addition, the City continues to upgrade and replace infrastructure within its parks system.

Street projects completed in 2006 included the realignment of Greens Prairie Road with Arrington Road to connect with Highway 40. This project also included left turn lanes in front of Forest Ridge Elementary School. Other street projects completed in 2006 included the extension of Central Park Lane. This project provided the final connection between Southwest Parkway and Krenek Tap Road. In 2006, the design of the Arrington/Decatur street extension project began. This project will improve north-south traffic flow on the west side of Highway 6 by providing a connection from Highway 40 to Barron Road. Continuing street projects include improvements on Barron Road and the Rock Prairie Road Widening project. Traffic projects completed in 2006 included the Lincoln Avenue traffic striping. Signal projects currently underway include signals at Harvey Mitchell Parkway and Luther, Harvey Mitchell Parkway and Holleman and FM2818 and F&B Road. Hike and bike trail projects underway in 2006 included sidewalk improvements on George Bush Drive and on University Drive and the design of pedestrian and roadway improvements on University Drive. The Brison Park bike and pedestrian trails project was completed in 2006, which provided for 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 2006 included the Brazos Electric Cooperative Transmission Tie to College Station Utilities. This project involved the construction of transmission lines and the re-build of College Station Switch Station. Other projects completed by the Electric Department in 2006 included various system overhead, underground and street lighting improvements. These improvements were designed to increase system reliability and meet customer requirements. Projects underway in 2006 included the design, material acquisition, transmission line construction and site preparation for Spring Creek Substation. This substation will provide additional power capacity for customers on the south side of the City. In the water and wastewater utilities, work continued on a number of capital projects. Two new shallow wells were completed in 2006 to help ensure water production meets peak usage demands. Emergency electric generators were installed at Well 5, Well 6, Sandy Point Pump Station, Dowling Road Pump Station and the Carter Creek Wastewater Treatment Plant to provide power in the event of a primary electric service outage. In 2006, work continued to relocate the City water lines in conjunction with the widening of Wellborn Road by TxDOT. 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. Water and wastewater plant security upgrades continued in 2006 and odor control and sludge processing improvements continued at the Wastewater Treatment Plant. In addition, numerous water and wastewater line rehabilitation and replacement projects were ongoing in 2006.

Fire Station #5 located on Greens Prairie Road in the southern part of College Station was completed in 2006. This station will provide fire protection in the growing southern part of the City. Other facility projects included work on the design of renovations for the Police Station. Also underway in 2006 were the conceptual designs for a new Senior Center and the Master Plan design of a new Municipal Cemetery.

Technology is an ongoing area of advancement for the City. Projects completed in 2006 included the Public Safety System. The Computer Aided Dispatch, Police Reporting, EMS and Fire Reporting were replaced as part of this project. Other technology projects completed in 2006 include the PBX (phone system) replacement and the Police Field Reporting project. The Police Field Reporting project allows police officers to fill out report forms electronically in the field. The reports can then be downloaded into the police records management system. Ongoing projects include the Radio System Replacement project, which provides funds for the replacement of the City's 800 MHz radio system.

Capital Planning

The citizens of the City approved general obligation bond proposals totaling approximately \$38.4 million in November 2003. The third portion of this bond authorization, totaling \$7,375,000, was issued in 2006. 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 twelve 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 street rehabilitation in the Northgate area, the design of and right-of-way acquisition for 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 renovations to the existing Police Station. Future park expansion projects include the construction of the second phase of Veterans Park and the construction of a new Forestry Shop. The construction of the second phase of Veterans Park began in 2006, and it is anticipated construction will be completed in 2007. 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 \$145 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 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 2006 was approximately \$143,565,302. The overall portfolio produced unrestricted interest earnings of \$5,245,305, which represents an increase of \$2,809,902 from fiscal year 2005. The City had no realized losses on any securities held during fiscal year 2006. 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.

Risk Management

The City's risk management program is administered by the Risk Management function in the Human Resources Division. Risk Management 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. Risk Management is also 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 a strong and proactive 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 2006 was 11.9 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, 2006 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, 2005. 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 with contents that 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-four out of the last twenty-five 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 Chief Financial Officer, 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
Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of College Station
Texas

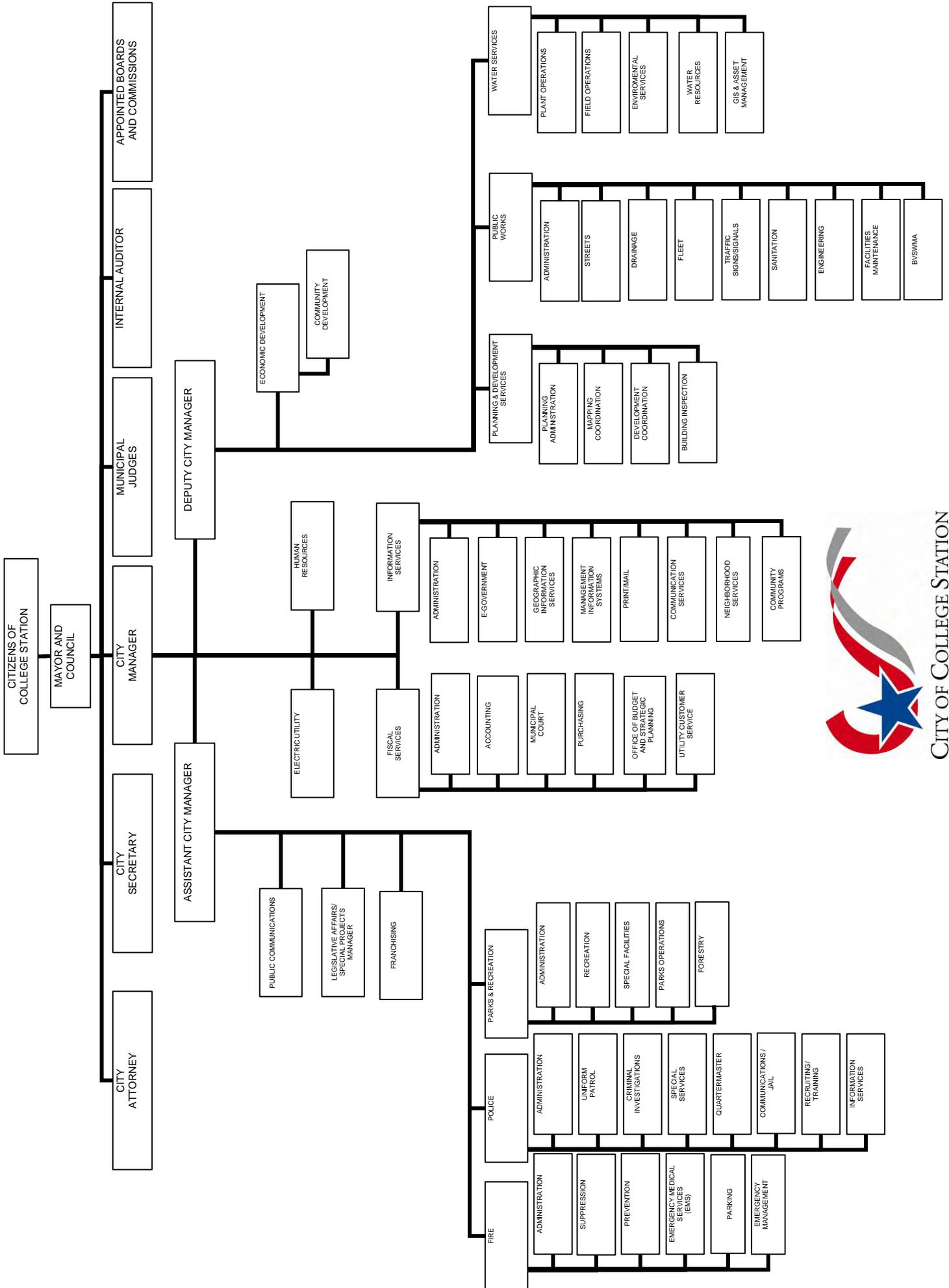
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2005

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.



President

Executive Director



CITY OF COLLEGE STATION, TEXAS

PRINCIPAL CITY OFFICIALS

September 30, 2006

Elected Officials:

Mayor Ron Silvia
Council Member, Mayor Pro Tem Ben White
Council Member, Place 2 John Happ
Council Member, Place 3 Ron Gay
Council Member, Place 4 Lynn McIlhaney
Council Member, Place 5 Chris Scotti
Council Member, Place 6 David Ruesink

City Administration:

City Manager Glenn Brown
Deputy City Manager Terry Childers
Assistant City Manager Vacant
City Attorney Marshall Cargill, Jr.
City Secretary Connie Hooks
Municipal Court Judge Edward J. Spillane III
Internal Auditor Vacant
Director of Electric Utility David Massey
Director of Human Resources Julie O'Connell
Chief Financial Officer Jeff Kersten
Chief Information Officer Olivia Burnside
Director of Public Communications and Marketing Rebecca Nugent
Fire Chief Robert Alley
Police Chief Michael Clancey
Director of Parks and Recreation Stephen Beachy
Director of Economic and Community Development James Gwin, Jr.
Acting Director of Planning and Development Services Lance Simms
Director of Public Works Mark Smith
Director of Water Services John Woody

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of College Station, Texas (the "City"), as of and for the year ended September 30, 2006, 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, 2006, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2007, 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 assessing 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, supplementary information and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information as listed in the table of contents has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section 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.

Bryan, Texas
January 30, 2007

D. Ingram, Wallis & Company

Management's Discussion and Analysis

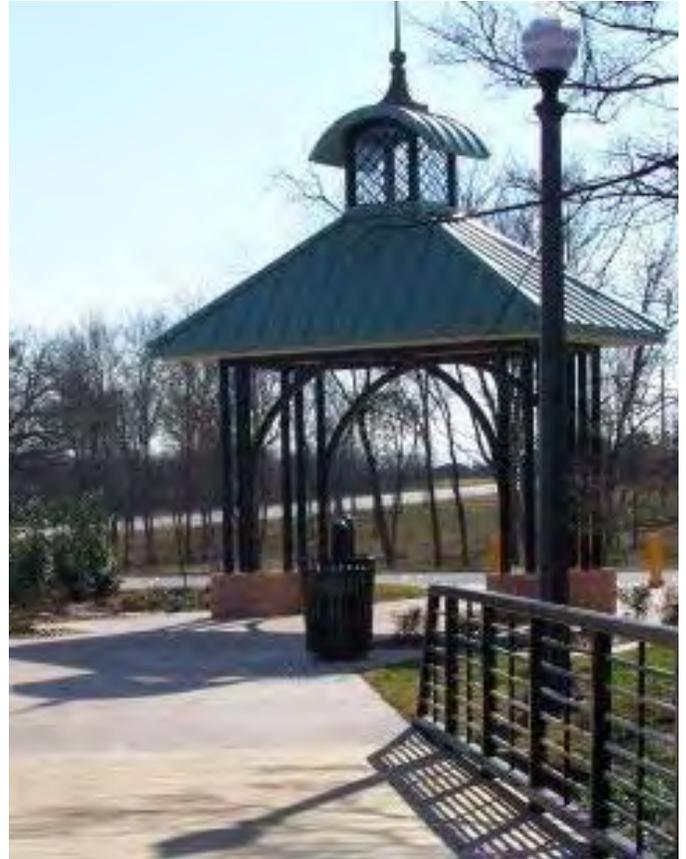
For the Fiscal Year Ended September 30, 2006

(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, 2006. 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 \$331,133,313 (net assets). Of this amount, \$72,582,108 (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 \$26,855,879 during the fiscal year.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$67,546,122, an increase of \$8,132,261 when compared to the prior year.
- Approximately 25 percent of the combined governmental funds ending fund balance, or \$16,910,529 is available for spending at the City's discretion (unreserved-undesignated fund balance).
- During fiscal year 2006, the City's total debt increased by approximately \$20,660,000. Key factors in this increase were the issuance of \$7,375,000 in General Obligation Improvement Bonds, \$8,325,000 in Certificates of Obligation, and \$16,950,000 in Utility System Revenue Bonds.



Wolf Pen Creek Trails Phase II

OVERVIEW OF THE FINANCIAL STATEMENTS

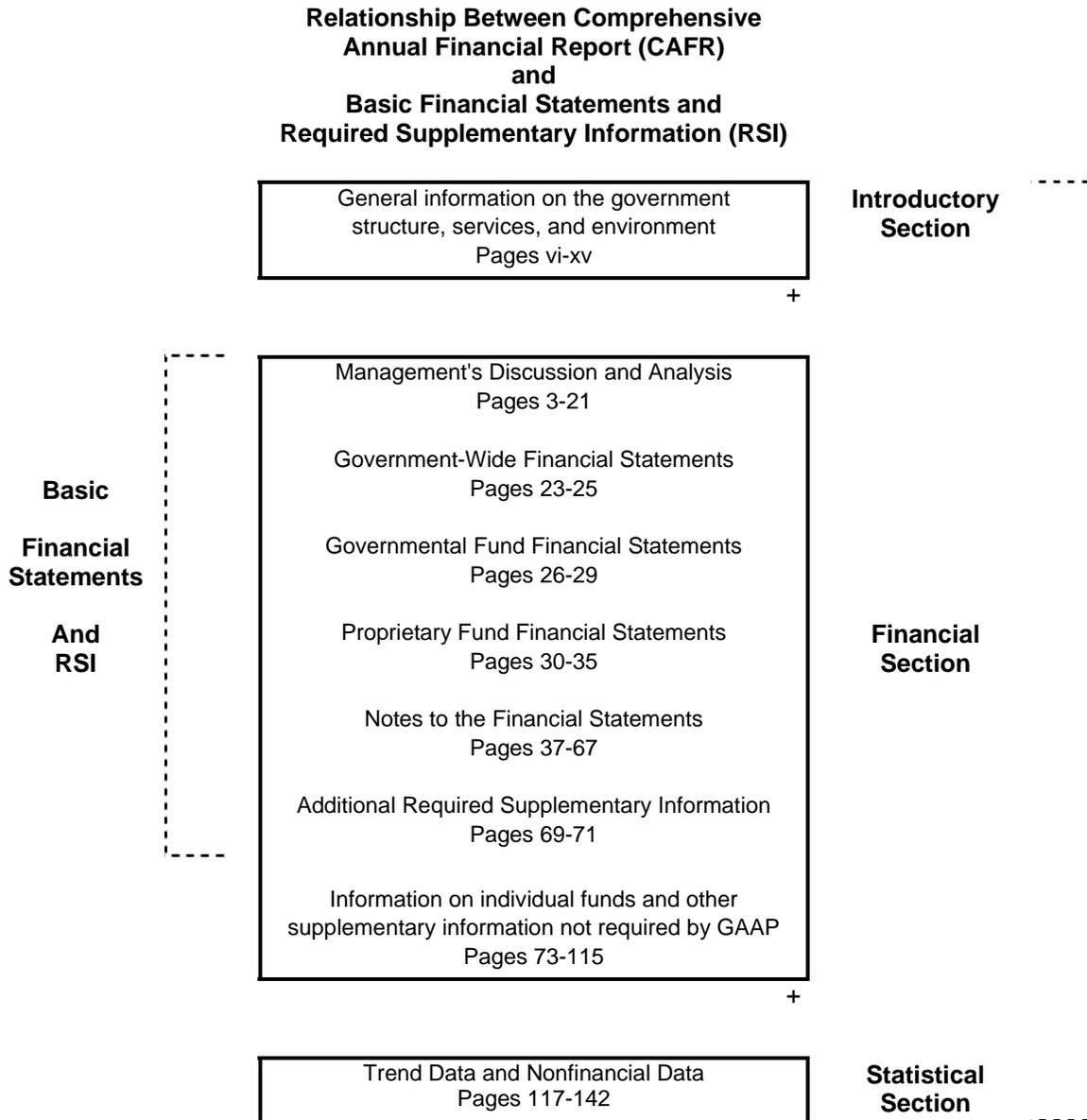
This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components:

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

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

Management's Discussion and Analysis
 For the Fiscal Year Ended September 30, 2006
 (Unaudited)

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



Management's Discussion and Analysis

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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, fiscal services, police, 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, sanitation, and the northgate parking garage. 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.

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

The proprietary fund financial 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

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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 \$331,133,313 at the close of the most recent fiscal year.

The largest portion of the City's net assets (76 percent) reflects its investment of \$251,066,041 in capital assets (e.g., land, buildings, and equipment), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated for these liabilities.

Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Assets						
Current and Other Assets	\$ 86,918,236	\$ 77,727,672	\$ 69,005,573	\$ 66,784,556	\$ 155,923,809	\$ 144,512,228
Capital Assets	172,576,387	159,744,636	217,954,664	192,012,087	390,531,051	351,756,723
Total Assets	<u>259,494,623</u>	<u>237,472,308</u>	<u>286,960,237</u>	<u>258,796,643</u>	<u>546,454,860</u>	<u>496,268,951</u>
Liabilities						
Long-Term Liabilities						
Outstanding	99,961,411	91,475,720	91,692,313	79,408,055	191,653,724	170,883,775
Other Liabilities	7,079,168	7,349,018	16,588,655	13,758,724	23,667,823	21,107,742
Total Liabilities	<u>107,040,579</u>	<u>98,824,738</u>	<u>108,280,968</u>	<u>93,166,779</u>	<u>215,321,547</u>	<u>191,991,517</u>
Net Assets						
Invested in Capital Assets,						
Net of Related Debt	108,287,795	106,460,949	142,778,246	132,001,489	251,066,041	238,462,438
Restricted	4,564,184	4,289,531	2,920,980	2,797,735	7,485,164	7,087,266
Unrestricted	39,602,065	27,897,090	32,980,043	30,830,640	72,582,108	58,727,730
Total Net Assets	<u>\$ 152,454,044</u>	<u>\$ 138,647,570</u>	<u>\$ 178,679,269</u>	<u>\$ 165,629,864</u>	<u>\$ 331,133,313</u>	<u>\$ 304,277,434</u>

Management's Discussion and Analysis

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An additional portion of the City's net assets, \$7,485,164 (2 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$72,582,108 (22 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City was able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for the business-type activities. The same situation held true for the prior fiscal year.

The City's net assets increased by \$26,855,879 as a result of fiscal year 2006 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, 2006

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The following table provides a summary of the City's operations for the year ended September 30, 2006 and highlights key elements of the increase in the City's net assets:

Changes in Net Assets

For the Fiscal Year Ended September 30, 2006

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues						
Program Revenues:						
Charges for Services	\$ 10,082,202	\$ 9,209,467	\$ 88,430,022	\$ 76,316,028	\$ 98,512,224	\$ 85,525,495
Operating Grants and Contributions	3,144,254	2,629,494	-	-	3,144,254	2,629,494
Capital Grants and Contributions	7,477,874	4,489,883	4,677,465	1,937,320	12,155,339	6,427,203
General Revenues:						
Property Taxes	16,646,519	15,888,475	-	-	16,646,519	15,888,475
Sales and Mixed Beverage Taxes	17,082,936	15,705,090	-	-	17,082,936	15,705,090
Other Taxes	4,803,758	4,025,419	-	-	4,803,758	4,025,419
Interest and Investment Income	3,415,849	1,487,926	1,829,456	947,477	5,245,305	2,435,403
Total Revenues	<u>62,653,392</u>	<u>53,435,754</u>	<u>94,936,943</u>	<u>79,200,825</u>	<u>157,590,335</u>	<u>132,636,579</u>
Expenses						
General Government	7,755,725	6,457,556	-	-	7,755,725	6,457,556
Fiscal Services	2,452,442	2,467,187	-	-	2,452,442	2,467,187
Police	11,214,413	10,666,318	-	-	11,214,413	10,666,318
Fire	8,280,257	7,853,876	-	-	8,280,257	7,853,876
Planning and Development Services	1,449,327	1,580,317	-	-	1,449,327	1,580,317
Public Works	6,227,707	5,401,568	-	-	6,227,707	5,401,568
Parks and Recreation	7,353,984	6,549,466	-	-	7,353,984	6,549,466
Information Services	3,087,596	2,881,863	-	-	3,087,596	2,881,863
Interest on Long Term Debt	4,116,871	3,895,520	-	-	4,116,871	3,895,520
Unallocated Depreciation	5,759,049	5,430,745	-	-	5,759,049	5,430,745
Electric Utility	-	-	51,250,110	47,815,339	51,250,110	47,815,339
Water Utility	-	-	7,770,081	7,908,695	7,770,081	7,908,695
Sewer Utility	-	-	7,973,677	7,262,208	7,973,677	7,262,208
Sanitation Services	-	-	5,421,624	4,931,079	5,421,624	4,931,079
Parking Operations	-	-	621,593	591,944	621,593	591,944
Other	-	111,916	-	-	-	111,916
Total Expenses	<u>57,697,371</u>	<u>53,296,332</u>	<u>73,037,085</u>	<u>68,509,265</u>	<u>130,734,456</u>	<u>121,805,597</u>
Increase in Net Assets Before						
Transfers	4,956,021	139,422	21,899,858	10,691,560	26,855,879	10,830,982
Transfers Net	<u>8,850,453</u>	<u>8,188,725</u>	<u>(8,850,453)</u>	<u>(8,188,725)</u>	<u>-</u>	<u>-</u>
Increase in Net Assets	13,806,474	8,328,147	13,049,405	2,502,835	26,855,879	10,830,982
Net Assets at Beginning 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>
Net Assets at End of Year	<u>\$ 152,454,044</u>	<u>\$ 138,647,570</u>	<u>\$ 178,679,269</u>	<u>\$ 165,629,864</u>	<u>\$ 331,133,313</u>	<u>\$ 304,277,434</u>

Management's Discussion and Analysis

For the Fiscal Year Ended September 30, 2006

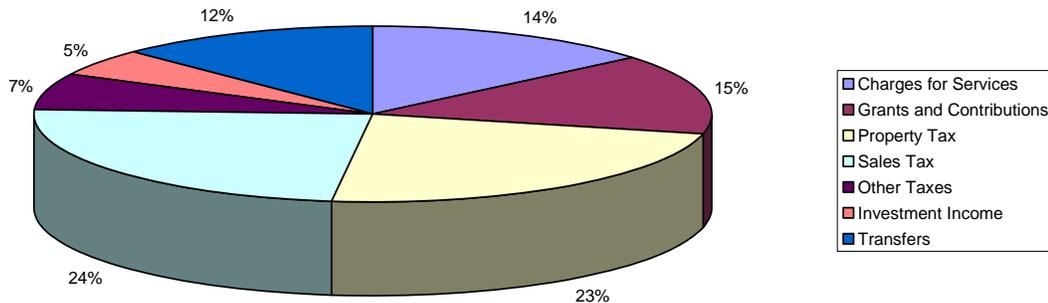
(Unaudited)

Governmental activities. Governmental activities increased the City of College Station's net assets by \$13,806,474 thereby accounting for 51 percent of the total growth in net assets. Key elements of this increase are as follows:

- Property taxes increased \$758,044 (4.8 percent) during the year. This is primarily the result of the total ad valorem assessed valuations increasing by \$354 million or 10.8 percent over fiscal year 2005.
- Sales and mixed beverage taxes increased \$1,377,846 (8.8 percent) during the year. This is attributable to continued economic growth in the area.
- Capital grants and contributions increased \$2,987,991. Interest and investment income increased \$2,143,453.

The chart below illustrates the City's governmental revenues by source. For governmental activities overall without regard to program, property tax (23 percent) and sales tax (24 percent) are the largest sources of funds followed by charges for services (14 percent), and grants and contributions (15 percent). All other governmental revenues account for 24 percent of all governmental revenues.

City of College Station, Texas
Governmental Revenues By Source
\$71,521,345

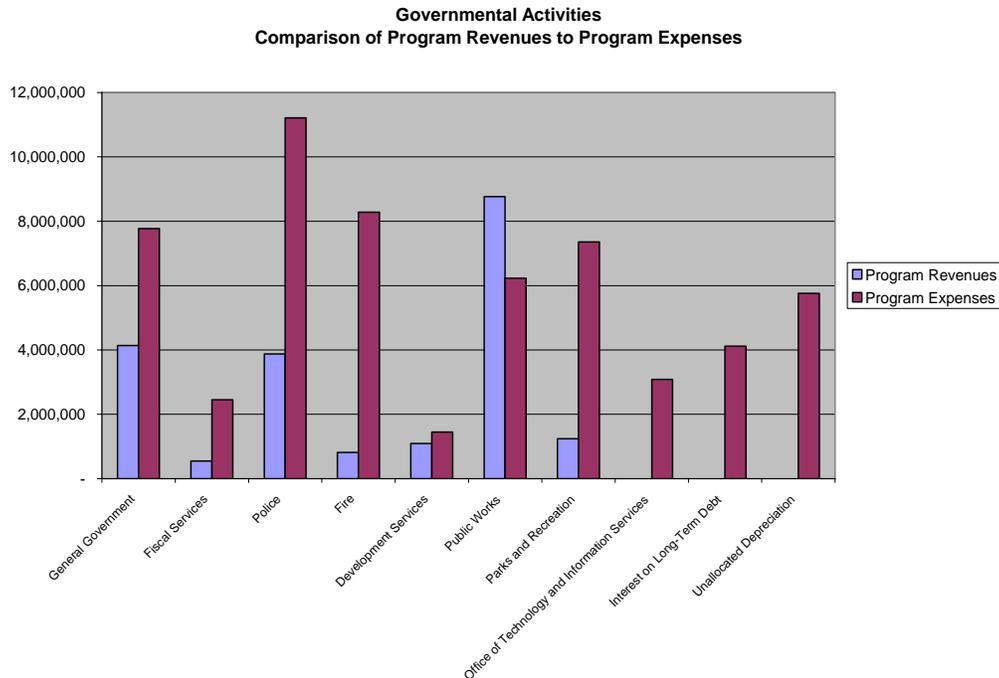


Management's Discussion and Analysis

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(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 \$13,049,405, thereby accounting for 49 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 2006 capital contributions amounted to \$4,677,465.
- Electric utility expenses experienced an increase of \$3,434,771 or 7 percent from fiscal year 2005. This is primarily attributable to purchased power expenses.
- Charges for services increased by \$12,113,994 or 16 percent from fiscal year 2005 due to utility rate increases and greater than normal utility usage because of higher temperatures.

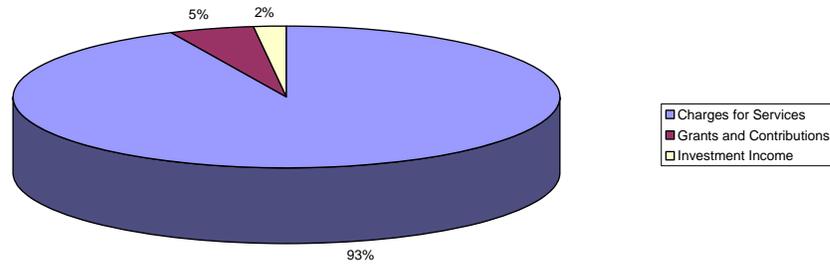
Revenues for the City's business-type activities are presented in the following chart. Charges for services provided the largest share of revenues (93 percent) for the City's business-type activities. It was followed by grants and contributions (5 percent) and investment income (2 percent).

Management's Discussion and Analysis

For the Fiscal Year Ended September 30, 2006

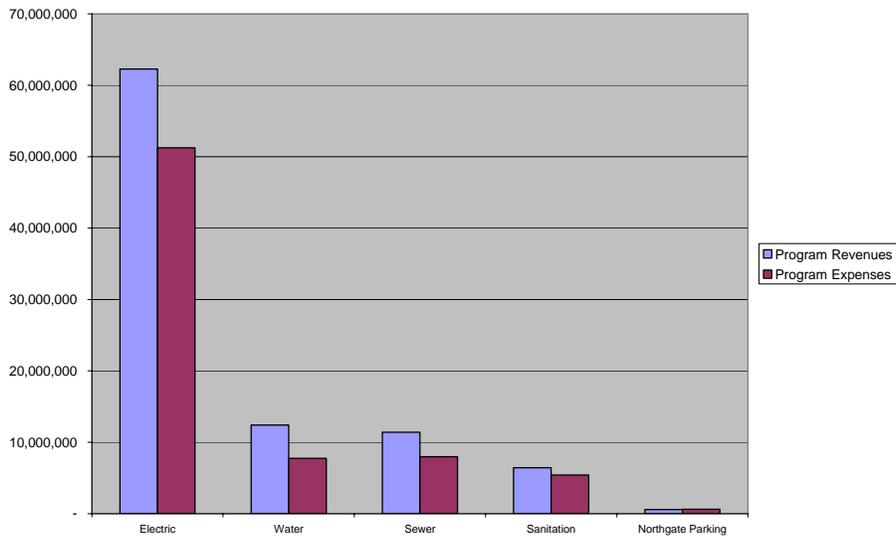
(Unaudited)

Business-type Revenues
\$94,936,943



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, 2006
(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 \$67,546,122. Approximately 25 percent (\$16,910,529) 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 (\$3,066,675),
- (2) To liquidate contracts and purchase orders of the prior period (\$12,449,849),
- (3) For capital improvements (\$33,031,408),
- (4) For permanent cemetery endowments (\$1,264,906),
- (5) For police criminal investigation activity (\$26,912),
- (6) For inventory (\$52,325),
- (7) For Juvenile Case Manager (\$69,206),
- (8) For Court Technology (\$299,456),
- (9) For Court Security (\$339,935), and
- (10) For Court Efficiency (\$34,921).

Overall, revenues for governmental functions totaled \$54,042,151 in the fiscal year ended September 30, 2006, an increase of 11 percent or \$5,357,586 from the fiscal year ended September 30, 2005. Expenditures for governmental functions totaling \$71,120,163 increased by approximately 2 percent (\$1,582,292) from the fiscal year ended September 30, 2005. In fiscal year 2006, expenditures for governmental functions exceeded revenues by \$17,078,012. That amount was 18 percent less than the previous year's amount of \$20,853,306.

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 \$9,448,389 while the total fund balance reached \$10,972,008. The City's fiscal and budgetary policies require that the

Management's Discussion and Analysis

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(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 21 percent of fiscal year 2006 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 22 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 increased by \$801,483 during the current fiscal year. Key factors in this change were as follows:

- Overall revenues were up by approximately 8 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.
- Other financing sources were up by 19 percent, primarily due to an increase in transfers in from the utility funds and a decrease in transfers out to capital projects funds.

The Debt Service Fund ended the fiscal year with a fund balance of \$3,072,775. This entire amount is reserved for the payment of debt service. The net increase in fund balance during the current fiscal year was \$254,688. A \$1,262,031 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 \$24,049,456. This entire amount is either reserved for encumbrances related to current capital projects or reserved for future capital projects. The net increase in fund balance during the current fiscal year was \$5,864,460. This increase is attributable to proceeds received from long term debt to be spent on future 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 \$176,416,676. Approximately 18 percent (\$31,336,107) of this total amount constitutes unrestricted net assets. The remainder of net assets for the proprietary funds, \$145,080,569, is reported as follows:

- (1) Invested in capital assets, net of related debt (\$142,159,589), and
- (2) Restricted for debt service (\$2,920,980).

Operating revenues for proprietary activities totaled \$87,086,553 for the fiscal year, an increase of 14.2 percent or \$10,824,471 from the previous fiscal year. Operating expenses increased \$4,369,720 or 6.8 percent for the same period causing operating income to increase \$6,454,751 or 54.6 percent. The proprietary funds reported net nonoperating expenses of \$1,701,141 at the end of fiscal year 2006 as compared to net nonoperating expenses of \$3,419,381 in the previous

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fiscal year. Net assets increased \$12,415,780 in fiscal year 2006. This is \$10,255,594 more than the increase reported in fiscal year 2005.

Electric Fund

At the end of the fiscal year, the unrestricted net assets for the Electric Fund totaled \$12,018,433. The electric utility ended the fiscal year with working capital of \$11,857,504, an increase of 98.4 percent from fiscal year 2005. The majority of the increase in working capital is due to an increase in utility rates and greater than normal utility usage because of higher temperatures. 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, 2006, Electric Fund working capital equaled approximately 24 percent of annual operating expenses.

Electric Fund operating revenues increased by 16.4 percent (\$8,419,428) during fiscal year 2006, while operating expenses increased 7.2 percent (\$3,359,985) during the same period. This resulted in a 107 percent increase (\$5,059,443) in operating income. The increase in operating income is also attributable to an increase in utility rates without a fully offsetting increase in operating expense. This combination resulted in an increase in net assets of \$5,597,773 in the Electric Fund during the fiscal year.

Water Fund

Unrestricted net assets for the Water Fund at September 30, 2006 were \$3,828,748. Working capital in the Water Fund at the end of fiscal year 2006 was \$4,148,959 a decrease of approximately 51 percent from fiscal year 2005. Water Fund working capital was 67 percent of total operating expense and exceeds the minimum 15 percent requirement under the Council's adopted policy.

Water Fund operating revenues increased by 13 percent (\$1,263,431) during fiscal year 2006 as a result of increased water consumption due to drier conditions as compared to fiscal year 2005 and as a result of an increase to utility rates. Operating expenses decreased 2 percent (\$142,796) over fiscal year 2005. This resulted in operating income increasing 44 percent to \$4,589,910 in fiscal year 2006. The Water Fund's net assets increased \$4,029,713 during the fiscal year, a 217 percent increase over the previous year. This increase is primarily due to lower operating expenses and higher capital contributions.

Sewer Fund

The Sewer Fund's unrestricted net assets at the end of fiscal year 2006 were \$6,269,132. The Sewer Fund ended the fiscal year with a working capital balance of \$5,500,967, which was 8 percent below fiscal year 2005. Sewer Fund working capital was 84 percent of total operating expenses and is well above the minimum requirement for the fund.

Operating revenues in the Sewer Fund were \$10,156,691, a \$467,317 (5 percent) increase over the previous fiscal year. Operating expenses increased from \$5,842,266 to \$6,532,291 or 12 percent while operating income decreased by 6 percent from \$3,847,108 to \$3,624,400.

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BUDGETARY HIGHLIGHTS

The final amended budget for fiscal year 2006 totaled \$198,738,132 for all funds. Of this amount \$145,916,218 (73.42 percent) was budgeted for operations and maintenance expenditures, and \$52,821,914 (26.58 percent) was budgeted for capital improvement projects.

In the General Fund the final revised budgeted change in fund balance was \$503,013 lower than the original budgeted change and the significant items that comprise this difference can be briefly summarized as follows:

- \$185,691 - Encumbrances rolled over from prior fiscal year.
- \$142,146 - Appropriation for Gainsharing allocations to City of College Station employees.
- \$43,778 - Appropriation for additional staffing in Emergency Management.
- \$40,861 - Appropriation for Public Safety grants received by the City of College Station.

In the General Fund the actual change in fund balance was \$2,990,002 higher than the final revised budgeted change and the significant items that comprise this difference can be briefly summarized as follows:

- \$663,048 - Lower capital outlay expenditures primarily related to the delay in spending the funds appropriated for the AM radio station and for equipment funded from grants.
- \$587,247 - Additional tax revenue generated primarily from higher sales tax and ad valorem revenues.
- \$477,624 - Due in part to lower expenditures related to economic development incentive outlays that were budgeted for and did not occur in FY06.
- \$724,552 - Lower expenditures than budgeted in the Public Works Department due to less spending on Street operations, and staff vacancies in the Engineering Division.
- \$345,502 - Lower expenditures in the Planning and Development Services Department due to staff vacancies and for expenditures related to the comprehensive plan update that did not occur.

Strategic planning is a driving force in the preparation of the City's budget. The City Council has identified the following five areas of strategic priority, under which are listed some of the key items in the fiscal year 2006 budget:

Core Services

Core services include police, fire and emergency management services; traffic and drainage services; the City's administrative services; electric, water, wastewater and sanitation services; and capital projects for each of these areas. Key items included in the 2006 fiscal year budget included:

- Additional resources for the addition of nine police officers,
- Funding for five fire fighters to begin adding the staff necessary for the dedicated ladder truck company,
- Resources for infrastructure improvements to streets and utilities,
- Resources to fund the market based pay plan for City employees, and
- Resources to fund repairs and enhancements to existing park facilities.

Management's Discussion and Analysis

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(Unaudited)

Neighborhoods

The 2006 fiscal year budget provided resources to directly benefit College Station neighborhoods. Additional resources were included for the following:

- Funds for making improvements to low to moderate-income areas,
- Funds for public agencies which offer programs that benefit low to moderate-income residents,
- Funds to purchase Emergency Management NOAA weather radios for distribution to citizens, and
- Funds for Planning and Development Services to provide a Mosquito Abatement program and a Neighborhood Gateway Grant program.

Collaboration

The City of College Station continues to cooperate with other governmental entities. The fiscal year 2006 budget included the following:

- Funds for the Brazos Valley Council of Government's regional park project,
- Funds for an internship program in the City Manager's office offered to a Texas A&M University student, and
- Resources for the Larry J. Ringer Library.

Growth Management

The Planning and Development Services department had additional resources budgeted to help manage growth the City of College Station has experienced over the last several years. Additional resources were included for the following:

- Funds to review the Comprehensive Plan, and
- Funds to purchase software to streamline and help manage the building permit process.

Economic Development

To encourage further economic development in the City, resources for Economic Development initiatives were included in the budget. The fiscal year 2006 budget included the following:

- Capital resources for a second business park,
- Funding for the continued development of a hotel/conference center, and
- Funding for Wolf Pen Creek capital projects.

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(Unaudited)

CAPITAL ASSETS

The City of College Station's investment in capital assets for its governmental and business-type activities as of September 30, 2006 amounted to \$390,531,051 (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	\$ 27,693,130	\$ 709,650	\$ 28,402,780
Utility Systems	-	162,665,728	162,665,728
Buildings and Building Improvements	14,392,968	5,035,636	19,428,604
Improvements Other than Buildings	13,751,139	-	13,751,139
Machinery and Equipment	11,746,324	41,982	11,788,306
Infrastructure	85,092,262	-	85,092,262
Construction in Progress	19,900,564	49,501,668	69,402,232
	<u>\$ 172,576,387</u>	<u>\$ 217,954,664</u>	<u>\$ 390,531,051</u>

Major capital projects completed by the City during the 2006 fiscal year include the following:

- Greens Prairie/Arrington Realignment (\$1,666,834),
- Lion's Park Basketball Court and Cover (\$245,000),
- Steeplechase Park (\$366,741),
- Intergenerational Park Upgrades (\$310,000),
- Fire Station #5 (\$1,795,000),
- PBX (Phone System) Replacement (\$990,328),
- Public Safety System (\$723,500),
- Two New Shallow Wells (\$2,050,000), and
- Emergency Electric Power at Water and Waste Water Plants (\$2,376,214).

Of significance is \$12,155,339 in developer capital contributions during fiscal year 2006. These contributions accounted for approximately 31 percent of the \$38.8 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, 2006

(Unaudited)

DEBT ADMINISTRATION

At the end of the 2006 fiscal year, the City of College Station had total debt outstanding of \$188,780,000. Of this amount, \$97,320,000 (52 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	\$ 53,835,000	\$ -	\$ 53,835,000
Revenue Bonds	-	91,460,000	91,460,000
Certificates of Obligation	43,485,000	-	43,485,000
	<u>\$ 97,320,000</u>	<u>\$ 91,460,000</u>	<u>\$ 188,780,000</u>

The City's total debt increased by \$20,660,000 (12.3 percent) during the current fiscal year. The change in total debt was a result of the following:

- Issuance of \$7,375,000 in general obligation improvement bonds, \$8,325,000 in certificates of obligation, \$16,950,000 in utility revenue system revenue bonds; and
- Retirement of \$3,340,000 in general obligation bonds, \$3,945,000 in certificates of obligation, and the retirement/defeasance of \$4,705,000 in utility revenue bonds.

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.

OTHER POST-EMPLOYMENT BENEFITS ("OPEB")

The Governmental Accounting Standards Board Statement No. 45 establishes standards for the measurement, recognition, and display of the OPEB expense and related liabilities, note disclosures, and required supplementary information in the financial reports of state and local governments. The City is considered a phase II government under Statement No. 45 and is not required to implement the standard until fiscal year 2009. In order to take a proactive approach to understanding and addressing the City's OPEB liability, on May 24, 2006, the City issued a request for proposals for an actuarial analysis of future liabilities for Other Post-Employment Benefits under GASB 45. The actuarial firm of Rudd and Wisdom, Inc. was chosen to perform the study, and on December 14, 2006 they delivered a pro forma study to the City. This study: 1) outlines actuarial cost methods and past-service liability actuarial amortization methods available to the City, 2) reviews the actuarial assumptions and data used in the study, 3) discusses the effect of prefunding the annual required contribution, 4) discusses the current plan structure, 5) discusses design options, and 6) outlines the steps the City needs to take prior to implementing GASB 45.

Management's Discussion and Analysis

For the Fiscal Year Ended September 30, 2006

(Unaudited)

City staff has performed an initial review of the pro forma study and a preliminary discussion with the actuary has taken place. At this point staff plans are to: 1) evaluate, with the assistance of the actuary and our benefits consultant, the impact of changes to the current plan structure, 2) evaluate, with the assistance of the City's financial advisor, possible funding options, and 3) prepare and present a comprehensive overview with recommendations and a funding strategy to the City Council.

The study included pro forma valuation results as of October 1, 2005. The present value of future benefits totaled \$22,834,808. The annual OPEB cost for FYE 9/30/2006 was calculated under the following 3 cost methods: 1) Aggregate Method = \$3,045,050, 2) PUC-ARFS Method = \$2,338,410, and 3) FEAN-30 year Method = \$1,953,445.

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 60 percent for the period of 1990 through 2006,
- An approximate \$354 million increase to the ad valorem tax base during the fiscal year,
- A local economy that has maintained an annual unemployment rate of less than 4 percent since 1990, and
- Sales tax revenue that grew by 8.5 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.

The Fiscal Year 2007 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 2007 fiscal year is \$0.4394 per \$100 valuation (\$0.1910 for operations and maintenance and \$0.2484 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 2007 budget includes a 5 percent rate increase in the Water and Sewer Funds and a 12 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 and Commercial sanitation rates were increased by 8 percent in FY07 in order to maintain existing residential and commercial sanitation service levels. The 2007 budget does not include a rate increase in the Drainage Fund.

The fiscal year 2007 budget for capital improvements totals \$65,694,515. 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 (amounts presented reflect appropriations over the life of the project):

- Street Rehabilitation in the Southside Area (\$3.7 million),
- Street Rehabilitation in the Northgate Area (\$4.4 million),

Management's Discussion and Analysis

For the Fiscal Year Ended September 30, 2006

(Unaudited)

- Extension of Dartmouth Drive (\$3.6 million),
- Arrington Road/Decatur Extension Design (\$4.0 million),
- Barron Road Improvements (\$3.0 million),
- Veteran's Park Phase II Construction (\$6.9 million),
- University Park Development (\$400,000),
- Woodland Hills Development (\$315,000),
- Police Station New Addition and Renovation (\$3.6 million),
- Fire Station #3 Relocation (\$1.7 million),
- Northgate Improvements (\$625,000),
- Convention Center Development (\$25.0 million),
- Water Utility Construction of Additional Shallow Wells (\$3.7 million),
- Water Plant Security Upgrades (\$1.5 million),
- Wellborn Road Widening Utility Relocation (\$4.3 million),
- Lick Creek Parallel Trunk Line (\$3 million),
- Odor Control Improvements (\$1.4 million), and
- Bee Creek Combined Drainage Improvements (\$3.1 million).

The City plans to issue \$4,510,000 in general obligation bonds from the 2003 bond authorization for the following: \$2,840,000 for street improvements, \$600,000 for traffic signals and safety system improvement projects, and \$1,070,000 for parks projects. The City also plans to issue \$12,501,300 in certificates of obligations for the following: \$1,000,000 for the new business park, \$450,000 for street improvements, \$405,000 for park projects, \$4,000,000 for Convention Center projects, \$2,035,000 for the new cemetery, \$2,490,000 for a radio system replacement, \$1,750,000 for municipal complex improvements, and \$371,300 for technology projects. The City also plans to issue \$23,200,000 in utility revenue bonds for the following: \$1,350,000 for electric capital projects, \$14,750,000 for water capital projects, and \$7,100,000 for sewer capital projects.

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: Chief Financial Officer
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, 2006

	Governmental Activities	Business-type Activities	Total
Assets			
Equity in Cash and Cash Equivalents	\$ 43,625,081	\$ 13,399,053	\$ 57,024,134
Equity in Investments	38,484,986	11,820,321	50,305,307
Receivables, net	3,928,548	11,396,153	15,324,701
Internal Balances	(1,767,799)	1,767,799	0
Inventories	179,941	1,327,489	1,507,430
Prepaid Costs	557,946	0	557,946
Restricted Assets:			
Temporarily Restricted:			
Equity in Cash and Cash Equivalents	342,734	11,090,521	11,433,255
Equity in Investments	302,352	9,783,790	10,086,142
Receivables, net	0	38,596	38,596
Permanently Restricted:			
Equity in Cash and Cash Equivalents	666,022	0	666,022
Equity in Investments	587,548	0	587,548
Receivables, net	9,235	0	9,235
Inventory	1,642	0	1,642
Equity in Joint Venture	0	7,622,569	7,622,569
Deferred Charges, net	0	759,282	759,282
Capital Assets:			
Land and Construction in Progress	47,593,694	50,211,318	97,805,012
Other Capital Assets, net of accumulated depreciation	124,982,693	167,743,346	292,726,039
Total Assets	259,494,623	286,960,237	546,454,860
Liabilities			
Accounts Payable	2,979,068	13,301,990	16,281,058
Retainage Payable	402,657	527,788	930,445
Refundable Deposits	22,000	0	22,000
Claims Payable	535,434	0	535,434
Accrued Liabilities	1,819,017	633,803	2,452,820
Customer Construction Advances	60,754	92,544	153,298
Unearned Revenues	670,086	93,618	763,704
Liabilities Payable from Restricted Assets:			
Accounts Payable	0	836	836
Accrued Interest Payable	590,152	735,365	1,325,517
Accrued Liabilities	0	15,836	15,836
Refundable Deposits	0	1,186,875	1,186,875
Non-Current Liabilities:			
Due within one year:			
Compensated Absences	121,828	20,111	141,939
Bonds and Certificates of Obligation Payable	7,820,000	4,910,000	12,730,000
Due in more than one year:			
Bonds and Certificates of Obligation Payable	89,500,000	86,550,000	176,050,000
Unamortized Premium on Bonds	0	(169,919)	(169,919)
Claims Payable	630,440	0	630,440
Compensated Absences	1,889,143	382,121	2,271,264
Total Liabilities	107,040,579	108,280,968	215,321,547
Net Assets			
Invested in Capital Assets, net of related debt	108,287,795	142,778,246	251,066,041
Restricted for:			
Debt Service	2,476,523	2,920,980	5,397,503
Perpetual Care - Nonexpendable	1,264,906	0	1,264,906
Other	822,755	0	822,755
Unrestricted	39,602,065	32,980,043	72,582,108
Total Net Assets	\$ 152,454,044	\$ 178,679,269	\$ 331,133,313

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, 2006

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General Government	\$ 7,755,725	\$ 1,470,123	\$ 2,887,474	\$ 0
Fiscal Services	2,452,442	547,790	0	0
Police	11,214,413	3,798,807	77,093	0
Fire	8,280,257	638,223	179,687	0
Planning and Development Services	1,449,327	1,091,848	0	0
Public Works	6,227,707	1,290,935	0	7,477,874
Parks and Recreation	7,353,984	1,244,476	0	0
Information Services	3,087,596	0	0	0
Interest on long-term debt	4,116,871	0	0	0
Unallocated Depreciation	5,759,049	0	0	0
Total governmental activities	57,697,371	10,082,202	3,144,254	7,477,874
Business-type activities:				
Electric	51,250,110	60,217,421	0	2,067,514
Water	7,770,081	10,852,660	0	1,557,068
Sewer	7,973,677	10,363,603	0	1,052,883
Sanitation	5,421,624	6,419,446	0	0
Northgate Parking	621,593	576,892	0	0
Total business-type activities	73,037,085	88,430,022	0	4,677,465
Total primary government	\$ 130,734,456	\$ 98,512,224	\$ 3,144,254	\$ 12,155,339

General Revenue:
Property taxes
Sales and Mixed Beverage taxes
Franchise taxes
Hotel taxes
Unrestricted investment earnings
Transfers
Total general revenues and transfers
Change in net assets
Net assets - beginning
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
\$ (3,398,128)	\$ 0	\$ (3,398,128)
(1,904,652)	0	(1,904,652)
(7,338,513)	0	(7,338,513)
(7,462,347)	0	(7,462,347)
(357,479)	0	(357,479)
2,541,102	0	2,541,102
(6,109,508)	0	(6,109,508)
(3,087,596)	0	(3,087,596)
(4,116,871)	0	(4,116,871)
(5,759,049)	0	(5,759,049)
<u>(36,993,041)</u>	<u>0</u>	<u>(36,993,041)</u>
0	11,034,825	11,034,825
0	4,639,647	4,639,647
0	3,442,809	3,442,809
0	997,822	997,822
0	(44,701)	(44,701)
<u>0</u>	<u>20,070,402</u>	<u>20,070,402</u>
<u>(36,993,041)</u>	<u>20,070,402</u>	<u>(16,922,639)</u>
16,646,519	0	16,646,519
17,082,936	0	17,082,936
2,132,341	0	2,132,341
2,671,417	0	2,671,417
3,415,849	1,829,456	5,245,305
8,850,453	(8,850,453)	0
<u>50,799,515</u>	<u>(7,020,997)</u>	<u>43,778,518</u>
13,806,474	13,049,405	26,855,879
138,647,570	165,629,864	304,277,434
<u>\$ 152,454,044</u>	<u>\$ 178,679,269</u>	<u>\$ 331,133,313</u>

CITY OF COLLEGE STATION, TEXAS

Balance Sheet
Governmental Funds
As of September 30, 2006

	General	Debt Service	Streets Projects	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Cash and Cash Equivalents	\$ 6,368,061	\$ 1,645,563	\$ 12,856,106	\$ 16,165,070	\$ 37,034,800
Equity in Investments	5,617,748	1,451,676	11,341,345	14,260,431	32,671,200
Receivables					
Accrued Interest	36,732	8,806	77,810	95,306	218,654
Grants	90,013	0	0	394,753	484,766
Letter of Credit	25,000	0	0	0	25,000
Accounts	913,106	0	373,512	221,339	1,507,957
Taxes	1,738,447	228,237	0	0	1,966,684
Other	3,850	0	0	0	3,850
Less Allowance for Uncollectible Accounts	(265,688)	0	0	(76,048)	(341,736)
Due from Other Funds	65,817	0	0	0	65,817
Inventories	52,325	0	0	1,642	53,967
Prepaid Costs	0	0	535,979	0	535,979
Restricted Assets					
Equity in Cash and Cash Equivalents	342,734	0	0	0	342,734
Equity in Investments	302,352	0	0	0	302,352
Total Assets	\$ 15,290,497	\$ 3,334,282	\$ 25,184,752	\$ 31,062,493	\$ 74,872,024
Liabilities and Fund Balances					
Accounts Payable	\$ 832,009	\$ 0	\$ 695,056	\$ 1,050,174	\$ 2,577,239
Retainage Payable	14,324	0	28,141	360,192	402,657
Interfund Payable	0	0	0	200,000	200,000
Refundable Deposits	22,000	0	0	0	22,000
Accrued Liabilities	1,859,268	33,270	0	244	1,892,782
Customer Construction Advances	22,168	0	38,586	0	60,754
Other Deferred Revenues	1,568,720	228,237	373,513	0	2,170,470
Total Liabilities	4,318,489	261,507	1,135,296	1,610,610	7,325,902
Fund Balances					
Reserved	1,523,619	3,072,775	24,049,456	21,989,743	50,635,593
Unreserved, Undesignated					
General Fund	9,448,389	0	0	0	9,448,389
Special Revenue Funds	0	0	0	7,462,140	7,462,140
Total Fund Balances	10,972,008	3,072,775	24,049,456	29,451,883	67,546,122
Total Liabilities and Fund Balances	\$ 15,290,497	\$ 3,334,282	\$ 25,184,752	\$ 31,062,493	\$ 74,872,024

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, 2006

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

Total Fund Balance per balance sheet:	\$	67,546,122
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		162,947,430
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		1,500,384
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.		20,186,797
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		<u>(99,726,689)</u>
Net Assets of governmental activities:	\$	<u><u>152,454,044</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, 2006

	General	Debt Service	Streets Projects	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 26,080,234	\$ 9,016,285	\$ 0	\$ 3,436,694	\$ 38,533,213
Licenses and Permits	945,593	0	0	0	945,593
Intergovernmental	639,712	0	15,620	2,488,922	3,144,254
Charges for Services	2,755,283	0	0	169,998	2,925,281
Fines, Forfeits and Penalties	3,285,907	0	0	0	3,285,907
Special Assessments	131,823	0	0	1,159,112	1,290,935
Investment Income	577,966	225,646	878,743	1,168,757	2,851,112
Rents and Royalties	244,864	0	0	0	244,864
Contributions	12,281	0	0	0	12,281
Reimbursed Expenditures	131,249	0	0	14,500	145,749
Other	194,843	0	9,183	458,936	662,962
Total Revenues	34,999,755	9,241,931	903,546	8,896,919	54,042,151
Expenditures					
Current					
General Government	4,023,708	0	105,411	87,463	4,216,582
Fiscal Services	3,025,966	0	12,686	11,881	3,050,533
Police	11,559,669	0	0	0	11,559,669
Fire	8,493,228	0	0	0	8,493,228
Planning and Development Services	1,877,732	0	0	0	1,877,732
Public Works	7,103,339	0	0	12,990	7,116,329
Parks and Recreation	7,519,961	0	0	228	7,520,189
Information Services	2,596,591	0	0	0	2,596,591
Library	870,203	0	0	0	870,203
Community Development Block Grant	0	0	0	340,399	340,399
Home Grant	0	0	0	840,211	840,211
Reimbursed Administrative	(6,035,345)	0	467,250	2,232,831	(3,335,264)
Contributions	526,689	0	0	1,468,875	1,995,564
Other	82,021	0	0	26,506	108,527
Capital Outlay	523,817	0	1,534,515	9,551,857	11,610,189
Debt Service					
Principal Retirement	0	7,285,000	0	0	7,285,000
Interest Payments	0	4,078,635	0	0	4,078,635
Fiscal Charges	0	12,028	102,347	38,354	152,729
Intergovernmental	0	0	743,117	0	743,117
Total Expenditures	42,167,579	11,375,663	2,965,326	14,611,595	71,120,163
Deficiency of Revenues Under Expenditures	(7,167,824)	(2,133,732)	(2,061,780)	(5,714,676)	(17,078,012)
Other Financing Sources (Uses)					
Issuance of Debt	0	0	7,834,512	7,865,488	15,700,000
Sale of Capital Assets	17,500	0	0	0	17,500
Transfers In	8,103,371	2,388,420	91,728	1,280,916	11,864,435
Transfers Out	(151,564)	0	0	(2,220,098)	(2,371,662)
Total Other Financing Sources	7,969,307	2,388,420	7,926,240	6,926,306	25,210,273
Net Change in Fund Balances	801,483	254,688	5,864,460	1,211,630	8,132,261
Fund Balances, October 1	10,170,525	2,818,087	18,184,996	28,240,253	59,413,861
Fund Balances, September 30	\$ 10,972,008	\$ 3,072,775	\$ 24,049,456	\$ 29,451,883	\$ 67,546,122

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, 2006

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

Net change in fund balance - total governmental funds:	\$	8,132,261
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.		4,706,226
The effect of various miscellaneous transactions involving capital assets is to increase net assets.		7,477,874
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		568,630
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.		(8,415,000)
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.		(270,761)
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>1,607,244</u>
Change in Net Assets of governmental activities:	\$	<u><u>13,806,474</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, 2006

	Business-type Activities - Enterprise Funds					Governmental
	Electric	Water	Sewer	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Current Assets						
Equity in Cash and Cash Equivalents	\$ 7,309,959	\$ 2,359,880	\$ 2,945,235	\$ 693,383	\$ 13,308,457	\$ 7,346,899
Equity in Investments	6,448,669	2,081,829	2,598,215	611,686	11,740,399	6,481,256
Restricted Assets						
Equity in Cash and Cash Equivalents	1,360,911	1,049,192	1,185,724	0	3,595,827	0
Equity in Investments	1,226,396	921,684	1,058,119	0	3,206,199	0
Accrued Interest Receivable	29,284	(4,407)	13,719	0	38,596	0
Receivables						
Accrued Interest	54,358	33,941	24,528	4,505	117,332	43,712
Accounts	8,583,944	1,482,676	1,316,470	758,823	12,141,913	60,785
Notes	0	0	0	12,522	12,522	0
Other	1,098,345	0	0	0	1,098,345	13,586
Less Allowance for Uncollectible Accounts	(1,717,261)	(67,496)	(130,923)	(80,129)	(1,995,809)	(23,625)
Inventories	968,459	306,540	42,187	10,303	1,327,489	127,616
Prepaid Costs	0	0	0	0	0	21,967
Total Current Assets	25,363,064	8,163,839	9,053,274	2,011,093	44,591,270	14,072,196
Noncurrent Assets						
Restricted Assets						
Equity in Cash and Cash Equivalents	2,884,895	2,311,420	2,298,379	0	7,494,694	0
Equity in Investments	2,519,151	2,042,967	2,015,473	0	6,577,591	0
Total Restricted Assets	5,404,046	4,354,387	4,313,852	0	14,072,285	0
Advance to Other Funds	200,000	0	0	0	200,000	0
Equity in Joint Venture	0	0	0	7,622,569	7,622,569	0
Deferred Charges						
Bond Issuance Costs	322,774	313,932	374,869	0	1,011,575	0
Accumulated Amortization	(70,192)	(85,764)	(96,337)	0	(252,293)	0
Total Deferred Charges	252,582	228,168	278,532	0	759,282	0
Property and Equipment						
Utility Plant	98,572,133	76,996,702	77,410,818	0	252,979,653	0
Buildings	0	0	0	5,743,755	5,743,755	786,525
Machinery and Equipment	0	0	0	1,295,070	1,295,070	26,686,572
Accumulated Depreciation	(45,719,368)	(23,861,338)	(21,351,876)	(1,961,207)	(92,893,789)	(18,081,723)
Construction in Progress	12,959,873	25,953,918	10,583,547	4,330	49,501,668	856,240
Land	0	0	0	709,650	709,650	0
Total Property and Equipment	65,812,638	79,089,282	66,642,489	5,791,598	217,336,007	10,247,614
Total Noncurrent Assets	71,669,266	83,671,837	71,234,873	13,414,167	239,990,143	10,247,614
Total Assets	97,032,330	91,835,676	80,288,147	15,425,260	284,581,413	24,319,810
Liabilities						
Current Liabilities						
Accounts Payable	10,459,495	1,670,238	1,018,418	149,324	13,297,475	406,344
Retainage Payable	76,504	275,097	176,187	0	527,788	0
Interfund Payable	0	0	0	0	0	65,817
Accrued Liabilities	327,765	58,275	76,779	124,066	586,885	94,981
Customer Construction Advances	24,382	44,801	23,361	0	92,544	0
Other Deferred Revenues	822	0	0	92,796	93,618	0
Claims Payable	0	0	0	0	0	535,434
Payable from Restricted Assets						
Accounts Payable	836	0	0	0	836	0
Accrued Interest Payable	207,624	280,899	246,842	0	735,365	0
Accrued Liabilities	13,174	0	2,662	0	15,836	0
Refundable Deposits	980,644	197,941	0	8,290	1,186,875	0
Revenue Bonds	1,414,313	1,487,629	2,008,058	0	4,910,000	0
Total Current Liabilities	13,505,559	4,014,880	3,552,307	374,476	21,447,222	1,102,576

CITY OF COLLEGE STATION, TEXAS

Statement of Net Assets

Proprietary Funds

As of September 30, 2006

	Business-type Activities - Enterprise Funds					Governmental
	Electric	Water	Sewer	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Noncurrent Liabilities						
Claims Payable	0	0	0	0	0	630,440
Revenue Bonds	24,855,670	32,557,147	29,137,183	0	86,550,000	0
Unamortized Premium on Bonds	(75,594)	10,844	(105,169)	0	(169,919)	0
Accrued Vacation	163,397	54,288	80,357	39,392	337,434	137,404
Total Noncurrent Liabilities	<u>24,943,473</u>	<u>32,622,279</u>	<u>29,112,371</u>	<u>39,392</u>	<u>86,717,515</u>	<u>767,844</u>
Total Liabilities	<u>38,449,032</u>	<u>36,637,159</u>	<u>32,664,678</u>	<u>413,868</u>	<u>108,164,737</u>	<u>1,870,420</u>
Net Assets						
Invested in Capital Assets, net of related debt	45,923,723	50,916,374	39,527,894	5,791,598	142,159,589	10,247,614
Restricted for:						
Debt Service	641,142	453,395	1,826,443	0	2,920,980	0
Unrestricted	12,018,433	3,828,748	6,269,132	9,219,794	31,336,107	12,201,776
Total Net Assets	<u>\$ 58,583,298</u>	<u>\$ 55,198,517</u>	<u>\$ 47,623,469</u>	<u>\$ 15,011,392</u>	<u>176,416,676</u>	<u>\$ 22,449,390</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds:					<u>2,262,593</u>	
Net assets business-type activities:					<u>\$ 178,679,269</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, 2006

	Business-type Activities - Enterprise Funds					Governmental Activities
	Electric	Water	Sewer	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Operating Revenues						
Electric Sales	\$ 58,526,414	\$ 0	\$ 0	\$ 0	\$ 58,526,414	\$ 0
Water Sales	0	10,324,958	0	0	10,324,958	0
Sewer Service	0	0	9,892,072	0	9,892,072	0
Garbage Collection Fees	0	0	0	5,677,297	5,677,297	0
Charges for Services	0	0	0	565,565	565,565	8,504,962
Premiums	0	0	0	0	0	6,884,629
Other	1,324,104	454,862	264,619	56,662	2,100,247	242,329
Total Operating Revenues	59,850,518	10,779,820	10,156,691	6,299,524	87,086,553	15,631,920
Operating Expenses						
Electric Operations	46,004,817	0	0	0	46,004,817	0
Salaries and Benefits	0	1,284,231	1,826,720	1,821,544	4,932,495	2,554,708
Supplies	0	32,508	381,870	340,455	754,833	852,385
Maintenance	0	36,114	118,006	580,703	734,823	268,217
Purchased Professional Services	0	23,584	146,920	571,769	742,273	94,663
Purchased Property Services	0	1,073,141	595,597	1,356,412	3,025,150	93,253
Other Purchased Services	0	224,237	257,755	552,213	1,034,205	608,899
Claims	0	0	0	0	0	4,140,516
Administration Fees	0	0	0	0	0	567,944
Premiums	0	0	0	0	0	762,540
Reimbursed Administrative	0	1,478,910	860,537	579,158	2,918,605	1,047,627
Depreciation	4,069,077	2,001,582	2,292,589	172,395	8,535,643	2,795,113
Other	0	35,603	52,297	31,096	118,996	42,704
Total Operating Expenses	50,073,894	6,189,910	6,532,291	6,005,745	68,801,840	13,828,569
Operating Income	9,776,624	4,589,910	3,624,400	293,779	18,284,713	1,803,351
Nonoperating Revenues (Expenses)						
Investment Income	844,660	427,448	493,314	55,929	1,821,351	572,842
Reimbursed Expenses	224,959	6,886	2,948	2,680	237,473	77,592
Earnings in Joint Venture	0	0	0	415,718	415,718	0
Interest Expense	(955,134)	(1,488,323)	(1,441,386)	0	(3,884,843)	0
Other, Net	(221,082)	(91,848)	55,223	(33,133)	(290,840)	434,599
Total Nonoperating Revenues (Expenses)	(106,597)	(1,145,837)	(889,901)	441,194	(1,701,141)	1,085,033
Income Before Capital Contributions and Transfers	9,670,027	3,444,073	2,734,499	734,973	16,583,572	2,888,384
Capital Contributions and Transfers						
Capital Contributions	2,067,514	1,557,068	1,052,883	0	4,677,465	0
Transfers In	0	0	0	0	0	76,479
Transfers Out	(6,139,768)	(971,428)	(1,352,561)	(381,500)	(8,845,257)	(723,995)
Total Capital Contributions and Transfers	(4,072,254)	585,640	(299,678)	(381,500)	(4,167,792)	(647,516)
Change in Net Assets	5,597,773	4,029,713	2,434,821	353,473	12,415,780	2,240,868
Beginning Net Assets	52,985,525	51,168,804	45,188,648	14,657,919		20,208,522
Ending Net Assets	\$ 58,583,298	\$ 55,198,517	\$ 47,623,469	\$ 15,011,392		\$ 22,449,390
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds:					633,625	
Change in net assets of business-type activities:					<u>\$ 13,049,405</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, 2006

	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	\$ 58,977,226	\$ 10,672,487	\$ 10,048,995	\$ 6,238,153	\$ 85,936,861	\$ 15,634,900
Cash Payments to Suppliers for Goods and Services	(42,676,219)	(1,959,312)	(1,774,182)	(3,911,690)	(50,321,403)	(8,885,483)
Cash Payments to Employees for Services	(2,896,159)	(1,269,526)	(1,812,317)	(1,810,626)	(7,788,628)	(2,508,719)
Customer Deposits Received	(51,057)	22,345	0	691	(28,021)	0
Cash Received for Reimbursed Expenses	224,959	6,886	2,948	2,680	237,473	77,589
Cash Received for Miscellaneous Revenues	0	0	18,023	4,339	22,362	297,106
Cash Received from Other Funds	0	0	0	0	0	436
Cash Paid for Miscellaneous Expenses	(191,649)	(106,174)	0	(37,472)	(335,295)	(3,118)
Net Cash Provided by Operating Activities	13,387,101	7,366,706	6,483,467	486,075	27,723,349	4,612,711
Cash Flows from Noncapital Financing Activities:						
Transfers In from Other Funds	0	0	0	0	0	70,233
Transfers Out to Other Funds	(6,139,768)	(971,428)	(1,352,561)	(381,500)	(8,845,257)	(723,995)
Net Cash Used by Noncapital Financing Activities	(6,139,768)	(971,428)	(1,352,561)	(381,500)	(8,845,257)	(653,762)
Cash Flows from Capital and Related Financing Activities:						
Acquisition and Construction of Capital Assets	(12,009,160)	(11,983,042)	(5,264,992)	(42,763)	(29,299,957)	(3,434,932)
Proceeds from Sale of Assets	0	0	0	0	0	194,551
Principal Paid on Revenue Bonds	(1,330,966)	(1,413,839)	(1,960,195)	0	(4,705,000)	0
Interest Paid on Revenue Bonds	(902,579)	(1,458,748)	(1,427,621)	0	(3,788,948)	0
Proceeds from Revenue Bonds	7,850,000	6,000,000	3,000,000	0	16,850,000	0
Net Cash Used by Capital and Related Financing Activities	(6,392,705)	(8,855,629)	(5,652,808)	(42,763)	(20,943,905)	(3,240,381)
Cash Flows from Investing Activities:						
Purchase of Investments	(30,366,995)	(15,845,238)	(17,169,896)	(1,817,233)	(65,199,362)	(19,244,252)
Proceeds from Sale and Maturities of Investment Securities	33,779,930	19,472,900	19,723,421	2,010,368	74,986,619	21,265,267
Investment Income	858,317	454,327	510,940	58,129	1,881,713	589,676
Net Cash Provided by Investing Activities	4,271,252	4,081,989	3,064,465	251,264	11,668,970	2,610,691
Net Increase in Cash and Cash Equivalents	5,125,880	1,621,638	2,542,563	313,076	9,603,157	3,329,259
Cash and Cash Equivalents, Oct. 1	6,429,885	4,098,854	3,886,775	380,307	14,795,821	4,017,640
Cash and Cash Equivalents, Sept. 30	\$ 11,555,765	\$ 5,720,492	\$ 6,429,338	\$ 693,383	\$ 24,398,978	\$ 7,346,899

CITY OF COLLEGE STATION, TEXAS
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2006

	Business-type Activities - Enterprise Funds					Governmental Activities
	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	\$ 9,776,624	\$ 4,589,910	\$ 3,624,400	\$ 293,779	\$ 18,284,713	\$ 1,803,351
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:						
Depreciation, Bad Debt Expense, Inventory Loss	4,069,077	2,001,582	2,292,589	172,395	8,535,643	2,795,113
Provision for Uncollectible Accounts	21,964	6,120	6,788	5,602	40,474	0
Miscellaneous Nonoperating Revenues	224,959	6,886	20,971	7,019	259,835	374,695
Miscellaneous Nonoperating Expenses	(191,649)	(106,174)	0	(37,472)	(335,295)	(3,118)
Changes in Assets and Liabilities:						
Change in Accounts Receivable	(873,292)	(107,333)	(107,696)	(100,421)	(1,188,742)	1,976
Change in Deferred Revenues	0	0	0	39,050	39,050	0
Change in Inventory	(120,560)	(25,329)	(16,622)	(1,060)	(163,571)	14,290
Change in Prepaid Costs	0	0	0	0	0	(10,970)
Change in Accounts Payable	481,099	963,994	646,634	87,554	2,179,281	94,277
Change in Due to Other Funds	0	0	0	0	0	436
Change in Claims Payable	0	0	0	0	0	(493,328)
Change in Accrued Liabilities	28,960	8,915	9,187	13,542	60,604	11,569
Change in Refundable Deposits	(51,057)	22,345	0	691	(28,021)	0
Change in Accrued Vacation	20,976	5,790	7,216	5,396	39,378	24,420
Total Adjustments	<u>3,610,477</u>	<u>2,776,796</u>	<u>2,859,067</u>	<u>192,296</u>	<u>9,438,636</u>	<u>2,809,360</u>
Net Cash Provided by Operating Activities	<u>\$ 13,387,101</u>	<u>\$ 7,366,706</u>	<u>\$ 6,483,467</u>	<u>\$ 486,075</u>	<u>\$ 27,723,349</u>	<u>\$ 4,612,711</u>

Noncash Operating, Financing, Capital and Investing Activities: During the Fiscal year the Enterprise Fund added contributed capital in the amount of \$4,677,465. Adjustments at 9/30/06 to investments to record income accrual and fair value changes were as follows: Enterprise Fund \$260,607 and Internal Service Funds, 77,740.

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, 2006

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 ("BVSWMA"). BVSWMA 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 BVSWMA. The City's equity interest in BVSWMA is reported in the Sanitation Fund. (See Note V-D).

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, 2006

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, 2006

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

In fiscal year 2006, the City adopted three new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB):

GASB Statement No. 44 – Economic Condition Reporting, The Statistical Section – An Amendment of NCGA Statement 1 (“GASB 44”)

GASB Statement No. 44 establishes and modifies requirements related to the supplementary information presented in a statistical section. Accordingly, the statistical section has been revised to conform with the provisions of GASB Statement No. 44.

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2006

GASB Statement No. 46 – Net Assets Restricted by Enabling Legislation – An Amendment of GASB Statement No. 34 (“GASB 46”)

GASB Statement No. 46 amends GASB Statement No. 34 in making clarifications regarding the understandability and comparability of net asset information by making the assessment of legal enforceability more uniform across governments.

GASB Statement No. 47 – Accounting for Termination Benefits (“GASB 47”)

GASB Statement No. 47 establishes standards of accounting and financial reporting for termination benefits by providing guidance to governmental employers for measuring, recognizing, and reporting liabilities and expense/expenditures related to all termination benefits.

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

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2006

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 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, 2006, 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.

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2006

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 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, Municipal Court juvenile case manager 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-D.

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

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2006

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.

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.

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2006

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.
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 \$84,907,922 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	\$ 257,980,085
Accumulated Depreciation	(95,032,655)
Net Capital Assets	<u>\$ 162,947,430</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	\$ (97,320,000)
Accrued Interest Payable	(590,152)
Compensated Absences	(1,816,537)
	<u>\$ (99,726,689)</u>

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2006

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	\$ 413,079
Deferred Emergency Medical Services Revenue	713,793
Paving Assessment Revenue	373,512
	<u>\$ 1,500,384</u>

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.

\$ 20,186,797

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 \$4,706,226 difference are as follows:

Capital Outlay	\$ 11,610,189
Depreciation Expense	<u>(6,903,963)</u>

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

\$ 4,706,226

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 \$7,477,874 difference are as follows:

Donated Capital Assets	\$ 7,477,874
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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.

\$ 7,477,874

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2006

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 (\$8,415,000) difference are as follows:

Debt issued or incurred:

Issuance of General Obligation Bonds and Certificates of Obligation	\$ (15,700,000)
Principal Retirement	<u>7,285,000</u>

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

\$ (8,415,000)

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 (\$270,761) difference are as follows:

Compensated Absences	\$ (232,525)
Accrued Interest	<u>(38,236)</u>

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

\$ (270,761)

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2006

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

The Council approved three budget amendments during fiscal year 2006. These budget amendments included the following appropriations:

Police and Fire Grants	\$ 436,225
Animal Control Services ILA	77,000
Emergency Management Positions	43,778
Bee Creek Drainage Project	605,000
Arrington/Decatur Street Extension	423,991
Gainsharing	208,314
Fleet Shop Enhancements	201,500
Demolition Funds	30,000
PEG Fee Expenditures	23,100
FEMA Reimbursement	180,081
Jones Butler Street Extension	1,000,000
Arrington Rd Realignment	75,480
Parks Capital Projects	154,831
Fleet Car Wash	27,950
Replacement Vehicle	15,945
Fiber Optic Splicing Unit Replacement	9,000
Police Equipment	10,000
Library Book Donations	6,000
Purchased Power	5,500,000
Council Audio/Visual Upgrade	16,276
Topographical Aerial Map Project	224,678
	<u>\$ 9,269,149</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 that 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.
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.

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2006

B. Excess of Expenditures Over Appropriations

The amounts of any excesses of expenditures/expenses over appropriations during fiscal year 2006, and the funds in which they occurred are as follows:

<u>Fund</u>	<u>Amount</u>
Drainage Projects	\$ 42,873
Print/Mail	2,441
Fleet Maintenance	147,103
Employee Benefits	413,771

Higher than expected capital outlay expenditures primarily resulted in the \$42,873 excess in the Drainage Projects fund. Higher than expected maintenance and advertising expenses resulted in the \$2,441 excess in the Print/Mail fund. Higher than expected salaries and benefits, supplies, and capital outlay expenses resulted in the \$147,103 excess in the Fleet Maintenance fund. Higher than expected claims and administrative fee expenses resulted in the \$413,771 excess in the Employee Benefits 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.

	<u>Fair Value</u>	<u>Weighted Average Maturity (days)</u>
Bank Demand Accounts	\$ 3,179,230	1
U.S. Agency Bonds	52,734,861	441
Treasury Securities	8,247,294	557
Texas Local Government Investment Pool	64,204,308	1
Fidelity Money Market Mutual Fund	1,736,715	1
	<u>\$130,102,408</u>	
Portfolio Weighted Average Maturity		501

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.

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2006

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.

As of September 30, 2006 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	N/A*
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, 2006 the issuers whose securities represented more than 5% of the City's investment portfolio were as follows: the Federal Home Loan Bank (18%), the Federal National Mortgage Association (10%), and the Federal Farm Credit Banks (15%).

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%.

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2006

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.

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:					Internal	Total
	General	Debt Service	Streets Projects	Nonmajor	Service Fund Allocation	
Taxes:						
Property	\$ 184,842	\$ 228,237	\$ -	\$ -	\$ -	\$ 413,079
Beverage	81,622	-	-	-	-	81,622
Sales	1,471,983	-	-	-	-	1,471,983
Subtotal Taxes	<u>1,738,447</u>	<u>228,237</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,966,684</u>
Accrued Interest	36,732	8,806	77,810	95,306	43,164	261,818
Grants	90,013	-	-	394,753	-	484,766
Accounts/Charges for Services	913,106	-	373,512	221,339	31,693	1,539,650
Miscellaneous	28,850	-	-	-	-	28,850
Total Gross Governmental	<u>2,807,148</u>	<u>237,043</u>	<u>451,322</u>	<u>711,398</u>	<u>74,857</u>	<u>4,281,768</u>
Less Allowance for						
Uncollectible Accounts	(265,688)	-	-	(76,048)	(2,249)	(343,985)
Net Total Receivables	<u>\$ 2,541,460</u>	<u>\$ 237,043</u>	<u>\$ 451,322</u>	<u>\$ 635,350</u>	<u>\$ 72,608</u>	<u>\$ 3,937,783</u>
Business-type Activities:					Internal	
	Electric	Water	Sewer	Nonmajor	Service Fund Allocation	Total
Accrued Interest	\$ 83,642	\$ 29,534	\$ 38,247	\$ 4,505	\$ 548	\$ 156,476
Accounts/Charges for Services	8,583,944	1,482,676	1,316,470	758,823	29,092	12,171,005
Miscellaneous	1,098,345	-	-	12,522	13,586	1,124,453
Total Gross Business-type	<u>9,765,931</u>	<u>1,512,210</u>	<u>1,354,717</u>	<u>775,850</u>	<u>43,226</u>	<u>13,451,934</u>
Less Allowance for						
Uncollectible Accounts	(1,717,261)	(67,496)	(130,923)	(80,129)	(21,376)	(2,017,185)
Net Total Receivables	<u>\$ 8,048,670</u>	<u>\$ 1,444,714</u>	<u>\$ 1,223,794</u>	<u>\$ 695,721</u>	<u>\$ 21,850</u>	<u>\$ 11,434,749</u>

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

	Unavailable	Unearned	Total
Property Tax	\$ 413,079	\$ -	\$ 413,079
Special Assessments	373,512	-	373,512
Fines and Penalties	-	645,086	645,086
Emergency Services	713,793	-	713,793
Other	25,000	-	25,000
	<u>\$ 1,525,384</u>	<u>\$ 645,086</u>	<u>\$ 2,170,470</u>

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2006

C. Capital Assets

Capital asset activity for the year ended September 30, 2006 was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated				
Land	\$ 25,034,570	\$ 2,658,560	\$ -	\$ 27,693,130
Construction in Progress	19,498,927	11,950,417	(11,548,780)	19,900,564
Total Capital Assets, Not Being Depreciated	44,533,497	14,608,977	(11,548,780)	47,593,694
Capital Assets, Being Depreciated				
Buildings and Building Improvements	20,294,477	111,534	-	20,406,011
Improvements Other Than Buildings	17,751,028	3,802,084	-	21,553,112
Machinery and Equipment	26,568,816	4,881,734	(688,935)	30,761,615
Infrastructure	153,763,936	10,688,129	-	164,452,065
Total Capital Assets, Being Depreciated	218,378,257	19,483,481	(688,935)	237,172,803
Less Accumulated Depreciation for:				
Buildings and Building Improvements	5,479,503	533,540	-	6,013,043
Improvements Other Than Buildings	7,017,334	784,639	-	7,801,973
Machinery and Equipment	16,448,755	3,184,233	(617,697)	19,015,291
Infrastructure	74,221,526	5,138,277	-	79,359,803
Total Accumulated Depreciation	103,167,118	9,640,689	(617,697)	112,190,110
Total Capital Assets Being Depreciated, Net	115,211,139	9,842,792	(71,238)	124,982,693
Governmental Type Activities Capital Assets, Net	\$ 159,744,636	\$ 24,451,769	\$ (11,620,018)	\$ 172,576,387
Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated				
Land	\$ 709,650	\$ -	\$ -	\$ 709,650
Construction in Progress	26,042,369	29,555,394	(6,096,095)	49,501,668
Total Capital Assets, Not Being Depreciated	26,752,019	29,555,394	(6,096,095)	50,211,318
Capital Assets, Being Depreciated				
Electric System	94,243,012	6,100,471	(228,425)	100,115,058
Water System	73,845,049	3,153,092	(1,439)	76,996,702
Wastewater System	75,866,488	1,577,660	(33,329)	77,410,819
Buildings and Building Improvements	5,723,063	20,692	-	5,743,755
Machinery and Equipment	1,277,329	17,741	-	1,295,070
Total Capital Assets, Being Depreciated	250,954,941	10,869,656	(263,193)	261,561,404
Less Accumulated Depreciation for:				
Electric System	42,875,072	3,957,898	(189,334)	46,643,636
Water System	21,936,686	1,925,293	(641)	23,861,338
Wastewater System	19,094,302	2,290,084	(32,509)	21,351,877
Buildings and Building Improvements	565,406	142,713	-	708,119
Machinery and Equipment	1,223,407	29,681	-	1,253,088
Total Accumulated Depreciation	85,694,873	8,345,669	(222,484)	93,818,058
Total Capital Assets Being Depreciated, Net	165,260,068	2,523,987	(40,709)	167,743,346
Business Type Activities Capital Assets, Net	\$ 192,012,087	\$ 32,079,381	\$ (6,136,804)	\$ 217,954,664

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2006

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

Planning and Development Services	\$ 4,435
Fire	79,479
Fiscal Services	16,003
General Government	97,649
Information Services	176,394
Parks and Recreation	680,105
Police	61,725
Public Works	29,124
Non-departmental	5,759,049
Capital Assets Held by the City's Internal Service Funds	<u>2,736,726</u>
Total Depreciation Expense	<u><u>\$ 9,640,689</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	\$ 8,103,371	\$ (151,564)	\$ 7,951,807	\$ -
Debt Service Fund	2,388,420	-	2,388,420	-
Special Revenue Funds:				
Community Development	-	(709,460)	(709,460)	-
WPC TIF	300,000	(1,108,452)	(808,452)	-
Capital Projects Funds:				
Drainage Projects	-	(49,127)	(49,127)	-
General Government Projects	354,528	(353,059)	1,469	-
Parks Projects	626,388	-	626,388	-
Streets Projects	91,728	-	91,728	-
Enterprise Funds:				
Electric	-	(6,139,768)	-	(6,139,768)
Water	-	(971,428)	-	(971,428)
Sewer	-	(1,352,561)	-	(1,352,561)
Sanitation	-	(381,500)	-	(381,500)
Internal Service Funds:				
Equipment Replacement	59,540	(718,799)	(659,259)	-
Fleet Maintenance	-	-	-	-
Print/Mail Services	16,939	-	16,939	-
Utility Customer Service	-	(5,196)	-	(5,196)
	<u>\$ 11,940,914</u>	<u>\$ (11,940,914)</u>	<u>\$ 8,850,453</u>	<u>\$ (8,850,453)</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 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.

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2006

The composition of due to/due from balances as of September 30, 2006 is as follows:

<u>Due To</u>	<u>Due From</u>	<u>Amount</u>
General Fund	Print/Mail	\$ 65,817
Electric Fund	Hotel 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 tax fund represents an amount related to an economic development project that is expected to be completed in fiscal year 2007.

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, 2006 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	\$ 49,800,000	\$ 7,375,000	\$ 3,340,000	\$ 53,835,000	\$ 3,800,000
Certificates of Obligation	39,105,000	8,325,000	3,945,000	43,485,000	4,020,000
Accrued Vacation	1,806,230	1,340,827	1,136,086	2,010,971	121,828
Governmental Activity					
Long Term Debt	<u>\$ 90,711,230</u>	<u>\$ 17,040,827</u>	<u>\$ 8,421,086</u>	<u>\$ 99,330,971</u>	<u>\$ 7,941,828</u>
Business Type Activities:					
Utility Revenue Bonds	\$ 79,215,000	\$ 16,950,000	\$ 4,705,000	\$ 91,460,000	\$ 4,910,000
Accrued Vacation:					
Electric Fund	142,421	139,492	118,516	163,397	8,170
Water Fund	48,498	54,634	48,844	54,288	2,714
Sewer Fund	73,141	73,076	65,859	80,358	4,018
Other	90,864	114,368	101,043	104,189	5,209
Business Type Activity					
Long Term Debt	<u>\$ 79,569,924</u>	<u>\$ 17,331,570</u>	<u>\$ 5,039,262</u>	<u>\$ 91,862,232</u>	<u>\$ 4,930,111</u>

Internal service funds predominantly serve the governmental funds. All internal service funds, except for the utility customer service fund, are included as part of the above totals for governmental activities. At year end \$72,606 of internal service funds' accrued vacation was included in governmental activities, and \$64,798 of accrued vacation for the utility customer service fund was included in business type activities. For the governmental activities, accrued vacation is generally liquidated by the general fund.

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2006

Long-term debt at September 30, 2006 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	\$ 8,610,000	\$ 3,235,000
1998 Issue	4.50-6.50	4/1/98	2/15/17	6,200,000	1,780,000	4,420,000
1999 Issue	3.40-5.40	4/15/99	2/15/17	6,230,000	1,760,000	4,470,000
2000 Issue	5.00-7.00	4/13/00	2/15/18	8,460,000	2,520,000	5,940,000
2001 Issue	5.00-7.00	8/1/01	2/15/17	4,140,000	1,880,000	2,260,000
2002 Issue	4.25-6.25	3/1/02	2/15/21	6,445,000	1,320,000	5,125,000
2003 Issue	3.00-5.00	7/9/03	2/15/23	4,790,000	365,000	4,425,000
2004 Issue	2.00-5.00	5/1/04	2/15/24	12,940,000	1,465,000	11,475,000
2005 Issue	4.00-6.00	5/26/05	2/15/25	5,710,000	600,000	5,110,000
2006 Issue	4.375-6.375	7/25/06	2/15/26	7,375,000	-	7,375,000
				<u>\$ 74,135,000</u>	<u>\$ 20,300,000</u>	<u>\$ 53,835,000</u>
Certificates of Obligation:						
2000 Issue	5.00-7.00	4/13/00	2/15/18	\$ 4,050,000	\$ 1,760,000	\$ 2,290,000
2000A Issue	4.75-6.75	8/1/00	2/15/20	8,100,000	2,735,000	5,365,000
2001 Issue	3.50-5.00	8/2/01	2/15/20	3,650,000	2,325,000	1,325,000
2002 Issue	3.50-5.125	3/1/02	2/15/20	14,480,000	4,140,000	10,340,000
2003 Issue	2.50-3.25	12/5/02	2/15/08	1,000,000	585,000	415,000
2003A Issue	3.00-4.25	7/9/03	2/15/23	780,000	60,000	720,000
2004 Issue	2.00-5.00	5/1/04	2/15/24	9,415,000	835,000	8,580,000
2005 Issue	3.00-5.00	5/26/05	2/15/25	7,595,000	1,470,000	6,125,000
2006 Issue	4.375-6.375	7/25/06	2/15/26	8,325,000	-	8,325,000
				<u>\$ 57,395,000</u>	<u>\$ 13,910,000</u>	<u>\$ 43,485,000</u>
Utility Revenue Bonds:						
1995 Issue	5.25-6.25	8/1/95	2/1/16	\$ 6,000,000	\$ 5,700,000	\$ 300,000
1996 Issue	4.15-5.60	12/1/96	2/1/17	10,110,000	9,410,000	700,000
1998 Issue	4.55-6.50	4/1/98	2/1/17	2,700,000	2,125,000	575,000
2000 Issue	5.00-7.00	4/13/00	2/15/18	10,500,000	7,085,000	3,415,000
2001 Issue	3.50-5.50	8/1/01	2/15/21	23,500,000	3,670,000	19,830,000
2002 Issue	4.00-6.00	3/1/02	2/15/22	18,215,000	2,290,000	15,925,000
2003 Issue	3.50-4.25	12/5/02	2/1/14	11,160,000	2,715,000	8,445,000
2003A Issue	2.50-4.25	7/9/03	2/15/23	4,850,000	375,000	4,475,000
2005 Issue	3.50-5.50	5/26/05	2/1/25	8,035,000	140,000	7,895,000
2005A Issue	3.00-5.25	8/18/05	2/1/18	12,995,000	45,000	12,950,000
2006 Issue	4.375-6.375	7/25/06	2/1/26	16,950,000	-	16,950,000
				<u>\$ 125,015,000</u>	<u>\$ 33,555,000</u>	<u>\$ 91,460,000</u>

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2006

The annual requirements to amortize debt outstanding as of September 30, 2006 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			
	General Obligation		Certificates of Obligation	
	Principal	Interest	Principal	Interest
2007	\$ 3,800,000	\$ 2,473,234	\$ 4,020,000	\$ 1,968,002
2008	3,290,000	2,266,861	3,245,000	1,750,482
2009	3,435,000	2,113,076	2,235,000	1,632,956
2010	3,610,000	1,944,722	2,340,000	1,536,545
2011	3,750,000	1,764,919	2,080,000	1,438,968
2012-2016	18,185,000	6,165,719	12,065,000	5,638,214
2017-2021	11,620,000	2,570,553	12,075,000	2,585,532
2022-2026	6,145,000	580,426	5,425,000	534,786
	<u>\$ 53,835,000</u>	<u>\$ 19,879,510</u>	<u>\$ 43,485,000</u>	<u>\$ 17,085,485</u>

Year Ended September 30,	Business-Type Activities					
	Electric		Water		Sewer	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 1,399,265	\$ 1,192,437	\$ 1,506,237	\$ 1,629,941	\$ 2,004,498	\$ 1,431,196
2008	1,359,856	1,099,686	1,596,463	1,532,387	2,123,680	1,328,058
2009	1,315,945	1,042,591	1,661,026	1,455,350	2,258,029	1,234,961
2010	1,346,703	981,901	1,741,741	1,369,610	2,321,556	1,130,896
2011	1,418,841	915,496	1,880,341	1,273,471	2,285,819	1,020,740
2012-2016	7,715,329	3,502,091	10,633,372	4,868,514	10,646,299	3,529,008
2017-2021	6,801,853	1,869,142	10,852,646	2,254,760	7,930,501	1,310,102
2022-2026	4,928,866	482,614	4,155,654	410,672	1,575,480	146,011
	<u>\$ 26,286,658</u>	<u>\$ 11,085,958</u>	<u>\$ 34,027,480</u>	<u>\$ 14,794,705</u>	<u>\$ 31,145,862</u>	<u>\$ 11,130,972</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, 2006.

On July 25, 2006 the City issued \$7.375 million in General Obligation Improvement Bonds with a true interest cost of 4.57%. 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, hike and bike

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2006

trails, sidewalk improvements, traffic control systems, parks, and public facilities, and (2) pay the costs incurred in connection with the issuance of the Bonds.

On July 25, 2006 the City issued \$8.325 million in Certificates of Obligation with a true interest cost of 4.57%. The proceeds from the sale of the Certificates will be used to pay for the cost of (1) construction, acquisition, and rehabilitation of streets and street lighting; (2) park projects; (3) land acquisition, design of, and construction of a new City-owned cemetery; (4) the acquisition and construction of capital improvements in the Wolf Pen Creek corridor of the City; (5) construction, acquisition of, and improvements to public facilities; and (6) 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 July 25, 2006 the City issued \$16.95 million in Utility System Revenue Bonds with a true interest cost of 4.61%. Proceeds from the sale of the bonds will be used for electric, water, and wastewater system improvements and for payment of 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, 2006, the City did not have an arbitrage rebate liability.

Defeasance

In prior years, 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, 2006, the outstanding principal balance of the defeased revenue refunding bonds was \$21,410,000 and the outstanding principal balance of the defeased general obligation bonds and certificates of obligation was \$6,075,000.

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.

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2006

The tables below reflect refunded debt outstanding at September 30, 2006 and are net of any amounts to be paid or retired by the trustee on October 1, 2006:

Refunded in Prior Years

Utility System Revenue & Refunding Bonds, Series 1993	\$	1,750,000
Utility System Revenue Bonds, Series 1994		6,600,000
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
General Obligation & Refunding Bonds, Series 1991		750,000
General Obligation & Refunding Bonds, Series 1994		2,200,000
General Obligation Bonds, Series 1995		2,350,000
General Obligation Refunding Bonds, Series 1996		775,000
	\$	<u>27,485,000</u>

G. Reservations of Fund Balances and Net Assets

Fund balances for governmental funds have been reserved at September 30, 2006 as follows:

	<u>Reserved</u>
Governmental Funds:	
General Fund:	
Reserved for Encumbrances	\$ 700,864
Reserved for Inventory	52,325
Reserved for Police Seizure	26,912
Reserved for Court Technology	299,456
Reserved for Court Security	339,935
Reserved for Court Efficiency Improvements	34,921
Reserved for Juvenile Case Manager	69,206
Debt Service:	
Reserved for Encumbrances	6,100
Reserved for Bond Debt Service	3,066,675
Other Governmental Funds:	
Reserved for Encumbrances	11,742,885
Reserved for Capital Projects	33,031,408
Reserved for Endowment	1,264,906
Total	<u>\$ 50,635,593</u>

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2006

V. Other Information

A. Property Taxes

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

Taxes are due October 1 and are delinquent after the following January 31. Tax liens are automatic and become enforceable as of January 1 of each year. Taxes become delinquent February 1 and are subject to interest and penalty charges. The tax rate to finance general governmental services including debt service was 43.94 cents per \$100 of assessed valuation for the year ended September 30, 2006. 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 \$209,873 for claims incurred but not reported as of September 30, 2006.

In fiscal year 2006 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 Risk Management staff.

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2006

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 \$342,566 in the property and casualty fund and the potential liability of \$613,434 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 2006 and 2005 are as follows:

	<u>2006</u>	<u>2005</u>
Unpaid Claims, October 1	\$1,659,202	\$ 1,514,527
Incurred Claims (including IBNR's)	4,140,516	4,110,008
Claims Paid	<u>(4,633,844)</u>	<u>(3,965,333)</u>
Unpaid Claims, September 30	<u>\$1,165,874</u>	<u>\$ 1,659,202</u>

C. Subsequent Events

On December 21, 2006 the City issued General Obligation Refunding Bonds with an average interest rate of 4.36% to refund \$8.5 million of series 1996, 1998, and 2000 General Obligation Bonds and \$1.685 million of series 2000 Certificates of Obligation. As a result of this refunding the City will reduce its total debt service payments over the next 11 years by approximately \$695,665 and will obtain an economic gain (difference between the present values of debt service payments on the old and new debt) of \$551,827. The proceeds from the issuance of 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 will be removed from the business-type activities column of the City's fiscal year 2007 financial statements.

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2006

D. Joint Venture

The Brazos Valley Solid Waste Management Agency ("BVSWMA") was formed under a joint solid waste management agreement between the Cities of College Station and Bryan. College Station and Bryan agreed to cooperatively operate a joint facility for the proper disposal of solid waste for the two cities and outside customers. Each city has 50% ownership in BVSWMA. BVSWMA has contracted with the City of College Station to serve as landfill operator for the facility.

BVSWMA is governed by a Policy Advisory Board ("Board") which is charged with providing recommendations to the City Councils of College Station and Bryan regarding the joint venture. The Board is comprised of three voting members: the Mayors of College Station and Bryan, who alternate each year as Chair, and one City Council Member from the City that is not serving as Chair. The City Managers of each City and a representative of Grimes County designated by the Commissioners Court serve as non-voting or ex-officio members of the Board. Legal oversight of BVSWMA is vested in the City Councils of the two cities. The annual budget is prepared and adopted by the BVSWMA Board and approved by either City Council. All contracts and expenditures in excess of \$50,000 require the approval of the College Station City Council.

The City's share of BVSWMA's change in net assets for fiscal year 2006 was \$415,718.

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 \$3.5 million reported as accrued postclosure maintenance costs at September 30, 2006, represents the cumulative amount reported to date based on the use of 75 percent of the estimated capacity of the landfill. BVSWMA will recognize the remaining estimated cost of closure and postclosure care of \$1.1 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 2006. 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, 2006

The following is a summary of information from the audited financial statements of BVSWMA as of September 30, 2006:

	<u>2006</u>	<u>2005</u>
Assets:		
Current Assets	\$ 9,298,770	\$ 9,593,720
Capital Assets		
(Net of \$5,109,629 Accumulated Depreciation at 2006 and \$4,722,979 at 2005)	7,438,392	5,707,912
Deferred Landfill Permits		
(Net of \$653,132 Accumulated Amortization at 2006 and \$507,081 at 2005)	<u>2,316,896</u>	<u>2,363,213</u>
	<u>19,054,058</u>	<u>17,664,845</u>
Liabilities:		
Current Liabilities	344,481	417,866
Noncurrent Liabilities:		
Accrued Post Closure Maintenance Costs	<u>3,464,440</u>	<u>2,833,276</u>
Total Liabilities	<u>3,808,921</u>	<u>3,251,142</u>
Net Assets		
Invested In Capital Assets	7,438,392	5,707,912
Unrestricted	<u>7,806,745</u>	<u>8,705,791</u>
Total Net Assets	<u>\$ 15,245,137</u>	<u>\$ 14,413,703</u>
Program Revenues	\$ 5,316,986	\$ 5,186,729
Expenses	<u>4,876,127</u>	<u>5,668,732</u>
	440,859	(482,003)
General Revenues	<u>390,575</u>	<u>299,941</u>
Change in Net Assets	<u>\$ 831,434</u>	<u>\$ (182,062)</u>

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

E. 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 811 administered by TMRS, an agent multiple-employer public employee retirement system.

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2006

Benefits

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 at least equal to 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. 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, 2005 valuation is effective for rates beginning January 2007).

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2006

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

Actuarial Valuation Date	<u>12/31/2005</u>
Actuarial Value of Assets	\$ 75,655,678
Actuarial Accrued Liability	\$ 94,605,300
Percentage Funded	80.0%
Unfunded (Overfunded) Actuarial Accrued Liability (UAAL)	\$ 18,949,622
Annual Covered Payroll	\$ 31,987,028
UAAL as a Percentage of Covered Payroll	59.2%
Net Pension Obligation (NPO) at Beginning of Period	\$ -
Plus Annual Pension Cost:	
Annual Required Contribution (ARC)	4,030,369
Less Contributions Made	<u>4,030,369</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 811 Municipalities have an annual, individual actuarial valuation performed. All assumptions for the 12/31/05 valuations are contained in the 2005 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, 2006

Fiscal Year Ending	Annual Required Contribution (ARC)	Contributions Made	Net Pension Obligation
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	-
2006	\$4,030,369	\$4,030,369	-

Actuarial Valuation Date	Actuarial Value of Assets	Accrued Actuarial Liability (AAL)	Unfunded Accrued Actuarial Liability (UAAL)	Net Assets Available as a Percent of Pension Benefit Obligation
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%
12/31/2005	\$75,655,678	\$94,605,300	\$18,949,622	80%

Actuarial Valuation Date	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
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%
12/31/2005	\$31,987,028	59%

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2006

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 2006, 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 2006, 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. Eligible participants who qualify under COBRA pay premium costs for themselves and dependents. COBRA participants are on the same health plan and are reimbursed at the same levels as active employees. The amount of expenditures related to COBRA claims for the year ended September 30, 2006 was \$20,234. As of September 30, 2006 the City had 1 COBRA participant.

F. Deferred Compensation Plan

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

All amounts of compensation deferred under the plan (until paid or made available to the employee or other beneficiary) were placed in trust for the exclusive benefit of the participants and the beneficiaries. This action is in accordance with changes made to IRC Section 457. 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.

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2006

G. Commitments and Contingencies

Construction Commitments

The City has active construction projects as of September 30, 2006. At year-end, the construction commitments with contractors for specific projects were as follows:

Project Name	Spent to Date	Remaining Commitment
Highway 30/60 Infrastructure Phase II	\$ 1,169,119	\$ 245,986
Switch Station Control House Additions	370,500	142,900
Veterans Park & Athletic Complex	3,320,566	2,258,648
Splash/Waterplay Park	192,862	41,782
Bee Creek Playground Replacement	62,114	13,406
LS #1 Gravity Sewer & LS #2 Force Main	399,907	24,588
Bee Creek Combined Channel Imp.	587,104	2,102,615
Carter Creek Sludge Processing & Odor Control Imp.	515,240	2,836,860
Barron Rd., Lick Creek, Rock Prairie Wtr. Svc. Ext. Ph. 1	2,020,090	145,682
Wolf Pen Creek Amphitheater Improvements	139,203	927,796
Emergency Electric Generators & Security Imp.	1,766,209	228,067
Dowling Road Pump Station Chemical Feeding Building	2,405,713	380,387
Rehabilitation of Water Wells 4 & 5	106,455	21,426
West Park Rehabilitation Project	572,673	3,015,587
Northeast Sanitary Sewer Trunkline	112,991	258,586
Fire Station #5	1,240,556	65,292
Fleet Facility Expansion	0	189,150
CSU Parking Lot Expansion	0	80,091
Nantucket Sewer Line Project	0	943,191
CSU Dispatch Operations	0	92,595
Jones Butler Road Extension Phase II	0	1,312,920
University Drive Sidewalk Improvements	0	104,799
Wellborn Road Utility Relocation Project	0	2,824,678
909 Montclair	53,401	14,024
Lions Park Basketball Pavilion	127,711	77,516
Central Park Lane Extension	108,033	43,502
Spring Creek & Brazos Transmission Line	779,937	360,146
Sparta & Carrizo Aquifer Wells	1,473,234	285,298
	\$ 17,523,618	\$ 19,037,518

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2006

H. Bonds Available for Sale

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

	Year <u>Authorized</u>	Unissued <u>Amount</u>
Public Buildings	1984	\$ 700,000
Street Improvements	1984	500,000
Street Improvements	2003	12,633,000
Traffic Management	2003	1,657,000
Park Improvements	2003	1,270,000
Municipal Complex Improvements	2003	3,655,000
Total		<u>\$ 20,415,000</u>

I. 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]
12/31/1997	\$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%
12/31/2006	\$75,655,678	\$94,605,300	\$18,949,622	80.0%	\$31,987,028	59.2%

*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, 2006

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Taxes	\$ 25,489,096	\$ 25,489,096	\$ 26,076,343	\$ 587,247
Licenses and Permits	1,026,100	1,026,100	945,593	(80,507)
Intergovernmental	386,785	926,648	640,176	(286,472)
Charges for Services	2,573,500	2,573,500	2,755,283	181,783
Fines, Forfeits and Penalties	3,630,000	3,630,000	3,285,907	(344,093)
Special Assessments	0	0	131,823	131,823
Investment Income	422,356	422,356	507,718	85,362
Rents and Royalties	251,000	251,000	244,864	(6,136)
Contributions	20,000	20,000	12,281	(7,719)
Reimbursed Expenditures	3,700	80,700	130,785	50,085
Other	201,000	201,000	194,843	(6,157)
Total Revenues	34,003,537	34,620,400	34,925,616	305,216
Expenditures				
Current				
General Government	4,021,120	4,201,562	4,013,691	(187,871)
Fiscal Services	3,283,555	3,241,853	3,043,289	(198,564)
Police	11,232,786	11,553,677	11,590,958	37,281
Fire	8,535,811	8,637,241	8,501,228	(136,013)
Planning and Development Services	2,203,667	2,219,349	1,873,847	(345,502)
Public Works	7,897,176	8,073,892	7,349,340	(724,552)
Economic and Community Development	0	0	12,720	12,720
Parks and Recreation	7,427,976	7,485,076	7,521,788	36,712
Information Services	2,689,417	2,794,177	2,595,365	(198,812)
Library	866,124	866,124	870,203	4,079
Nondepartmental				
Reimbursed Administrative	(6,329,398)	(6,329,398)	(6,035,345)	294,053
Contributions	1,004,313	1,004,313	526,689	(477,624)
Other	318,633	154,118	69,920	(84,198)
Capital Outlay	875,120	1,193,113	530,065	(663,048)
Total Expenditures	44,026,300	45,095,097	42,463,758	(2,631,339)
Deficiency of Revenues Under Expenditures	(10,022,763)	(10,474,697)	(7,538,142)	2,936,555
Other Financing Sources (Uses)				
Sale of Capital Assets	8,000	8,000	17,500	9,500
Transfers In	8,053,000	8,077,421	8,087,336	9,915
Transfers Out	(50,556)	(126,056)	(92,024)	34,032
Total Other Financing Sources	8,010,444	7,959,365	8,012,812	53,447
Net Change in Fund Balances	(2,012,319)	(2,515,332)	474,670	2,990,002
Fund Balances, October 1	10,170,525	10,170,525	10,170,525	0
Fund Balances, September 30	\$ 8,158,206	\$ 7,655,193	\$ 10,645,195	\$ 2,990,002

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, 2006

Net change in fund balances - Budget Basis	\$	474,670
Revenues		
Market Adjustment for Investments		70,248
Revenue Accrual		3,891
Other		16,035
Expenditures		
Bad Debt Expense		(6,100)
Payroll Accrual, net		21,247
Reverse Expense Accrual		26,000
Capitalize/Reclass Assets		169,249
Reclass Expense		32,241
Other		(5,998)
		801,483
Net change in fund balances - GAAP Basis	\$	801,483



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 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, 2006

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Permanent Funds</u>	<u>Total</u>
Assets				
Equity in Cash and Cash Equivalents	\$ 5,264,195	\$ 10,234,853	\$ 666,022	\$ 16,165,070
Equity in Investments	4,643,945	9,028,938	587,548	14,260,431
Receivables				
Accrued Interest	30,543	60,746	4,017	95,306
Grants	394,753	0	0	394,753
Accounts	57,293	157,878	6,168	221,339
Less Allowance for Uncollectible Accounts	(57,293)	(17,805)	(950)	(76,048)
Inventories	0	0	1,642	1,642
Total Assets	<u><u>\$ 10,333,436</u></u>	<u><u>\$ 19,464,610</u></u>	<u><u>\$ 1,264,447</u></u>	<u><u>\$ 31,062,493</u></u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 235,228	\$ 815,405	\$ (459)	\$ 1,050,174
Retainage Payable	92,714	267,478	0	360,192
Interfund Payable	200,000	0	0	200,000
Accrued Liabilities	0	244	0	244
Total Liabilities	<u><u>527,942</u></u>	<u><u>1,083,127</u></u>	<u><u>(459)</u></u>	<u><u>1,610,610</u></u>
Fund Balances				
Reserved				
Reserved for Encumbrances	2,343,354	5,140,750	0	7,484,104
Reserved for Capital Projects	0	13,240,733	0	13,240,733
Reserved for Perpetual Care	0	0	1,264,906	1,264,906
Unreserved				
Undesignated	7,462,140	0	0	7,462,140
Total Fund Balances	<u><u>9,805,494</u></u>	<u><u>18,381,483</u></u>	<u><u>1,264,906</u></u>	<u><u>29,451,883</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 10,333,436</u></u>	<u><u>\$ 19,464,610</u></u>	<u><u>\$ 1,264,447</u></u>	<u><u>\$ 31,062,493</u></u>

CITY OF COLLEGE STATION, TEXAS
Combining Balance Sheet
Nonmajor Governmental Funds - Special Revenue Funds
As of September 30, 2006

	Community Development	Convention Center	Hotel Tax	Parks Escrow	Wolf Pen Creek Tax Increment Financing District	Total
Assets						
Equity in Cash and Cash Equivalents	\$ 397,054	\$ 348,897	\$ 2,379,415	\$ 778,818	\$ 1,360,011	\$ 5,264,195
Equity in Investments	350,271	307,788	2,099,062	687,055	1,199,769	4,643,945
Receivables						
Accrued Interest	0	2,125	14,502	4,702	9,214	30,543
Grants	394,753	0	0	0	0	394,753
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>\$ 1,142,078</u>	<u>\$ 658,810</u>	<u>\$ 4,492,979</u>	<u>\$ 1,470,575</u>	<u>\$ 2,568,994</u>	<u>\$ 10,333,436</u>
Liabilities and Fund Balances						
Liabilities						
Accounts Payable	\$ 150,330	\$ 0	\$ 2,777	\$ 225	\$ 81,896	\$ 235,228
Retainage Payable	6,473	69,968	0	4,669	11,604	92,714
Interfund Payable	0	0	200,000	0	0	200,000
Total Liabilities	<u>156,803</u>	<u>69,968</u>	<u>202,777</u>	<u>4,894</u>	<u>93,500</u>	<u>527,942</u>
Fund Balances						
Reserved						
Reserved for Encumbrances	823,982	396,439	162,503	83,785	876,645	2,343,354
Unreserved						
Undesignated	161,293	192,403	4,127,699	1,381,896	1,598,849	7,462,140
Total Fund Balances	<u>985,275</u>	<u>588,842</u>	<u>4,290,202</u>	<u>1,465,681</u>	<u>2,475,494</u>	<u>9,805,494</u>
Total Liabilities and Fund Balances	<u>\$ 1,142,078</u>	<u>\$ 658,810</u>	<u>\$ 4,492,979</u>	<u>\$ 1,470,575</u>	<u>\$ 2,568,994</u>	<u>\$ 10,333,436</u>

CITY OF COLLEGE STATION, TEXAS
Combining Balance Sheet
Nonmajor Governmental Funds - Capital Projects Funds
For the Fiscal Year Ended September 30, 2006

	Business Park	Drainage Projects	General Government Projects	Parks Projects	Total
Assets					
Equity in Cash and Cash Equivalents	\$ 953,263	\$ 3,029,650	\$ 4,171,200	\$ 2,080,740	\$ 10,234,853
Equity in Investments	840,946	2,672,683	3,679,731	1,835,578	9,028,938
Receivables					
Accrued Interest	5,753	18,537	24,270	12,186	60,746
Accounts	0	157,878	0	0	157,878
Less Allowance for Uncollectible Accounts	0	(17,805)	0	0	(17,805)
Total Assets	<u>\$ 1,799,962</u>	<u>\$ 5,860,943</u>	<u>\$ 7,875,201</u>	<u>\$ 3,928,504</u>	<u>\$ 19,464,610</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$ 0	\$ 408,171	\$ 28,556	\$ 378,678	\$ 815,405
Retainage Payable	0	43,345	4,084	220,049	267,478
Accrued Liabilities	0	0	0	244	244
Total Liabilities	<u>0</u>	<u>451,516</u>	<u>32,640</u>	<u>598,971</u>	<u>1,083,127</u>
Fund Balances					
Reserved					
Reserved for Encumbrances	68,000	2,405,274	472,031	2,195,445	5,140,750
Reserved for Capital Projects	1,731,962	3,004,153	7,370,530	1,134,088	13,240,733
Total Fund Balances	<u>1,799,962</u>	<u>5,409,427</u>	<u>7,842,561</u>	<u>3,329,533</u>	<u>18,381,483</u>
Total Liabilities and Fund Balances	<u>\$ 1,799,962</u>	<u>\$ 5,860,943</u>	<u>\$ 7,875,201</u>	<u>\$ 3,928,504</u>	<u>\$ 19,464,610</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, 2006

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total
Revenues				
Taxes	\$ 3,436,694	\$ 0	\$ 0	\$ 3,436,694
Intergovernmental	2,488,922	0	0	2,488,922
Charges for Services	0	70,695	99,303	169,998
Special Assessments	0	1,159,112	0	1,159,112
Investment Income	375,252	741,557	51,948	1,168,757
Reimbursed Expenditures	0	14,500	0	14,500
Other	394,886	62,698	1,352	458,936
Total Revenues	6,695,754	2,048,562	152,603	8,896,919
Expenditures				
Current				
General Government	87,299	164	0	87,463
Fiscal Services	0	11,881	0	11,881
Public Works	0	12,990	0	12,990
Parks and Recreation	228	0	0	228
Community Development Block Grant	340,399	0	0	340,399
Home Grant	840,211	0	0	840,211
Reimbursed Administrative	1,058,220	1,174,611	0	2,232,831
Contributions	1,258,875	210,000	0	1,468,875
Other	85	25,691	730	26,506
Capital Outlay	1,162,201	8,389,656	0	9,551,857
Debt Issuance Cost	0	38,354	0	38,354
Total Expenditures	4,747,518	9,863,347	730	14,611,595
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,948,236	(7,814,785)	151,873	(5,714,676)
Other Financing Sources (Uses)				
Issuance of Debt	0	7,865,488	0	7,865,488
Transfers In	300,000	980,916	0	1,280,916
Transfers Out	(1,817,912)	(402,186)	0	(2,220,098)
Total Other Financing Sources (Uses)	(1,517,912)	8,444,218	0	6,926,306
Net Change in Fund Balances	430,324	629,433	151,873	1,211,630
Fund Balances, October 1	9,375,170	17,752,050	1,113,033	28,240,253
Fund Balances, September 30	\$ 9,805,494	\$ 18,381,483	\$ 1,264,906	\$ 29,451,883

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, 2006

	Community Development	Convention Center	Hotel Tax	Parks Escrow	Wolf Pen Creek Tax Increment Financing District	Total
Revenues						
Taxes	\$ 0	\$ 0	\$ 2,671,417	\$ 0	\$ 765,277	\$ 3,436,694
Intergovernmental	2,488,922	0	0	0	0	2,488,922
Investment Income	0	32,728	178,831	57,947	105,746	375,252
Other	21,823	5,237	88	367,383	355	394,886
Total Revenues	<u>2,510,745</u>	<u>37,965</u>	<u>2,850,336</u>	<u>425,330</u>	<u>871,378</u>	<u>6,695,754</u>
Expenditures						
Current						
General Government	0	0	87,299	0	0	87,299
Parks and Recreation	0	0	0	0	228	228
Community Development Block Grant	340,399	0	0	0	0	340,399
Home Grant	840,211	0	0	0	0	840,211
Reimbursed Administrative	623,329	25,000	409,891	0	0	1,058,220
Contributions	0	0	1,258,875	0	0	1,258,875
Other	0	0	0	85	0	85
Capital Outlay	0	304,151	0	124,965	733,085	1,162,201
Total Expenditures	<u>1,803,939</u>	<u>329,151</u>	<u>1,756,065</u>	<u>125,050</u>	<u>733,313</u>	<u>4,747,518</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>706,806</u>	<u>(291,186)</u>	<u>1,094,271</u>	<u>300,280</u>	<u>138,065</u>	<u>1,948,236</u>
Other Financing Sources (Uses)						
Transfers In	0	0	0	0	300,000	300,000
Transfers Out	(709,460)	0	0	0	(1,108,452)	(1,817,912)
Total Other Financing Uses	<u>(709,460)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(808,452)</u>	<u>(1,517,912)</u>
Net Change in Fund Balances	(2,654)	(291,186)	1,094,271	300,280	(670,387)	430,324
Fund Balances, October 1	987,929	880,028	3,195,931	1,165,401	3,145,881	9,375,170
Fund Balances, September 30	<u>\$ 985,275</u>	<u>\$ 588,842</u>	<u>\$ 4,290,202</u>	<u>\$ 1,465,681</u>	<u>\$ 2,475,494</u>	<u>\$ 9,805,494</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, 2006

	Business Park	Drainage Projects	General Government Projects	Parks Projects	Total
Revenues					
Charges for Services	\$ 0	\$ 0	\$ 0	\$ 70,695	\$ 70,695
Special Assessment	0	1,159,112	0	0	1,159,112
Investment Income	70,044	258,976	334,895	77,642	741,557
Reimbursed Expenditures	0	14,500	0	0	14,500
Other	337	509	54,471	7,381	62,698
Total Revenues	<u>70,381</u>	<u>1,433,097</u>	<u>389,366</u>	<u>155,718</u>	<u>2,048,562</u>
Expenditures					
Current					
General Government	0	164	0	0	164
Fiscal Services	0	0	4,567	7,314	11,881
Public Works	0	12,990	0	0	12,990
Reimbursed Administrative	25,000	968,915	172,823	7,873	1,174,611
Other	0	6,034	19,746	(89)	25,691
Contributions	0	210,000	0	0	210,000
Capital Outlay	42,981	1,404,736	2,232,698	4,709,241	8,389,656
Debt Issuance Cost	0	0	26,015	12,339	38,354
Total Expenditures	<u>67,981</u>	<u>2,602,839</u>	<u>2,455,849</u>	<u>4,736,678</u>	<u>9,863,347</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,400</u>	<u>(1,169,742)</u>	<u>(2,066,483)</u>	<u>(4,580,960)</u>	<u>(7,814,785)</u>
Other Financing Sources (Uses)					
Issuance of Debt	0	0	1,624,390	6,241,098	7,865,488
Transfers In	0	0	354,528	626,388	980,916
Transfers Out	0	(49,127)	(353,059)	0	(402,186)
Total Other Financing Sources (Uses)	<u>0</u>	<u>(49,127)</u>	<u>1,625,859</u>	<u>6,867,486</u>	<u>8,444,218</u>
Net Change in Fund Balances	2,400	(1,218,869)	(440,624)	2,286,526	629,433
Fund Balances, October 1	1,797,562	6,628,296	8,283,185	1,043,007	17,752,050
Fund Balances, September 30	<u>\$ 1,799,962</u>	<u>\$ 5,409,427</u>	<u>\$ 7,842,561</u>	<u>\$ 3,329,533</u>	<u>\$ 18,381,483</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, 2006

	Original Budget	Revised Budget	Actual	Variance Over (Under)
Revenues				
Taxes	\$ 9,107,137	\$ 9,107,137	\$ 9,016,285	\$ (90,852)
Investment Income	100,000	100,000	155,710	55,710
Accrued Bond Interest	40,895	40,895	52,369	11,474
Total Revenues	<u>9,248,032</u>	<u>9,248,032</u>	<u>9,224,364</u>	<u>(23,668)</u>
Expenditures				
Debt Service				
Principal Payments	7,285,000	7,285,000	7,285,000	0
Interest Payments	4,080,338	4,080,338	4,078,635	(1,703)
Debt Issuance Cost	16,000	16,000	12,028	(3,972)
Total Expenditures	<u>11,381,338</u>	<u>11,381,338</u>	<u>11,375,663</u>	<u>(5,675)</u>
Deficiency of Revenues Under Expenditures	<u>(2,133,306)</u>	<u>(2,133,306)</u>	<u>(2,151,299)</u>	<u>(17,993)</u>
Other Financing Sources				
Transfers In	2,388,420	2,388,420	2,388,420	0
Total Other Financing Sources	<u>2,388,420</u>	<u>2,388,420</u>	<u>2,388,420</u>	<u>0</u>
Net Change in Fund Balances	255,114	255,114	237,121	(17,993)
Fund Balances, October 1	2,818,087	2,818,087	2,818,087	0
Fund Balances, September 30	<u>\$ 3,073,201</u>	<u>\$ 3,073,201</u>	<u>\$ 3,055,208</u>	<u>\$ (17,993)</u>

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, 2006

Change in Fund Balances - Budget Basis	\$ 237,121
Revenues	
Market Adjustment for Investments	<u>17,567</u>
Change in Fund Balances - GAAP Basis	<u><u>\$ 254,688</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, 2006

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues				
Intergovernmental				
Community Development Block Grant	\$ 1,986,780	\$ 1,986,780	\$ 1,480,632	\$ (506,148)
Home Grant	1,313,886	1,313,886	992,255	(321,631)
Other	0	0	21,823	21,823
Total Revenues	<u>3,300,666</u>	<u>3,300,666</u>	<u>2,494,710</u>	<u>(805,956)</u>
Expenditures				
Community Development Block Grant	1,986,780	1,986,780	340,046	(1,646,734)
Home Grant	1,313,886	1,313,886	840,211	(473,675)
Reimbursed Administrative	0	0	623,329	623,329
Affordable Housing	240,394	240,394	0	(240,394)
Total Expenditures	<u>3,541,060</u>	<u>3,541,060</u>	<u>1,803,586</u>	<u>(1,737,474)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(240,394)</u>	<u>(240,394)</u>	<u>691,124</u>	<u>931,518</u>
Other Financing Uses				
Transfers Out	0	0	(693,425)	(693,425)
Total Other Financing Uses	<u>0</u>	<u>0</u>	<u>(693,425)</u>	<u>(693,425)</u>
Change in Fund Balances	(240,394)	(240,394)	(2,301)	238,093
Fund Balances, October 1	987,929	987,929	987,929	0
Fund Balances, September 30	<u>\$ 747,535</u>	<u>\$ 747,535</u>	<u>\$ 985,628</u>	<u>\$ 238,093</u>

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, 2006

	Original Budget	Revised Budget	Actual	Variance Over (Under)
Revenues				
Investment Income	\$ 7,500	\$ 7,500	\$ 28,967	\$ 21,467
Total Revenues	<u>7,500</u>	<u>7,500</u>	<u>28,967</u>	<u>21,467</u>
Expenditures				
Current				
Reimbursed Administrative	25,000	25,000	25,000	0
Other	10,000	10,000	0	(10,000)
Capital Outlay	1,000,000	1,000,000	297,687	(702,313)
Total Expenditures	<u>1,035,000</u>	<u>1,035,000</u>	<u>322,687</u>	<u>(712,313)</u>
Deficiency of Revenues Under Expenditures	<u>(1,027,500)</u>	<u>(1,027,500)</u>	<u>(293,720)</u>	<u>733,780</u>
Other Financing Sources				
Issuance of Debt	1,000,000	1,000,000	0	(1,000,000)
Other	0	0	5,237	5,237
Total Other Financing Sources	<u>1,000,000</u>	<u>1,000,000</u>	<u>5,237</u>	<u>(994,763)</u>
Change in Fund Balances	(27,500)	(27,500)	(288,483)	(260,983)
Fund Balances, October 1	880,028	880,028	880,028	0
Fund Balances, September 30	<u>\$ 852,528</u>	<u>\$ 852,528</u>	<u>\$ 591,545</u>	<u>\$ (260,983)</u>

See reconciliation to GAAP basis on page 89.

CITY OF COLLEGE STATION, TEXAS
Hotel Tax Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended September 30, 2006

	Original Budget	Revised Budget	Actual	Variance Over (Under)
Revenues				
Taxes	\$ 2,406,000	\$ 2,406,000	\$ 2,671,417	\$ 265,417
Investment Income	67,000	67,000	153,432	86,432
Other	500	500	88	(412)
Total Revenues	<u>2,473,500</u>	<u>2,473,500</u>	<u>2,824,937</u>	<u>351,437</u>
Expenditures				
Current				
General Government	0	612,784	87,299	(525,485)
Reimbursed Administrative	421,901	421,901	409,891	(12,010)
Contributions	1,258,875	1,258,875	1,258,875	0
Other	6,200	6,200	0	(6,200)
Contingency	40,000	27,208	0	(27,208)
Total Expenditures	<u>1,726,976</u>	<u>2,326,968</u>	<u>1,756,065</u>	<u>(570,903)</u>
Excess of Revenues Over Expenditures	<u>746,524</u>	<u>146,532</u>	<u>1,068,872</u>	<u>922,340</u>
Other Financing Uses				
Transfers Out	(1,200,000)	(600,000)	0	600,000
Total Other Financing Uses	<u>(1,200,000)</u>	<u>(600,000)</u>	<u>0</u>	<u>600,000</u>
Change in Fund Balances	(453,476)	(453,468)	1,068,872	1,522,340
Fund Balances, October 1	3,195,931	3,195,931	3,195,931	0
Fund Balances, September 30	<u>\$ 2,742,455</u>	<u>\$ 2,742,463</u>	<u>\$ 4,264,803</u>	<u>\$ 1,522,340</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, 2006

	Original Budget	Revised Budget	Actual	Variance Over (Under)
Revenues				
Investment Income	\$ 9,000	\$ 9,000	\$ 49,628	\$ 40,628
Other	0	0	367,383	367,383
Total Revenues	<u>9,000</u>	<u>9,000</u>	<u>417,011</u>	<u>408,011</u>
Expenditures				
Current				
Other	0	0	85	85
Capital Outlay	692,722	692,722	124,005	(568,717)
Total Expenditures	<u>692,722</u>	<u>692,722</u>	<u>124,090</u>	<u>(568,632)</u>
Change in Fund Balances	(683,722)	(683,722)	292,921	976,643
Fund Balances, October 1	1,165,401	1,165,401	1,165,401	0
Fund Balances, September 30	<u>\$ 481,679</u>	<u>\$ 481,679</u>	<u>\$ 1,458,322</u>	<u>\$ 976,643</u>

See reconciliation to GAAP basis on page 89.

CITY OF COLLEGE STATION, TEXAS
Wolf Pen Creek Tax Increment Financing District Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended September 30, 2006

	Original Budget	Revised Budget	Actual	Variance Over (Under)
Revenues				
Taxes	\$ 764,026	\$ 764,026	\$ 765,277	\$ 1,251
Investment Income	40,000	40,000	91,156	51,156
Other	0	0	355	355
Total Revenues	<u>804,026</u>	<u>804,026</u>	<u>856,788</u>	<u>52,762</u>
Expenditures				
Current				
Parks and Recreation	0	0	228	228
Capital Outlay	2,100,000	2,100,000	720,396	(1,379,604)
Total Expenditures	<u>2,100,000</u>	<u>2,100,000</u>	<u>720,624</u>	<u>(1,379,376)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,295,974)	(1,295,974)	136,164	1,432,138
Other Financing Sources (Uses)				
Transfers In	300,000	300,000	300,000	0
Transfers Out	(1,108,452)	(1,108,452)	(1,108,452)	0
Total Other Financing Uses	<u>(808,452)</u>	<u>(808,452)</u>	<u>(808,452)</u>	<u>0</u>
Change in Fund Balances	(2,104,426)	(2,104,426)	(672,288)	1,432,138
Fund Balances, October 1	<u>3,145,881</u>	<u>3,145,881</u>	<u>3,145,881</u>	<u>0</u>
Fund Balances, September 30	<u>\$ 1,041,455</u>	<u>\$ 1,041,455</u>	<u>\$ 2,473,593</u>	<u>\$ 1,432,138</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, 2006

	Community Development	Convention Center	Hotel Tax	Parks Escrow	Wolf Pen Creek Tax Increment Financing District
Change in Fund Balances - Budget Basis	\$ (2,301)	\$ (288,483)	\$ 1,068,872	\$ 292,921	\$ (672,288)
Revenues:					
Market Adjustment for Investments	0	3,761	25,399	8,319	14,590
Accrue Grant Draw	16,035	-	0	0	0
Expenditures:					
Grant Transfer	(16,035)	-	0	0	0
Accrue Expense	(353)	-	0	0	0
Capitalize Salaries	0	(6,464)	0	(960)	(12,689)
Change in Fund Balances - GAAP Basis	<u>\$ (2,654)</u>	<u>\$ (291,186)</u>	<u>\$ 1,094,271</u>	<u>\$ 300,280</u>	<u>\$ (670,387)</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, 2006

	Original Budget	Revised Budget	Actual	Variance Over (Under)
Revenues				
Investment Income	\$ 28,000	\$ 28,000	\$ 59,861	\$ 31,861
Other	0	0	337	337
Total Revenues	<u>28,000</u>	<u>28,000</u>	<u>60,198</u>	<u>32,198</u>
Expenditures				
Current				
Reimbursed Administrative	25,000	25,000	25,000	0
Capital Outlay	1,309,000	1,309,000	41,807	(1,267,193)
Debt Issuance Cost	29,945	29,945	0	(29,945)
Total Expenditures	<u>1,363,945</u>	<u>1,363,945</u>	<u>66,807</u>	<u>(1,297,138)</u>
Deficiency of Revenues Under Expenditures	<u>(1,335,945)</u>	<u>(1,335,945)</u>	<u>(6,609)</u>	<u>1,329,336</u>
Other Financing Sources				
Issuance of Debt	<u>2,229,000</u>	<u>2,229,000</u>	<u>0</u>	<u>(2,229,000)</u>
Total Other Financing Sources	<u>2,229,000</u>	<u>2,229,000</u>	<u>0</u>	<u>(2,229,000)</u>
Change in Fund Balances	893,055	893,055	(6,609)	(899,664)
Fund Balances, October 1	<u>1,797,562</u>	<u>1,797,562</u>	<u>1,797,562</u>	<u>0</u>
Fund Balances, September 30	<u>\$ 2,690,617</u>	<u>\$ 2,690,617</u>	<u>\$ 1,790,953</u>	<u>\$ (899,664)</u>

See reconciliation to GAAP basis on page 95.

CITY OF COLLEGE STATION, TEXAS
Drainage Projects Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended September 30, 2006

	Original Budget	Revised Budget	Actual	Variance Over (Under)
Revenues				
Special Assessment	\$ 1,137,400	\$ 1,137,400	\$ 1,153,435	\$ 16,035
Investment Income	121,000	121,000	226,526	105,526
Total Revenues	<u>1,258,400</u>	<u>1,258,400</u>	<u>1,379,961</u>	<u>121,561</u>
Expenditures				
Current				
Fiscal Services	0	0	12,990	12,990
Reimbursed Administrative	1,140,132	1,140,132	968,915	(171,217)
Contributions	0	210,000	210,000	0
Capital Outlay	674,600	1,184,600	1,385,700	201,100
Total Expenditures	<u>1,814,732</u>	<u>2,534,732</u>	<u>2,577,605</u>	<u>42,873</u>
Deficiency of Revenues Under Expenditures	<u>(556,332)</u>	<u>(1,276,332)</u>	<u>(1,197,644)</u>	<u>78,688</u>
Other Financing Sources (Uses)				
Transfers Out	(49,126)	(49,126)	(49,127)	(1)
Other	0	0	14,845	14,845
Total Other Financing Uses	<u>(49,126)</u>	<u>(49,126)</u>	<u>(34,282)</u>	<u>14,844</u>
Change in Fund Balances	(605,458)	(1,325,458)	(1,231,926)	93,532
Fund Balances, October 1	6,628,296	6,628,296	6,628,296	0
Fund Balances, September 30	<u>\$ 6,022,838</u>	<u>\$ 5,302,838</u>	<u>\$ 5,396,370</u>	<u>\$ 93,532</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, 2006

	Original Budget	Revised Budget	Actual	Variance Over (Under)
Revenues				
Investment Income	\$ 96,000	\$ 96,000	\$ 290,226	\$ 194,226
Other	0	0	54,471	54,471
Total Revenues	<u>96,000</u>	<u>96,000</u>	<u>344,697</u>	<u>248,697</u>
Expenditures				
Current				
Fiscal Services	0	0	4,567	4,567
Reimbursed Administrative	172,823	172,823	172,823	0
Other	15,000	21,000	19,746	(1,254)
Capital Outlay	2,881,676	2,957,176	2,206,199	(750,977)
Debt Issuance Cost	20,700	20,700	26,015	5,315
Total Expenditures	<u>3,090,199</u>	<u>3,171,699</u>	<u>2,429,350</u>	<u>(742,349)</u>
Deficiency of Revenues Under Expenditures	<u>(2,994,199)</u>	<u>(3,075,699)</u>	<u>(2,084,653)</u>	<u>991,046</u>
Other Financing Sources (Uses)				
Issuance of Debt	2,670,000	2,670,000	1,624,390	(1,045,610)
Transfers In	171,676	447,433	354,528	(92,905)
Transfers Out	<u>(300,000)</u>	<u>(324,421)</u>	<u>(353,059)</u>	<u>(28,638)</u>
Total Other Financing Sources	<u>2,541,676</u>	<u>2,793,012</u>	<u>1,625,859</u>	<u>(1,167,153)</u>
Change in Fund Balances	(452,523)	(282,687)	(458,794)	(176,107)
Fund Balances, October 1	8,283,185	8,283,185	8,283,185	0
Fund Balances, September 30	<u>\$ 7,830,662</u>	<u>\$ 8,000,498</u>	<u>\$ 7,824,391</u>	<u>\$ (176,107)</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, 2006

	Original Budget	Revised Budget	Actual	Variance Over (Under)
Revenues				
Charges for Services	\$ 69,700	\$ 69,700	\$ 70,695	\$ 995
Investment Income	38,000	38,000	55,357	17,357
Other	0	0	7,381	7,381
Total Revenues	<u>107,700</u>	<u>107,700</u>	<u>133,433</u>	<u>25,733</u>
Expenditures				
Current				
Fiscal Services	0	0	7,314	7,314
Reimbursed Administrative	7,873	7,873	7,873	0
Other	0	0	(89)	(89)
Capital Outlay	7,064,000	7,143,331	4,696,531	(2,446,800)
Debt Issuance Cost	70,000	70,000	12,339	(57,661)
Total Expenditures	<u>7,141,873</u>	<u>7,221,204</u>	<u>4,723,968</u>	<u>(2,497,236)</u>
Deficiency of Revenues Under Expenditures	<u>(7,034,173)</u>	<u>(7,113,504)</u>	<u>(4,590,535)</u>	<u>2,522,969</u>
Other Financing Sources				
Issuance of Debt	6,735,000	6,735,000	6,241,098	(493,902)
Transfers In	290,000	329,331	626,388	297,057
Total Other Financing Sources	<u>7,025,000</u>	<u>7,064,331</u>	<u>6,867,486</u>	<u>(196,845)</u>
Change in Fund Balances	(9,173)	(49,173)	2,276,951	2,326,124
Fund Balances, October 1	1,043,007	1,043,007	1,043,007	0
Fund Balances, September 30	<u>\$ 1,033,834</u>	<u>\$ 993,834</u>	<u>\$ 3,319,958</u>	<u>\$ 2,326,124</u>

See reconciliation to GAAP basis on page 95.

CITY OF COLLEGE STATION, TEXAS
Streets Projects Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended September 30, 2006

	Original Budget	Revised Budget	Actual	Variance Over (Under)
Revenues				
Intergovernmental	\$ 0	\$ 0	\$ 15,620	\$ 15,620
Investment Income	234,000	234,000	740,982	506,982
Other	0	0	9,183	9,183
Total Revenues	<u>234,000</u>	<u>234,000</u>	<u>765,785</u>	<u>531,785</u>
Expenditures				
Current				
General Government	264,000	162,000	105,411	(56,589)
Fiscal Services	0	0	12,686	12,686
Reimbursed Administrative	467,250	467,250	467,250	0
Capital Outlay	4,171,552	5,948,023	1,736,010	(4,212,013)
Debt Issuance Cost	80,000	80,000	102,347	22,347
Intergovernmental	0	(175,000)	743,117	918,117
Total Expenditures	<u>4,982,802</u>	<u>6,482,273</u>	<u>3,166,821</u>	<u>(3,315,452)</u>
Deficiency of Revenues Under Expenditures	<u>(4,748,802)</u>	<u>(6,248,273)</u>	<u>(2,401,036)</u>	<u>3,847,237</u>
Other Financing Sources				
Issuance of Debt	3,777,000	4,227,000	7,834,512	3,607,512
Transfers In	0	0	91,728	91,728
Total Other Financing Sources	<u>3,777,000</u>	<u>4,227,000</u>	<u>7,926,240</u>	<u>3,699,240</u>
Change in Fund Balances	(971,802)	(2,021,273)	5,525,204	7,546,477
Fund Balances, October 1	<u>18,184,996</u>	<u>18,184,996</u>	<u>18,184,996</u>	<u>0</u>
Fund Balances, September 30	<u>\$ 17,213,194</u>	<u>\$ 16,163,723</u>	<u>\$ 23,710,200</u>	<u>\$ 7,546,477</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, 2006

	Business Park	Drainage Projects	General Government Projects	Parks Projects	Streets Projects
Change in Fund Balances - Budget Basis	\$ (6,609)	\$ (1,231,926)	\$ (458,794)	\$ 2,276,951	\$ 5,525,204
Revenues:					
Market Adjustment for Investments	10,183	32,450	44,669	22,285	137,761
Revenue Accrual	0	5,677	0	0	0
Expenditures:					
Capitalize Salaries	(1,174)	(19,036)	(24,931)	(12,710)	(91,287)
Bad Debt Expense	0	(6,034)	0	0	0
Reclass Expense	0	0	(1,568)	0	220,246
Expense Accrual	0	0	0	0	72,536
Change in Fund Balances - GAAP Basis	<u>\$ 2,400</u>	<u>\$ (1,218,869)</u>	<u>\$ (440,624)</u>	<u>\$ 2,286,526</u>	<u>\$ 5,864,460</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, 2006

	<u>Sanitation</u>	<u>Northgate Parking Garage</u>	<u>Total</u>
Current Assets			
Equity in Cash and Cash Equivalents	\$ 227,653	\$ 465,730	\$ 693,383
Equity in Investments	200,830	410,856	611,686
Receivables			
Accrued Interest	1,692	2,813	4,505
Accounts	755,904	2,919	758,823
Notes	12,522	0	12,522
Less Allowance for Uncollectible Accounts	(80,054)	(75)	(80,129)
Inventories	10,303	0	10,303
Total Current Assets	<u>1,128,850</u>	<u>882,243</u>	<u>2,011,093</u>
Equity in Joint Venture	<u>7,622,569</u>	<u>0</u>	<u>7,622,569</u>
Property and Equipment			
Buildings	0	5,743,755	5,743,755
Machinery and Equipment	1,149,026	146,044	1,295,070
Accumulated Depreciation	(1,129,879)	(831,328)	(1,961,207)
Construction in Progress	0	4,330	4,330
Land	0	709,650	709,650
Total Property and Equipment	<u>19,147</u>	<u>5,772,451</u>	<u>5,791,598</u>
Total Assets	<u>8,770,566</u>	<u>6,654,694</u>	<u>15,425,260</u>
Liabilities			
Current Liabilities			
Accounts Payable	147,440	1,884	149,324
Accrued Liabilities	108,321	15,745	124,066
Other Deferred Revenues	0	92,796	92,796
Total Current Liabilities	<u>255,761</u>	<u>110,425</u>	<u>366,186</u>
Current Liabilities Payable from Restricted Assets			
Refundable Deposits	<u>0</u>	<u>8,290</u>	<u>8,290</u>
Total Current Liabilities Payable from Restricted Assets	<u>0</u>	<u>8,290</u>	<u>8,290</u>
Noncurrent Liabilities			
Accrued Vacation	35,854	3,538	39,392
Total Noncurrent Liabilities	<u>35,854</u>	<u>3,538</u>	<u>39,392</u>
Total Liabilities	<u>291,615</u>	<u>122,253</u>	<u>413,868</u>
Net Assets			
Invested in Capital Assets, net of related debt	19,147	5,772,451	5,791,598
Unrestricted	8,459,804	759,990	9,219,794
Net Assets	<u>\$ 8,478,951</u>	<u>\$ 6,532,441</u>	<u>\$ 15,011,392</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, 2006

	<u>Sanitation</u>	<u>Northgate Parking Garage</u>	<u>Total</u>
Operating Revenues			
Garbage Collection Fees	\$ 5,677,297	\$ 0	\$ 5,677,297
Charges for Services	0	565,565	565,565
Other	56,662	0	56,662
Total Operating Revenues	<u>5,733,959</u>	<u>565,565</u>	<u>6,299,524</u>
Operating Expenses			
Salaries and Benefits	1,578,086	243,458	1,821,544
Supplies	320,448	20,007	340,455
Maintenance	554,185	26,518	580,703
Purchased Professional Services	476,841	94,928	571,769
Purchased Property Services	1,313,170	43,242	1,356,412
Other Purchased Services	546,422	5,791	552,213
Reimbursed Administrative	554,049	25,109	579,158
Depreciation	9,855	162,540	172,395
Other	31,096	0	31,096
Total Operating Expenses	<u>5,384,152</u>	<u>621,593</u>	<u>6,005,745</u>
Operating Income (Loss)	<u>349,807</u>	<u>(56,028)</u>	<u>293,779</u>
Nonoperating Revenues (Expenses)			
Investment Income	21,332	34,597	55,929
Reimbursed Expenses	2,655	25	2,680
Earnings in Joint Venture	415,718	0	415,718
Other, Net	(37,472)	4,339	(33,133)
Total Nonoperating Revenues	<u>402,233</u>	<u>38,961</u>	<u>441,194</u>
Income (Loss) Before Transfers	<u>752,040</u>	<u>(17,067)</u>	<u>734,973</u>
Transfers			
Transfers Out	(381,500)	0	(381,500)
Total Transfers	<u>(381,500)</u>	<u>0</u>	<u>(381,500)</u>
Change in Net Assets	370,540	(17,067)	353,473
Beginning Net Assets	8,108,411	6,549,508	14,657,919
Ending Net Assets	<u>\$ 8,478,951</u>	<u>\$ 6,532,441</u>	<u>\$ 15,011,392</u>

CITY OF COLLEGE STATION, TEXAS
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ended September 30, 2006

	Sanitation	Northgate Parking Garage	Total
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 5,627,174	\$ 610,979	\$ 6,238,153
Cash Payments to Suppliers for Goods and Services	(3,691,803)	(219,887)	(3,911,690)
Cash Payments to Employees for Services	(1,571,682)	(238,944)	(1,810,626)
Customer Deposits Received	0	691	691
Cash Received for Reimbursed Expenses	2,655	25	2,680
Cash Received for Miscellaneous Revenues	0	4,339	4,339
Cash Paid for Miscellaneous Expenses	(37,472)	0	(37,472)
Net Cash Provided by Operating Activities	<u>328,872</u>	<u>157,203</u>	<u>486,075</u>
Cash Flows from Noncapital Financing Activities:			
Transfers Out to Other Funds	(381,500)	0	(381,500)
Net Cash Used by Noncapital Financing Activities	<u>(381,500)</u>	<u>0</u>	<u>(381,500)</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition of Capital Assets	0	(42,763)	(42,763)
Net Cash Used by Capital and Related Financing Activities	<u>0</u>	<u>(42,763)</u>	<u>(42,763)</u>
Cash Flows from Investing Activities:			
Purchase of Investments	(616,591)	(1,200,642)	(1,817,233)
Proceeds from Sale and Maturities of Investment Securities	727,596	1,282,772	2,010,368
Investment Income	21,923	36,206	58,129
Net Cash Provided by Investing Activities	<u>132,928</u>	<u>118,336</u>	<u>251,264</u>
Net Increase in Cash and Cash Equivalents	80,300	232,776	313,076
Cash and Cash Equivalents, Oct. 1	147,353	232,954	380,307
Cash and Cash Equivalents, Sept. 30	<u>\$ 227,653</u>	<u>\$ 465,730</u>	<u>\$ 693,383</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$ 349,807	\$ (56,028)	\$ 293,779
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation, Bad Debt Expense, Inventory Loss	9,855	162,540	172,395
Provision for Uncollectible Accounts	5,724	(122)	5,602
Miscellaneous Nonoperating Revenues	2,655	4,364	7,019
Miscellaneous Nonoperating Expenses	(37,472)	0	(37,472)
Changes in Assets and Liabilities:			
Change in Accounts Receivable	(106,785)	6,364	(100,421)
Change in Deferred Revenue	0	39,050	39,050
Change in Inventory	(1,060)	0	(1,060)
Change in Accounts Payable	93,269	(5,715)	87,554
Change in Accrued Liabilities	8,861	4,681	13,542
Change in Refundable Deposits	0	691	691
Change in Accrued Vacation	4,018	1,378	5,396
Total Adjustments	<u>(20,935)</u>	<u>213,231</u>	<u>192,296</u>
Net Cash Provided by Operating Activities	<u>\$ 328,872</u>	<u>\$ 157,203</u>	<u>\$ 486,075</u>

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 Customer Service - 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, 2006

	<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	\$ 118,288	\$ 2,473,900	\$ 3,891,090	\$ 71,009	\$ 0
Equity in Investments	104,350	2,182,414	3,432,625	62,642	0
Receivables					
Accrued Interest	714	14,995	23,276	435	(440)
Accounts	0	2,584	0	0	0
Other	0	0	0	0	0
Less Allowance for Uncollectible Accounts	0	(14)	0	0	0
Inventories	0	0	0	97,682	29,934
Prepaid Costs	0	0	0	0	21,967
Total Current Assets	<u>223,352</u>	<u>4,673,879</u>	<u>7,346,991</u>	<u>231,768</u>	<u>51,461</u>
Property and Equipment					
Buildings	0	0	0	786,525	0
Machinery and Equipment	1,226,849	0	23,491,726	279,154	145,918
Accumulated Depreciation	(1,109,535)	0	(15,439,798)	(465,473)	(142,649)
Construction in Progress	0	0	856,240	0	0
Total Property and Equipment	<u>117,314</u>	<u>0</u>	<u>8,908,168</u>	<u>600,206</u>	<u>3,269</u>
Total Assets	<u>340,666</u>	<u>4,673,879</u>	<u>16,255,159</u>	<u>831,974</u>	<u>54,730</u>
Liabilities					
Current Liabilities					
Accounts Payable	9,695	216,974	56,646	51,912	41,965
Due to Other Funds	0	0	0	0	65,817
Claims Payable	0	209,874	0	0	0
Accrued Liabilities	13,620	0	0	26,772	7,671
Total Current Liabilities	<u>23,315</u>	<u>426,848</u>	<u>56,646</u>	<u>78,684</u>	<u>115,453</u>
Noncurrent Liabilities					
Claims Payable	0	0	0	0	0
Accrued Vacation	12,149	0	0	45,596	14,861
Total Noncurrent Liabilities	<u>12,149</u>	<u>0</u>	<u>0</u>	<u>45,596</u>	<u>14,861</u>
Total Liabilities	<u>35,464</u>	<u>426,848</u>	<u>56,646</u>	<u>124,280</u>	<u>130,314</u>
Net Assets					
Invested in Capital Assets	117,314	0	8,908,168	600,206	3,269
Unreserved	187,888	4,247,031	7,290,345	107,488	(78,853)
Total Net Assets	<u>\$ 305,202</u>	<u>\$ 4,247,031</u>	<u>\$ 16,198,513</u>	<u>\$ 707,694</u>	<u>\$ (75,584)</u>

Property and Casualty	Unemployment	Utility Customer Service	Workers' Compensation	Total
\$ 300,052	\$ 75,291	\$ 90,596	\$ 326,673	\$ 7,346,899
264,699	66,420	79,922	288,184	6,481,256
1,807	454	548	1,923	43,712
29,109	0	29,092	0	60,785
0	0	13,586	0	13,586
(2,235)	0	(21,376)	0	(23,625)
0	0	0	0	127,616
0	0	0	0	21,967
<u>593,432</u>	<u>142,165</u>	<u>192,368</u>	<u>616,780</u>	<u>14,072,196</u>
0	0	0	0	786,525
0	0	1,542,925	0	26,686,572
0	0	(924,268)	0	(18,081,723)
0	0	0	0	856,240
<u>0</u>	<u>0</u>	<u>618,657</u>	<u>0</u>	<u>10,247,614</u>
<u>593,432</u>	<u>142,165</u>	<u>811,025</u>	<u>616,780</u>	<u>24,319,810</u>
15,409	0	4,515	9,228	406,344
0	0	0	0	65,817
96,716	0	0	228,844	535,434
0	0	46,918	0	94,981
<u>112,125</u>	<u>0</u>	<u>51,433</u>	<u>238,072</u>	<u>1,102,576</u>
245,850	0	0	384,590	630,440
0	0	64,798	0	137,404
<u>245,850</u>	<u>0</u>	<u>64,798</u>	<u>384,590</u>	<u>767,844</u>
<u>357,975</u>	<u>0</u>	<u>116,231</u>	<u>622,662</u>	<u>1,870,420</u>
0	0	618,657	0	10,247,614
235,457	142,165	76,137	(5,882)	12,201,776
<u>\$ 235,457</u>	<u>\$ 142,165</u>	<u>\$ 694,794</u>	<u>\$ (5,882)</u>	<u>\$ 22,449,390</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, 2006

	Communication Services	Employee Benefits	Equipment Replacement	Fleet Maintenance	Print/Mail Services	Property and Casualty
Operating Revenues						
Charges for Services	\$ 789,826	\$ 0	\$ 3,287,427	\$ 1,825,980	\$ 421,728	\$ 0
Premiums	0	5,366,101	0	0	0	738,413
Other	0	35,515	0	0	0	0
Total Operating Revenues	789,826	5,401,616	3,287,427	1,825,980	421,728	738,413
Operating Expenses						
Salaries and Benefits	339,441	0	0	753,831	204,755	0
Supplies	29,980	0	900	664,908	77,225	0
Maintenance	116,078	0	1,200	33,502	63,341	0
Purchased Professional Services	292	4,755	0	1,590	31	8,000
Purchased Property Services	14,160	0	0	18,351	23,384	0
Other Purchased Services	31,235	220	0	45,075	59,289	0
Claims	0	3,719,411	0	0	0	247,560
Administration Fees	0	492,653	0	0	0	25,291
Premiums	0	421,120	0	0	0	225,058
Reimbursed Administrative	111,355	54,194	0	147,980	31,623	129,869
Depreciation	20,604	0	2,681,748	27,793	6,581	0
Other	0	735	0	30,084	(1,911)	3,104
Total Operating Expenses	663,145	4,693,088	2,683,848	1,723,114	464,318	638,882
Operating Income (Loss)	126,681	708,528	603,579	102,866	(42,590)	99,531
Nonoperating Revenues (Expenses)						
Investment Income	7,649	195,596	316,149	5,080	(3,839)	18,110
Reimbursed Expenses	2,384	8,287	0	1,581	3,160	60,754
Other, Net	0	1,980	137,747	0	1,713	0
Total Nonoperating Revenues	10,033	205,863	453,896	6,661	1,034	78,864
Income (Loss) Before Transfers	136,714	914,391	1,057,475	109,527	(41,556)	178,395
Transfers						
Transfers In	0	0	59,540	0	16,939	0
Transfers Out	0	0	(718,799)	0	0	0
Total Transfers	0	0	(659,259)	0	16,939	0
Change in Net Assets	136,714	914,391	398,216	109,527	(24,617)	178,395
Beginning Net Assets	168,488	3,332,640	15,800,297	598,167	(50,967)	57,062
Ending Net Assets	\$ 305,202	\$ 4,247,031	\$ 16,198,513	\$ 707,694	\$ (75,584)	\$ 235,457

<u>Unemployment</u>	<u>Utility Customer Service</u>	<u>Workers' Compensation</u>	<u>Total</u>
\$ 0	\$ 2,180,001	\$ 0	\$ 8,504,962
27,090	0	753,025	6,884,629
0	203,949	2,865	242,329
<u>27,090</u>	<u>2,383,950</u>	<u>755,890</u>	<u>15,631,920</u>
0	1,256,681	0	2,554,708
0	78,027	1,345	852,385
0	54,096	0	268,217
0	60,175	19,820	94,663
0	37,358	0	93,253
0	472,493	587	608,899
11,757	0	161,788	4,140,516
0	0	50,000	567,944
0	0	116,362	762,540
0	442,737	129,869	1,047,627
0	58,387	0	2,795,113
0	10,692	0	42,704
<u>11,757</u>	<u>2,470,646</u>	<u>479,771</u>	<u>13,828,569</u>
<u>15,333</u>	<u>(86,696)</u>	<u>276,119</u>	<u>1,803,351</u>
6,028	8,105	19,964	572,842
0	1,426	0	77,592
0	(253)	293,412	434,599
<u>6,028</u>	<u>9,278</u>	<u>313,376</u>	<u>1,085,033</u>
<u>21,361</u>	<u>(77,418)</u>	<u>589,495</u>	<u>2,888,384</u>
0	0	0	76,479
0	(5,196)	0	(723,995)
<u>0</u>	<u>(5,196)</u>	<u>0</u>	<u>(647,516)</u>
21,361	(82,614)	589,495	2,240,868
120,804	777,408	(595,377)	20,208,522
<u>\$ 142,165</u>	<u>\$ 694,794</u>	<u>\$ (5,882)</u>	<u>\$ 22,449,390</u>

CITY OF COLLEGE STATION, TEXAS
Internal Service Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended September 30, 2006

	Communication Services	Employee Benefits	Equipment Replacement	Fleet Maintenance	Print/Mail Services
Cash Flows from Operating Activities:					
Cash Received from Customers	\$ 789,826	\$ 5,406,346	\$ 3,287,427	\$ 1,825,980	\$ 421,728
Cash Payments to Suppliers for Goods and Services	(297,381)	(4,850,677)	29,474	(1,025,673)	(238,130)
Cash Payments to Employees for Services	(333,202)	0	0	(732,296)	(201,988)
Cash Received for Reimbursed Expenses	2,381	8,287	0	1,581	3,160
Cash Received for Miscellaneous Revenues	0	1,981	0	0	1,713
Cash Received from Other Funds	0	0	0	0	436
Cash Paid for Miscellaneous Expenses	0	0	0	0	0
Net Cash Provided (Used) by Operating Activities	161,624	565,937	3,316,901	69,592	(13,081)
Cash Flows from Noncapital Financing Activities:					
Transfers In from Other Funds	0	0	53,294	0	16,939
Transfers Out to Other Funds	0	0	(718,799)	0	0
Net Cash Provided (Used) by Noncapital Financing Activities	0	0	(665,505)	0	16,939
Cash Flows from Capital and Related Financing Activities:					
Acquisition of Capital Assets	(18,905)	0	(3,376,077)	(39,950)	0
Proceeds from Sale of Assets	0	0	194,551	0	0
Net Cash Used by Capital and Related Financing Activities	(18,905)	0	(3,181,526)	(39,950)	0
Cash Flows from Investing Activities:					
Purchase of Investments	(273,154)	(6,387,593)	(10,446,316)	(179,759)	0
Proceeds from Sale and Maturities of Investment Securities	218,194	6,847,565	12,122,803	184,411	0
Investment Income	7,190	199,365	330,488	4,916	(3,858)
Net Cash Provided (Used) by Investing Activities	(47,770)	659,337	2,006,975	9,568	(3,858)
Net Increase in Cash and Cash Equivalents	94,949	1,225,274	1,476,845	39,210	0
Cash and Cash Equivalents, Oct. 1	23,339	1,248,626	2,414,245	31,799	0
Cash and Cash Equivalents, Sept. 30	\$ 118,288	\$ 2,473,900	\$ 3,891,090	\$ 71,009	\$ 0
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ 126,681	\$ 708,528	\$ 603,579	\$ 102,866	\$ (42,590)
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	20,604	0	2,681,748	27,793	6,581
Miscellaneous Nonoperating Revenues	2,381	10,268	0	1,581	4,873
Miscellaneous Nonoperating Expenses	0	0	0	0	0
Change in Assets and Liabilities:					
Change in Accounts Receivable	0	2,750	0	0	0
Change in Inventories	0	0	0	15,877	(1,587)
Change in Prepaid Costs	0	0	0	0	(10,970)
Change in Accounts Payable	5,719	107,103	31,574	(90,060)	27,409
Change in Due to Other Funds	0	0	0	0	436
Change in Claims Payable	0	(262,712)	0	0	0
Change in Accrued Liabilities	2,119	0	0	2,040	(108)
Change in Accrued Vacation	4,120	0	0	9,495	2,875
Total Adjustments	34,943	(142,591)	2,713,322	(33,274)	29,509
Net Cash Provided (Used) by Operating Activities	\$ 161,624	\$ 565,937	\$ 3,316,901	\$ 69,592	\$ (13,081)

Property and Casualty	Unemployment	Utility Customer Service	Workers' Compensation	Total
\$ 739,377	\$ 27,090	\$ 2,381,236	\$ 755,890	\$ 15,634,900
(568,936)	(11,757)	(1,158,448)	(763,955)	(8,885,483)
0	0	(1,241,233)	0	(2,508,719)
60,754	0	1,426	0	77,589
0	0	0	293,412	297,106
0	0	0	0	436
0	0	(3,118)	0	(3,118)
<u>231,195</u>	<u>15,333</u>	<u>(20,137)</u>	<u>285,347</u>	<u>4,612,711</u>
0	0	0	0	70,233
0	0	(5,196)	0	(723,995)
0	0	(5,196)	0	(653,762)
0	0	0	0	(3,434,932)
0	0	0	0	194,551
0	0	0	0	(3,240,381)
(730,307)	(194,919)	(246,727)	(785,477)	(19,244,252)
680,127	210,152	294,121	707,894	21,265,267
17,669	6,141	8,373	19,392	589,676
<u>(32,511)</u>	<u>21,374</u>	<u>55,767</u>	<u>(58,191)</u>	<u>2,610,691</u>
198,684	36,707	30,434	227,156	3,329,259
101,368	38,584	60,162	99,517	4,017,640
<u>\$ 300,052</u>	<u>\$ 75,291</u>	<u>\$ 90,596</u>	<u>\$ 326,673</u>	<u>\$ 7,346,899</u>
<u>\$ 99,531</u>	<u>\$ 15,333</u>	<u>\$ (86,696)</u>	<u>\$ 276,119</u>	<u>\$ 1,803,351</u>
0	0	58,387	0	2,795,113
60,754	0	1,426	293,412	374,695
0	0	(3,118)	0	(3,118)
(814)	0	40	0	1,976
0	0	0	0	14,290
0	0	0	0	(10,970)
8,928	0	(5,624)	9,228	94,277
0	0	0	0	436
62,796	0	0	(293,412)	(493,328)
0	0	7,518	0	11,569
0	0	7,930	0	24,420
<u>131,664</u>	<u>0</u>	<u>66,559</u>	<u>9,228</u>	<u>2,809,360</u>
<u>\$ 231,195</u>	<u>\$ 15,333</u>	<u>\$ (20,137)</u>	<u>\$ 285,347</u>	<u>\$ 4,612,711</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, 2006

Governmental funds capital assets:	
Buildings and Building Improvements	\$ 19,619,486
Improvements	21,553,113
Machinery and Equipment	5,617,968
Infrastructure	164,452,064
Construction in Progress	19,044,324
Land	27,693,130
	<u>\$ 257,980,085</u>
Investments in governmental funds capital assets by source:	
Capital Projects	\$ 161,213,972
General Fund Revenues	6,393,445
Special Revenue Funds	11,337,170
Contributions	79,035,498
	<u>\$ 257,980,085</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, 2006

Function and Activity	Total	Buildings	Improvements Other than Bldg	Machine/Tool Equipment	Infrastructure	Land
Planning and Development Services:						
Development Services Administration	\$ 38,499	\$ 15,500	\$ -	\$ 22,999	\$ -	\$ -
Inspection	-	-	-	-	-	-
	<u>38,499</u>	<u>15,500</u>	<u>-</u>	<u>22,999</u>	<u>-</u>	<u>-</u>
Fire:						
Emergency Management	9,818	-	-	9,818	-	-
Emergency Medical Services	312,952	-	-	312,952	-	-
Fire Administration	310,024	-	-	310,024	-	-
Fire Prevention	-	-	-	-	-	-
Fire Suppression	259,175	-	-	259,175	-	-
	<u>891,969</u>	<u>-</u>	<u>-</u>	<u>891,969</u>	<u>-</u>	<u>-</u>
Fiscal Services:						
Accounting	-	-	-	-	-	-
Budget/Research	-	-	-	-	-	-
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:						
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	23,762,484	-	181,736	1,962,524	607,061	21,011,163
Public Communications	179,343	-	-	179,343	-	-
	<u>25,493,963</u>	<u>-</u>	<u>181,736</u>	<u>2,221,189</u>	<u>607,061</u>	<u>22,483,977</u>
Information Services:						
Geographic Information Systems	32,292	-	-	32,292	-	-
Library Services	276,969	-	-	236,969	-	40,000
Management Information Systems	1,021,443	-	-	1,021,443	-	-
IS Administration	155,994	-	-	155,994	-	-
	<u>1,486,698</u>	<u>-</u>	<u>-</u>	<u>1,446,698</u>	<u>-</u>	<u>40,000</u>
Police:						
Criminal Investigation	36,620	-	-	36,620	-	-
Communications/Jail	-	-	-	-	-	-
Police Administration	324,006	-	-	324,006	-	-
Professional Standards	-	-	-	-	-	-
Quartermaster	16,849	-	-	16,849	-	-
Special Services	42,912	-	-	42,912	-	-
Technical Services	-	-	-	-	-	-
Uniform Patrol	51,838	-	-	51,838	-	-
	<u>472,225</u>	<u>-</u>	<u>-</u>	<u>472,225</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, 2006

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	278,632	-	149,571	129,061	-	-
Capital Projects	19,867,669	898,445	18,218,276	-	-	750,948
Recreation	5,199	-	-	5,199	-	-
Special Facilities	22,619	-	10,619	12,000	-	-
	<u>20,405,194</u>	<u>898,445</u>	<u>18,599,251</u>	<u>156,550</u>	<u>-</u>	<u>750,948</u>
Public Works:						
Drainage Maintenance	14,993	-	-	14,993	-	-
Engineering	17,987	-	-	17,987	-	-
Facilities Maintenance	117,858	70,238	-	14,720	-	32,900
Public Works Administration	20,517	-	-	20,517	-	-
Capital Projects	50,032,606	-	1,430,035	-	47,198,334	1,404,237
Streets Maintenance	204,588	-	-	204,588	-	-
Traffic Signs/Markings	5,689	-	-	5,689	-	-
Traffic Signals	47,854	1	-	47,853	-	-
	<u>50,462,092</u>	<u>70,239</u>	<u>1,430,035</u>	<u>326,347</u>	<u>47,198,334</u>	<u>1,437,137</u>
Other:						
Non-departmental	139,605,130	18,635,302	1,342,091	-	116,646,669	2,981,068
	<u>139,605,130</u>	<u>18,635,302</u>	<u>1,342,091</u>	<u>-</u>	<u>116,646,669</u>	<u>2,981,068</u>
Construction in Progress						
	<u>19,044,324</u>	<u>2,585,876</u>	<u>4,730,037</u>	<u>525,824</u>	<u>11,202,587</u>	<u>-</u>
	<u>19,044,324</u>	<u>2,585,876</u>	<u>4,730,037</u>	<u>525,824</u>	<u>11,202,587</u>	<u>-</u>
Total Governmental Funds Capital Assets	<u>\$ 257,980,085</u>	<u>\$ 22,205,362</u>	<u>\$ 26,283,150</u>	<u>\$ 6,143,792</u>	<u>\$ 175,654,651</u>	<u>\$ 27,693,130</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, 2006

Function and Activity	Governmental Funds				Governmental Funds
	Capital Assets 9/30/05	Additions	Retirements	Transfers/Other	Capital Assets 9/30/06
Planning and Development Services:					
Development Services Administration	\$ 24,029	\$ 14,470	\$ -	\$ -	\$ 38,499
Inspection	-	-	-	-	-
	<u>24,029</u>	<u>14,470</u>	<u>-</u>	<u>-</u>	<u>38,499</u>
Fire:					
Emergency Management	-	9,818	-	-	9,818
Emergency Medical Services	312,951	-	-	-	312,951
Fire Administration	188,745	121,280	-	-	310,025
Fire Prevention	-	-	-	-	-
Fire Suppression	259,175	-	-	-	259,175
	<u>760,871</u>	<u>131,098</u>	<u>-</u>	<u>-</u>	<u>891,969</u>
Fiscal Services:					
Accounting	-	-	-	-	-
Budget/Research	-	-	-	-	-
Fiscal Administration	-	-	-	-	-
Municipal Court	79,991	-	-	-	79,991
Purchasing	-	-	-	-	-
Risk Management	-	-	-	-	-
	<u>79,991</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,991</u>
General Government:					
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	20,642,209	3,120,275	-	-	23,762,484
Public Communications	123,426	55,917	-	-	179,343
	<u>22,317,771</u>	<u>3,176,192</u>	<u>-</u>	<u>-</u>	<u>25,493,963</u>
Information Services:					
Geographic Information Systems	32,292	-	-	-	32,292
Library Services	236,970	40,000	-	-	276,970
Management Information Systems	938,654	82,788	-	-	1,021,442
IS Administration	155,994	-	-	-	155,994
	<u>1,363,910</u>	<u>122,788</u>	<u>-</u>	<u>-</u>	<u>1,486,698</u>
Police:					
Criminal Investigation	36,620	-	-	-	36,620
Communications/Jail	-	-	-	-	-
Police Administration	323,662	344	-	-	324,006
Professional Standards	-	-	-	-	-
Quartermaster	-	16,849	-	-	16,849
Special Services	-	42,912	-	-	42,912
Technical Services	-	-	-	-	-
Uniform Patrol	23,440	28,398	-	-	51,838
	<u>383,722</u>	<u>88,503</u>	<u>-</u>	<u>-</u>	<u>472,225</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, 2006

Function and Activity	Governmental Funds				Governmental Funds
	Capital Assets 9/30/05	Additions	Retirements	Transfers/Other	Capital Assets 9/30/06
Parks and Recreation:					
Forestry	24,025	-	-	-	24,025
Parks Administration	207,050	-	-	-	207,050
Parks Maintenance/Operations	195,517	83,115	-	-	278,632
Capital Projects	16,152,914	3,714,754	-	-	19,867,668
Recreation	-	5,200	-	-	5,200
Special Facilities	22,619	-	-	-	22,619
	<u>16,602,125</u>	<u>3,803,069</u>	<u>-</u>	<u>-</u>	<u>20,405,194</u>
Public Works:					
Drainage Maintenance	-	14,993	-	-	14,993
Engineering	9,387	8,600	-	-	17,987
Facilities Maintenance	19,975	97,883	-	-	117,858
Public Works Administration	20,517	-	-	-	20,517
Capital Projects	45,524,156	4,508,450	-	-	50,032,606
Streets Maintenance	178,408	26,180	-	-	204,588
Traffic Signs/Markings	-	5,689	-	-	5,689
Traffic Signals	47,854	-	-	-	47,854
	<u>45,800,297</u>	<u>4,661,795</u>	<u>-</u>	<u>-</u>	<u>50,462,092</u>
Other:					
Non-departmental	132,267,657	7,337,473	-	-	139,605,130
	<u>132,267,657</u>	<u>7,337,473</u>	<u>-</u>	<u>-</u>	<u>139,605,130</u>
Construction in Progress					
	19,277,213	11,258,400	(11,491,289)	-	19,044,324
	<u>19,277,213</u>	<u>11,258,400</u>	<u>(11,491,289)</u>	<u>-</u>	<u>19,044,324</u>
Total Governmental Funds Capital Assets	<u>\$ 238,877,586</u>	<u>\$ 30,593,788</u>	<u>\$ (11,491,289)</u>	<u>\$ -</u>	<u>\$ 257,980,085</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

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

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 86,587,535	\$ 100,066,963	\$ 106,460,949	\$ 108,287,795
Restricted	12,031,989	4,289,623	4,289,531	4,564,184
Unrestricted	28,076,989	25,962,837	27,897,090	39,602,065
Total governmental activities net assets	<u>\$ 126,696,513</u>	<u>\$ 130,319,423</u>	<u>\$ 138,647,570</u>	<u>\$ 152,454,044</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 109,857,913	\$ 130,810,275	\$ 132,001,489	\$ 142,778,246
Restricted	2,466,731	2,651,325	2,797,735	2,920,980
Unrestricted	31,766,395	29,665,429	30,830,640	32,980,043
Total business-type activities net assets	<u>\$ 144,091,039</u>	<u>\$ 163,127,029</u>	<u>\$ 165,629,864</u>	<u>\$ 178,679,269</u>
Primary government				
Invested in capital assets, net of related debt	\$ 196,445,448	\$ 230,877,238	\$ 238,462,438	\$ 251,066,041
Restricted	14,498,720	6,940,948	7,087,266	7,485,164
Unrestricted	59,843,384	55,628,266	58,727,730	72,582,108
Total primary government net assets	<u>\$ 270,787,552</u>	<u>\$ 293,446,452</u>	<u>\$ 304,277,434</u>	<u>\$ 331,133,313</u>

Source: City of College Station

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003

CITY OF COLLEGE STATION, TEXAS

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

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Expenses				
Governmental activities:				
General government	\$ 7,857,618	\$ 7,536,427	\$ 6,457,556	\$ 7,755,725
Fiscal services	1,834,859	1,953,189	2,467,187	2,452,442
Police	9,374,251	9,654,447	10,666,318	11,214,413
Fire	7,102,089	7,189,495	7,853,876	8,280,257
Planning and development services	1,651,761	1,586,114	1,580,317	1,449,327
Public works	5,242,162	5,004,976	5,401,568	6,227,707
Parks and recreation	6,361,728	6,154,862	6,549,466	7,353,984
Information services	2,919,155	2,652,957	2,881,863	3,087,596
Interest on long-term debt	3,643,268	3,448,533	3,895,520	4,116,871
Unallocated depreciation	2,543,780	2,690,998	5,430,745	5,759,049
Total governmental activities expense	<u>48,530,671</u>	<u>47,871,998</u>	<u>53,184,416</u>	<u>57,697,371</u>
Business-type activities:				
Electric	43,299,695	41,120,750	47,815,339	51,250,110
Water	6,283,025	6,542,184	7,908,695	7,770,081
Sewer	7,347,315	7,214,296	7,262,208	7,973,677
Sanitation	4,419,352	4,848,591	4,931,079	5,421,624
Cedar Creek Condominiums	0	61,150	0	0
Northgate parking	461,394	550,544	591,944	621,593
Total business-type activities expense	<u>61,810,781</u>	<u>60,337,515</u>	<u>68,509,265</u>	<u>73,037,085</u>
Total primary government expense	<u>\$ 110,341,452</u>	<u>\$ 108,209,513</u>	<u>\$ 121,693,681</u>	<u>\$ 130,734,456</u>
Program Revenues				
Governmental activities:				
Charges for services:				
Fines, forfeits and penalties	\$ 3,215,162	\$ 3,563,970	\$ 4,008,637	\$ 3,798,807
Licenses and permits	1,104,793	1,215,924	1,043,672	1,091,848
Public works	1,237,447	1,784,694	1,110,686	1,290,935
Parks and recreation	1,399,390	1,346,580	1,044,134	1,244,476
Other activities	1,480,889	1,614,408	2,002,338	2,656,136
Operating grants and contributions	1,891,808	3,208,957	2,629,494	3,144,254
Capital grants and contributions	6,399,178	5,266,837	4,489,883	7,477,874
Total governmental activities program revenues	<u>16,728,667</u>	<u>18,001,370</u>	<u>16,328,844</u>	<u>20,704,330</u>
Business-type activities:				
Charges for services:				
Electric sales	46,592,459	47,431,497	51,467,169	60,217,421
Water sales	8,861,195	8,319,779	9,519,714	10,852,660
Sewer service	9,159,142	9,334,778	9,697,314	10,363,603
Garbage collection fees	5,986,207	4,829,150	5,151,204	6,419,446
Parking garage fees	545,566	603,465	480,627	576,892
Other activities	4,341	0	0	0
Operating grants and contributions	50,700	0	0	0
Capital grants and contributions	3,887,629	5,179,221	1,937,320	4,677,465
Total business-type activities program revenues	<u>75,087,239</u>	<u>75,697,890</u>	<u>78,253,348</u>	<u>93,107,487</u>
Total primary government program revenues	<u>\$ 91,815,906</u>	<u>\$ 93,699,260</u>	<u>\$ 94,582,192</u>	<u>\$ 113,811,817</u>

CITY OF COLLEGE STATION, TEXAS

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

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Net (Expense)/Revenue				
Governmental activities	\$ (31,802,004)	\$ (29,870,628)	\$ (36,855,572)	\$ (36,993,041)
Business-type activities	<u>13,276,458</u>	<u>15,360,375</u>	<u>9,744,083</u>	<u>20,070,402</u>
Total primary government net expense	<u>\$ (18,525,546)</u>	<u>\$ (14,510,253)</u>	<u>\$ (27,111,489)</u>	<u>\$ (16,922,639)</u>
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes				
Property taxes	\$ 13,441,000	\$ 14,668,641	\$ 15,888,475	\$ 16,646,519
Sales and mixed beverage taxes	14,027,489	15,238,995	15,705,090	17,082,936
Franchise taxes	1,688,947	1,974,587	1,718,491	2,132,341
Hotel taxes	2,120,015	2,191,429	2,306,928	2,671,417
Unrestricted investment earnings	1,739,929	1,224,546	1,487,926	3,415,849
Gain (Loss) on sale of capital assets	19,563	4,386	(111,916)	0
Correction to value of capital assets	7,795,715	0	0	0
Adjustment to claims payable	0	(904,263)	0	0
Transfers	<u>6,856,352</u>	<u>(904,783)</u>	<u>8,188,725</u>	<u>8,850,453</u>
Total governmental activities	<u>47,689,010</u>	<u>33,493,538</u>	<u>45,183,719</u>	<u>50,799,515</u>
Business-type activities:				
Unrestricted investment earnings	1,126,900	662,359	947,477	1,829,456
Correction to value of capital assets	0	2,108,473	0	0
Transfers	<u>(6,856,352)</u>	<u>904,783</u>	<u>(8,188,725)</u>	<u>(8,850,453)</u>
Total business-type activities	<u>(5,729,452)</u>	<u>3,675,615</u>	<u>(7,241,248)</u>	<u>(7,020,997)</u>
Total primary government	<u>\$ 41,959,558</u>	<u>\$ 37,169,153</u>	<u>\$ 37,942,471</u>	<u>\$ 43,778,518</u>
Change in net assets				
Governmental activities	\$ 15,887,006	\$ 3,622,910	\$ 8,328,147	\$ 13,806,474
Business-type activities	<u>7,547,006</u>	<u>19,035,990</u>	<u>2,502,835</u>	<u>13,049,405</u>
Total primary government	<u>\$ 23,434,012</u>	<u>\$ 22,658,900</u>	<u>\$ 10,830,982</u>	<u>\$ 26,855,879</u>

Source: City of College Station

Notes: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

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

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

CITY OF COLLEGE STATION, TEXAS

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

Function/Program	Program Revenues			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities:				
General government	\$ 1,979,207	\$ 3,618,878	\$ 3,121,430	\$ 4,357,597
Fiscal services	327,188	333,043	508,810	547,790
Police	3,364,991	3,677,391	4,093,425	3,875,900
Fire	916,473	724,278	916,804	817,910
Planning and development services	1,104,793	1,215,924	1,043,672	1,091,848
Public works	7,636,625	7,051,531	5,600,569	8,768,809
Parks and recreation	1,399,390	1,380,325	1,044,134	1,244,476
Subtotal governmental activities	<u>16,728,667</u>	<u>18,001,370</u>	<u>16,328,844</u>	<u>20,704,330</u>
Business-type activities:				
Electric	47,018,072	48,032,185	52,780,914	62,284,935
Water	10,957,066	10,260,307	9,826,360	12,409,728
Sewer	10,575,987	11,972,783	10,014,243	11,416,486
Sanitation	5,986,207	4,829,150	5,151,204	6,419,446
Cedar Creek Condominiums	4,341	0	0	0
Northgate parking	545,566	603,465	480,627	576,892
Subtotal business-type activities	<u>75,087,239</u>	<u>75,697,890</u>	<u>78,253,348</u>	<u>93,107,487</u>
Total primary government	<u>\$ 91,815,906</u>	<u>\$ 93,699,260</u>	<u>\$ 94,582,192</u>	<u>\$ 113,811,817</u>

Source: City of College Station

CITY OF COLLEGE STATION, TEXAS

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

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Fund										
Reserved	\$ 311,840	\$ 769,655	\$ 346,038	\$ 543,396	\$ 660,488	\$ 989,028	\$ 1,728,294	\$ 1,089,510	\$ 1,132,180	\$ 1,523,619
Unreserved	7,298,570	6,489,541	7,463,493	7,984,787	8,772,212	9,122,197	9,522,041	9,613,442	9,038,345	9,448,389
Total general fund	\$ 7,610,410	\$ 7,259,196	\$ 7,809,531	\$ 8,428,183	\$ 9,432,700	\$ 10,111,225	\$ 11,250,335	\$ 10,702,952	\$ 10,170,525	\$ 10,972,008
All Other Governmental Funds										
Reserved	\$ 8,076,857	\$ 5,201,779	\$ 8,289,966	\$ 28,691,651	\$ 9,395,621	\$ 10,685,338	\$ 41,119,894	\$ 42,522,379	\$ 42,999,111	\$ 49,111,974
Unreserved, reported in:										
Special revenue funds	1,476,380	7,158,873	7,356,274	7,655,383	12,749,505	12,460,155	10,851,935	6,085,255	6,244,225	7,462,140
Capital projects funds	1,930,805	7,746,935	10,244,405	0	25,443,167	33,275,222	0	0	0	0
Total all other governmental funds	\$ 11,486,042	\$ 20,107,587	\$ 25,890,645	\$ 36,347,034	\$ 47,588,293	\$ 56,420,715	\$ 51,971,829	\$ 48,607,634	\$ 49,243,336	\$ 56,574,114

Source: City of College Station

Note: Fiscal years 1997 through 2002 have been restated to include trust funds.

CITY OF COLLEGE STATION, TEXAS

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues										
Taxes	\$ 20,002,221	\$ 22,007,506	\$ 23,465,240	\$ 25,429,183	\$ 27,254,701	\$ 29,499,644	\$ 31,277,451	\$ 34,073,652	\$ 35,618,984	\$ 38,533,213
Licenses and permits	487,300	577,032	643,968	680,776	779,159	870,636	1,012,960	1,112,766	1,025,013	945,593
Intergovernmental	1,923,138	1,551,753	2,153,853	1,607,155	3,221,851	2,572,428	1,950,883	3,208,957	2,592,312	3,144,254
Charges for services	1,348,614	1,463,809	1,546,912	1,819,069	2,038,422	2,251,297	2,610,056	2,538,583	2,634,683	2,925,281
Fines, forfeits and penalties	1,179,257	1,233,920	1,208,499	1,393,566	1,798,870	2,225,354	2,657,643	2,966,278	3,518,940	3,285,907
Special assessments	814,877	863,778	875,353	911,415	944,636	982,760	1,035,023	1,062,179	1,110,686	1,290,935
Investment income	1,243,605	1,683,670	1,522,837	2,642,328	3,487,814	2,615,798	1,543,026	1,062,069	1,269,201	3,066,642
Rents and royalties	145,227	143,380	166,723	167,927	213,832	228,392	233,026	256,023	243,831	244,864
Loan repayments	111,052	117,409	122,198	6,879	9,979	9,626	11,322	5,418	2,541	0
Contributions	286,549	203,816	231,131	166,975	448,949	356,369	475,913	784,402	37,182	12,281
Reimbursed expenditures	1,341	3,781	0	0	531,307	32,803	7,258	28,393	0	145,749
Other revenues	216,504	189,793	340,669	546,935	551,280	437,359	335,405	679,349	631,192	447,432
Total revenues	27,759,685	30,039,647	32,277,383	35,372,208	41,280,800	42,082,466	43,149,966	47,778,069	48,684,565	54,042,151
Expenditures										
General government	1,629,871	1,623,784	1,735,592	1,775,494	2,909,436	3,801,250	3,765,079	4,187,972	4,480,075	4,216,582
Fiscal services	1,433,501	1,533,228	1,783,602	1,967,135	1,889,611	2,112,936	2,319,008	2,479,082	3,038,145	3,050,533
Police	5,860,586	6,289,005	6,903,838	7,567,620	8,273,632	8,829,060	9,143,331	9,803,577	10,829,081	11,559,669
Fire	3,898,305	4,195,334	4,844,031	5,179,104	5,702,804	6,340,775	6,989,125	7,275,289	7,964,785	8,493,228
Planning and development services	1,659,760	1,410,221	1,445,172	1,558,036	1,887,378	1,883,224	1,935,277	1,964,001	1,962,603	1,877,732
Public works	3,142,284	3,821,635	3,923,009	4,353,073	4,583,796	5,207,101	5,292,243	5,534,404	6,117,241	7,116,329
Economic and community development	584,076	582,200	594,417	773,703	41,623	122,074	6,369	16,886	11,281	0
Parks and recreation	4,146,914	4,267,714	4,592,990	5,185,392	5,200,809	5,862,938	6,279,342	6,388,099	6,778,196	7,520,189
Information systems	1,698,349	1,226,991	1,498,635	1,760,191	2,229,600	2,243,844	2,320,950	2,346,534	2,500,518	2,596,591
Library	367,545	546,437	571,742	600,778	581,768	670,818	681,350	665,291	694,445	870,203
Reimbursed administrative	(2,429,490)	(2,458,000)	(2,769,942)	(2,878,132)	(3,538,877)	(3,559,556)	(3,703,529)	(3,328,431)	(3,485,807)	(3,335,264)
Contributions	1,224,060	1,362,392	1,528,615	1,829,125	1,541,173	1,348,885	1,573,651	2,504,589	1,895,742	1,995,564
Community development block grant	0	0	0	0	0	538,901	222,169	201,099	275,775	340,399
Home grant	0	0	0	0	0	626,848	408,779	304,580	439,243	840,211
Community development grant	573,986	537,585	1,110,610	480,865	763,303	0	0	0	0	0
Claim settlements	0	0	270,000	0	0	0	0	0	0	0
Other expenditures	314,488	251,973	95,648	269,786	577,606	183,450	624,837	253,270	296,344	108,527
Capital outlay	5,637,337	8,868,129	5,452,034	11,778,585	9,885,474	13,702,819	11,286,448	12,775,413	15,435,376	11,610,189
Debt service										
Principal	2,694,075	3,113,915	2,845,000	3,463,614	4,475,000	5,950,000	5,820,000	10,110,000	6,190,000	7,285,000

CITY OF COLLEGE STATION, TEXAS

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS - Continued

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Interest	1,546,278	1,502,146	2,147,653	2,117,480	3,213,770	3,425,390	3,647,529	3,376,538	3,885,075	4,078,635
Issuance costs	183,626	130,126	80,947	107,057	77,244	115,500	118,335	362,114	118,261	0
Fiscal charges	8,844	9,356	7,839	8,016	8,926	8,752	12,500	15,332	13,871	152,729
Intergovernmental	0	117,000	70,000	405,660	0	0	223,608	221,902	97,621	743,117
Total expenditures	34,174,395	38,931,171	38,731,432	48,302,582	50,304,076	59,415,009	58,966,401	67,447,541	69,537,871	71,120,163
Excess of revenues (under) expenditures	(6,414,710)	(8,891,524)	(6,454,049)	(12,930,374)	(9,023,276)	(17,332,543)	(15,816,435)	(19,669,472)	(20,853,306)	(17,078,012)

Other Financing Sources (Uses)

Proceeds from long-term debt	5,300,000	11,700,000	7,080,000	14,113,000	7,292,870	20,056,200	6,570,000	16,375,000	13,347,581	15,700,000
Proceeds from refunding bonds	6,545,000	0	0	0	0	0	0	5,980,000	0	0
Payment to bond escrow agent	(6,816,732)	0	0	0	0	0	0	(6,260,371)	0	0
Premium on bonds issued	310,358	0	0	0	0	0	0	280,371	0	0
Sale of capital assets	50,981	165,405	307,267	55,403	580,909	30,106	19,563	4,386	12,182	17,500
Transfers in	7,341,454	13,310,480	6,724,409	11,724,310	14,945,966	8,764,250	7,910,690	10,945,210	11,476,019	11,864,435
Transfers out	(957,354)	(8,014,030)	(1,324,234)	(1,887,299)	(1,550,693)	(2,007,066)	(1,993,594)	(11,566,702)	(3,879,201)	(2,371,662)
Total other financing sources	11,773,707	17,161,855	12,787,442	24,005,415	21,269,052	26,843,490	12,506,659	15,757,894	20,956,581	25,210,273
Net change in fund balances	\$ 5,358,997	\$ 8,270,331	\$ 6,333,393	\$ 11,075,041	\$ 12,245,776	\$ 9,510,947	\$ (3,309,776)	\$ (3,911,578)	\$ 103,275	\$ 8,132,261

Debt services as a percentage of noncapital expenditures 15.5% 15.8% 15.3% 15.6% 19.2% 20.8% 20.1% 25.3% 18.9% 19.4%

Source: City of College Station

Notes: Direct capital expenditures have been removed from departmental expenditure lines and included in the capital outlay line item.

Fiscal years 1997 through 2001 Community Development expenditures are not split between CDBG and HOME. In these years, they are stated as one line item.

Fiscal year 1998 investment income was restated to reflect an additional \$128,885 as a result of GASB 31 implementation which requires investments to be reported at fair market value.

Fiscal years 1997 through 2002 have been restated to include trust funds.

CITY OF COLLEGE STATION, TEXAS

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

Fiscal Year	Property	Sales	Hotel	Franchise	Mixed Drink	Total
1997	\$ 7,583,594	\$ 9,775,888	\$ 1,401,121	\$ 1,088,349	\$ 153,269	\$ 20,002,221
1998	7,929,542	10,912,466	1,555,054	1,415,464	194,980	22,007,506
1999	8,528,764	11,489,702	1,750,194	1,523,736	172,844	23,465,240
2000	9,294,964	12,573,564	1,796,813	1,577,815	186,027	25,429,183
2001	10,735,576	12,773,722	1,843,419	1,644,627	257,357	27,254,701
2002	12,224,416	13,400,054	1,926,009	1,714,241	234,924	29,499,644
2003	13,441,000	13,780,639	2,120,015	1,688,947	246,850	31,277,451
2004	14,668,641	14,957,697	2,191,429	1,974,587	281,298	34,073,652
2005	15,888,475	15,445,404	2,306,928	1,718,491	259,686	35,618,984
2006	16,646,519	16,752,174	2,671,417	2,132,341	330,762	38,533,213
Change						
1997-2006	119.5%	71.4%	90.7%	95.9%	115.8%	92.6%

Source: City of College Station

Note: Property taxes include general fund, debt service fund, Melrose Apartment TIF, and Wolf Pen Creek TIF.

CITY OF COLLEGE STATION, TEXAS

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

<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial and Industrial Property</u>	<u>Personal, Inventory and Other Property</u>	<u>Less Exemptions and Abatements</u>	<u>Less TIF (1) Captured Value</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Taxable Assessed Value as a Percentage of Actual Taxable Value</u>
1997	\$ 1,111,352,438	433,064,810	\$ 390,905,412	\$ 234,121,234	\$ 5,526,343	\$ 1,695,675,083	\$ 0.4427	\$ 1,695,675,083	100.00%
1998	1,204,260,431	447,304,813	413,568,023	245,085,209	12,889,738	1,807,158,320	0.4293	1,807,158,320	100.00%
1999	1,326,150,471	427,342,143	454,526,419	276,453,209	18,504,453	1,913,061,371	0.4293	1,913,061,371	100.00%
2000	1,394,367,040	532,743,286	493,708,598	308,471,247	37,318,353	2,075,029,324	0.4293	2,075,029,324	100.00%
2001	1,574,451,660	565,368,046	521,295,544	345,752,888	41,698,188	2,273,664,174	0.4293	2,273,664,174	100.00%
2002	1,721,906,078	596,587,968	552,036,938	380,950,901	39,379,860	2,450,180,223	0.4777	2,450,180,223	100.00%
2003	1,910,284,688	634,030,921	607,645,557	428,395,713	48,757,938	2,674,807,515	0.4777	2,674,807,515	100.00%
2004	2,144,406,477	723,887,327	653,978,324	493,364,734	39,971,363	2,988,936,031	0.4653	2,988,936,031	100.00%
2005	2,339,284,129	770,194,254	738,376,045	556,722,986	40,802,035	3,250,329,407	0.4640	3,250,329,407	100.00%
2006	2,530,659,165	931,255,843	798,179,118	614,609,545	45,750,172	3,599,734,409	0.4394	3,599,734,409	100.00%

Source: Brazos County Appraisal District

Notes: Assessed value is 100% of the estimated actual value.

(1) Tax increment financing district (TIF).

CITY OF COLLEGE STATION, TEXAS

DIRECT AND OVERLAPPING PROPERTY TAX RATES LAST TEN FISCAL YEARS *(rate per \$100 of assessed value)*

Fiscal Year	City Direct Rates				Overlapping Rates		
	Basic Rate	General Obligation Debt Service	Direct Rate	Total	College Station ISD	Brazos County	
1997	0.1602	0.2825	0.4427	0.4427	1.6900	0.4180	
1998	0.1516	0.2777	0.4293	0.4293	1.7400	0.4170	
1999	0.1618	0.2675	0.4293	0.4293	1.7500	0.4170	
2000	0.1631	0.2662	0.4293	0.4293	1.7500	0.4170	
2001	0.1662	0.2631	0.4293	0.4293	1.7500	0.4100	
2002	0.1846	0.2931	0.4777	0.4777	1.7900	0.4200	
2003	0.1946	0.2831	0.4777	0.4777	1.7900	0.4146	
2004	0.1921	0.2732	0.4653	0.4653	1.7700	0.4350	
2005	0.1942	0.2698	0.4640	0.4640	1.7700	0.4726	
2006	0.1896	0.2498	0.4394	0.4394	1.6750	0.4650	

Source: Brazos County Appraisal District

Notes:

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

CITY OF COLLEGE STATION, TEXAS

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

Taxpayer	2006			1997		
	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value
CBL & Associates	\$ 50,480,675	1	1.40%	\$ 48,249,130	1	2.85%
College Station Hospital, LP	48,724,190	2	1.35%	15,041,755	6	0.89%
Alkasser/Weinberg	32,014,545	3	0.89%	23,590,100	3	1.39%
Verizon Communications, Inc	29,663,440	4	0.82%	28,835,850	2	1.70%
Wal-Mart's/Sam's	27,583,820	5	0.77%	23,466,243	4	1.38%
Common Wealth Austin	21,500,740	6	0.60%	-	-	-
University Heights-College Station	20,773,980	7	0.58%	-	-	-
HE Butt Store Property Co	20,178,780	8	0.56%	-	-	-
JER College Station Hotel	18,350,600	9	0.51%	11,500,000	8	0.68%
University Commons	18,260,720	10	0.51%	10,404,070	10	0.61%
Scott & White Hospital/Clinic			-	18,417,570	5	1.09%
Jefferson Enclave, LP			-	11,881,000	7	0.70%
Te-Two Real Estate Ltd			-	10,887,500	9	0.64%
	<u>\$ 287,531,490</u>		<u>7.99%</u>	<u>\$ 202,273,218</u>		<u>11.93%</u>

Source: Brazos County Appraisal District 2005 and 1996 tax year assessed values

Notes: Verizon Communications was called GTE Southwest in fiscal year 1997.
College Station Hospital, LP was called BVMC (Columbia Hospital) in fiscal year 1997.
JER College Station Hotel was called Lane College Station, Ltd in fiscal year 1997.

CITY OF COLLEGE STATION, TEXAS

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

Fiscal Year Ended Sept 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1997	\$ 7,506,754	\$ 7,458,395	99.36%	\$ 45,035	\$ 7,503,430	99.96%
1998	7,758,131	7,743,956	99.82%	9,181	7,753,137	99.94%
1999	8,292,212	8,235,356	99.31%	51,229	8,286,585	99.93%
2000	9,068,352	9,000,090	99.25%	58,116	9,058,206	99.89%
2001	9,939,852	9,835,960	98.95%	92,203	9,928,163	99.88%
2002	11,892,629	11,735,174	98.68%	141,860	11,877,034	99.87%
2003	13,010,508	12,740,869	97.93%	241,046	12,981,915	99.78%
2004	14,092,814	13,974,666	99.16%	65,902	14,040,568	99.63%
2005	15,270,852	15,160,102	99.27%	38,633	15,198,735	99.53%
2006	16,018,259	15,938,981	99.51%	-	15,938,981	99.51%

Sources: City Of College Station and Brazos County Tax Office

CITY OF COLLEGE STATION, TEXAS

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

	Calendar Year									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Agriculture, forestry, and fishing	\$ 2,653	\$ 3,081	\$ 3,511	\$ 3,034	\$ 3,071	\$ 3,588	\$ 3,958	\$ 4,302	\$ 4,369	\$ 4,531
Construction	4,445	4,797	5,821	5,338	4,465	5,805	7,003	5,698	6,175	5,711
Manufacturing	4,582	2,810	4,271	6,306	6,602	6,656	6,409	5,101	5,708	6,703
Utilities, transportation	12,291	13,824	13,770	11,191	12,319	13,645	15,169	14,929	14,943	16,684
Communications	8,884	11,530	3,338	2,464	2,613	2,330	1,810	6,471	5,341	14,713
Wholesale trade - durable goods	5,740	5,767	4,728	4,460	5,419	7,069	7,538	9,726	8,309	2,937
Wholesale trade - nondurable goods	21,730	23,683	25,539	26,566	26,154	28,443	36,120	36,450	37,500	37,350
Building material, hardware	46,133	35,398	30,067	38,559	33,001	25,381	20,798	32,370	45,012	45,596
General merchandise	120,146	141,630	151,600	138,194	140,698	139,190	150,273	148,852	151,408	156,764
Food stores	39,343	39,808	37,312	38,038	39,509	41,572	47,602	49,473	49,876	49,175
Automotive dealers, gasoline service stations	11,578	13,854	15,283	15,751	16,826	16,610	15,246	16,000	16,452	18,498
Apparel and accessory stores	41,155	44,482	49,664	51,977	59,241	65,764	69,358	71,210	75,304	73,883
Home furniture, furnishings	42,653	42,008	49,253	59,695	68,954	68,652	62,765	65,365	69,840	74,630
Eating and drinking places	79,987	84,448	92,728	105,493	113,010	116,051	122,716	130,267	137,717	145,309
Other retail	115,605	109,622	120,173	123,633	124,032	125,690	120,744	120,629	126,691	132,441
Finance, insurance, real estate	258	233	234	227	65	67	124	125	178	186
Services	40,631	43,601	48,771	53,390	62,523	62,012	62,334	66,436	92,050	93,693
All other outlets	157	182	208	476	262	390	308	250	1,838	28,651
Total	\$ 597,974	\$ 620,758	\$ 656,271	\$ 684,792	\$ 718,764	\$ 728,915	\$ 750,275	\$ 783,654	\$ 848,711	\$ 907,455
City direct sales tax rate	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%

Source: Texas State Comptroller of Public Accounts

Notes: Taxable sales information is not available on a fiscal-year basis. The category labeled "All other outlets" is higher than normal in 2004 and 2005 due to the State Comptroller's conversion from SIC classification codes to NAICS classification codes. The State reports in SIC classifications and new outlets added since the conversion began are labeled within the SIC classification of "other". This will continue until the State's conversion to NAICS classifications is complete.

CITY OF COLLEGE STATION, TEXAS

DIRECT AND OVERLAPPING SALES TAX RATES LAST TEN FISCAL YEARS

Fiscal Year	City	Brazos	State of
	Direct Rate	County	Texas
1997	1.50%	0.50%	6.25%
1998	1.50	0.50	6.25
1999	1.50	0.50	6.25
2000	1.50	0.50	6.25
2001	1.50	0.50	6.25
2002	1.50	0.50	6.25
2003	1.50	0.50	6.25
2004	1.50	0.50	6.25
2005	1.50	0.50	6.25
2006	1.50	0.50	6.25

Source: Texas State Comptroller of Public Accounts

CITY OF COLLEGE STATION, TEXAS

**SALES TAX REVENUE PAYERS BY INDUSTRY
CALENDAR YEARS 1996 AND 2005**
(dollars are in thousands)

	Calendar Year 1996			Calendar Year 2005		
	Number of Outlets	Percentage of Total	Tax Liability	Number of Outlets	Percentage of Total	Tax Liability
Retail trade	1,045	55.15%	\$ 7,449.0	853	53.44%	\$ 10,444.4
Services	552	29.13%	609.5	340	21.30%	1,405.4
Wholesale trade	46	2.43%	412.1	33	2.07%	604.3
Utilities, transportation, communications	21	1.11%	317.6	31	1.94%	471.0
Manufacturing	70	3.69%	68.7	29	1.82%	100.5
Construction	74	3.91%	66.7	53	3.32%	85.7
Agriculture, forestry, and fishing	63	3.32%	39.8	34	2.13%	68.0
Finance, insurance, real estate	15	0.79%	3.9	17	1.07%	2.8
All other outlets	9	0.47%	2.3	206	12.91%	429.7
Total	1,895	100.00%	\$ 8,969.6	1,596	100.00%	\$ 13,611.8

Source: Texas State Comptroller of Public Accounts

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

Calendar year 2005 is the most recent year for which data is available.

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

The category labeled "All other outlets" is higher than normal in 2005 due to the State Comptroller's conversion from SIC classification codes to NAICS classification codes. The State reports in SIC classifications and new outlets added since the conversion began are labeled within the SIC classification of "other". This will continue until the State's conversion to NAICS classifications is complete.

CITY OF COLLEGE STATION, TEXAS

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

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Obligation	Public Property Finance		Utility Revenue Bonds	Capital Leases	Utility Revenue Certificates of Obligation	Utility Revenue General Obligation Bonds			
			Contractual Obligations	Contractual Obligations							
1997	\$ 25,388,915	\$ 80,000	\$ 1,215,000	\$ 40,825,000	\$ 701,479	\$ 52,400	\$ 181,085	\$ 68,443,879	-	\$ 1,110	
1998	28,960,000	5,500,000	810,000	39,530,000	0	26,200	0	74,826,200	-	1,172	
1999	32,750,000	6,350,000	405,000	35,965,000	0	0	0	75,470,000	-	1,147	
2000	38,700,000	17,955,000	0	42,870,000	0	0	0	99,525,000	-	1,466	
2001	39,375,000	20,595,000	0	63,185,000	0	0	0	123,155,000	11.96%	1,710	
2002	41,665,000	33,280,000	0	78,235,000	0	0	0	153,180,000	-	2,022	
2003	43,170,000	32,525,000	0	79,680,000	0	0	0	155,375,000	-	1,984	
2004	47,085,000	34,705,000	0	75,655,000	0	0	0	157,445,000	-	1,963	
2005	49,800,000	39,105,000	0	79,215,000	0	0	0	168,120,000	-	2,052	
2006	53,835,000	43,485,000	0	91,460,000	0	0	0	188,780,000	15.39%	2,249	

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

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

Personal income information for the City of College Station is only available for calendar years 2000 and 2005.

A portion of the Governmental Certificates of Obligation are related to electric and wastewater utility projects as follows: FY04 - \$8,910,000; FY05 - \$8,910,000; FY06 - \$8,580,000

CITY OF COLLEGE STATION, TEXAS

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds		Less Debt Service Cash Funds		Net Bonded Debt		Percentage of Actual Taxable Value of Property		Per Capita
	\$		\$		\$		%		
1997	\$ 25,388,915		\$ 1,947,403		\$ 23,441,512		1.38%		380
1998	28,960,000		2,826,148		26,133,852		1.45%		409
1999	32,750,000		3,472,280		29,277,720		1.53%		445
2000	38,700,000		4,202,042		34,497,958		1.66%		508
2001	39,375,000		1,722,254		37,652,746		1.66%		523
2002	41,665,000		1,287,038		40,377,962		1.65%		533
2003	43,170,000		659,180		42,510,820		1.59%		543
2004	47,085,000		585,336		46,499,664		1.56%		580
2005	49,800,000		912,353		48,887,647		1.50%		597
2006	53,835,000		1,645,563		52,189,437		1.45%		622

Source: City of College Station

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

CITY OF COLLEGE STATION, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2006

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ^a	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes			
College Station I.S.D.	\$ 54,605,000	83.48%	\$ 45,584,254
Brazos County	48,920,000	48.94%	23,941,448
Bryan I.S.D.	98,440,000	5.17%	5,089,348
Other debt			
College Station I.S.D.	609,951	83.48%	509,187
Brazos County	-	48.94%	-
Bryan I.S.D. Capital Lease	4,320,000	5.17%	223,344
Bryan I.S.D. Personal Property Lease	339,422	5.17%	17,548
Subtotal, overlapping debt			75,365,129
City direct debt			<u>97,320,000</u>
Total direct and overlapping debt			<u>\$ 172,685,129</u>

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

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

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

CITY OF COLLEGE STATION, TEXAS

**LEGAL DEBT MARGIN INFORMATION
SEPTEMBER 30, 2006**

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

CITY OF COLLEGE STATION, TEXAS

PLEGGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS

Fiscal Year	Utility Revenue Bonds										
	Utility Service Charges		Less: Operating Expenses		Net Available Revenue		Average Debt Service Total		Maximum Debt Service Total		
	\$		\$		\$		\$		\$		
1997	48,615,366		29,608,260		19,007,106		2,968,110		6,388,449		2.98
1998	49,966,216		27,885,854		22,080,362		3,014,943		5,906,739		3.74
1999	49,101,104		30,080,145		19,020,959		2,844,899		5,502,384		3.46
2000	52,932,584		41,925,412		11,007,172		3,472,421		5,687,161		1.94
2001	59,143,896		45,465,778		13,687,118		4,688,518		6,395,244		2.14
2002	62,141,066		46,274,555		15,866,511		5,825,064		8,048,707		1.97
2003	64,046,246		47,785,550		16,260,696		5,773,582		8,084,285		2.01
2004	64,785,122		44,719,241		20,065,881		5,651,966		7,998,465		2.51
2005	70,636,853		51,125,745		19,511,108		5,522,447		8,364,747		2.33
2006	80,787,029		54,432,847		26,354,182		6,423,582		9,163,574		2.88

Source: City of College Station

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

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

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

CITY OF COLLEGE STATION, TEXAS

DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN CALENDAR YEARS

Calendar Year	Population	Personal Income		Unemployment Rate
		(thousands of dollars)	Per Capita Personal Income	
1996	60,440	\$ -	-	2.6
1997	61,646	-	-	2.2
1998	63,852	-	-	1.8
1999	65,797	-	-	1.8
2000	67,890	1,029,891	15,170	1.6
2001	72,020	-	-	1.7
2002	75,752	-	-	2.0
2003	78,309	-	-	2.4
2004	80,214	-	-	2.0
2005	81,930	1,226,974	14,976	3.7

Sources: City of College Station Planning Division (population)
U. S. Census Bureau, American Community Survey (personal income)
Texas Workforce Commission (unemployment rate)

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

Personal income information for the City of College Station is only available for calendar years 2000 and 2005.

CITY OF COLLEGE STATION, TEXAS

PRINCIPAL EMPLOYERS CURRENT YEAR AND SIX YEARS AGO

2006	2000
Employer	Employer
Brazos County	Brazos County
Bryan ISD	Bryan ISD
City of Bryan	City of Bryan
City of College Station	City of College Station
College Station ISD	College Station ISD
HEB Grocery Company LP	Reliant Building Products Inc
Sanderson Farms Inc	Sanderson Farms Inc
St Joseph Hospital	St Joseph Hospital
Texas A&M University	Texas A&M University
Wal-Mart Associates Inc	Wal-Mart Associates Inc

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

Notes: Data includes principal employers in Brazos County.

Employers are listed in alphabetical order and do not reflect any ranking. The TWC ranking and number of employees data is confidential. The TWC began tracking this data in 2000 therefore no earlier data is available

CITY OF COLLEGE STATION, TEXAS

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

Function/Program	Full-Time-Equivalent Employees as of Sept 30									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Government	29.4	28.3	33.9	33.2	37.2	39.7	36.8	38.5	41.9	37.8
Police	107.3	119.0	118.5	132.3	139.4	140.3	143.4	146.0	144.4	155.1
Fire	79.0	80.6	87.0	91.3	98.1	103.9	105.9	108.5	111.4	110.6
Public Works	83.6	83.2	87.1	88.3	95.0	104.4	104.5	106.8	112.2	112.6
Parks and Recreation	97.0	95.9	103.8	106.8	111.3	115.4	120.1	116.2	120.0	119.8
Planning and Development Services	31.0	27.0	27.4	29.2	27.8	29.0	28.3	28.5	25.8	27.1
Information Services	39.6	41.1	40.3	41.5	39.2	39.1	40.0	40.3	37.5	36.6
Fiscal Services	47.0	50.4	51.0	53.2	54.3	53.1	61.1	59.8	64.2	70.1
Electric	44.2	45.6	44.1	48.8	57.1	57.5	56.9	53.4	56.6	56.0
Water / Wastewater Services	47.7	53.2	66.0	65.4	64.6	66.2	66.0	64.0	69.1	71.8
BVSWMA	24.8	26.1	26.3	29.3	27.8	28.8	28.3	27.3	24.4	24.0
Total	630.6	650.4	685.4	719.3	751.8	777.4	791.3	789.3	807.5	821.5

Source: City of College Station

Notes: Full-time-equivalent employees include full time, part time, and seasonal/temporary employees.

CITY OF COLLEGE STATION, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	FISCAL YEAR									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Government										
Open records requests	537	300	350	250	250	147	62	103	72	199
Economic development prospects	*	*	*	29	17	15	29	17	20	31
Code enforcement cases processed	*	*	*	3,503	4,209	4,525	6,280	9,341	2,848	5,984
Non-profit agencies/contracts monitored	7	8	11	8	8	12	11	10	9	13
Applicants receiving homebuyers assistance	*	1	7	22	12	25	14	16	2	9
Police										
DUI/DWI arrests	210	413	551	522	351	311	341	418	387	414
Citations processed	21,845	27,008	35,752	40,712	44,305	36,945	43,407	42,957	39,416	34,134
Uniform patrol calls handled	37,696	41,774	47,662	50,459	50,034	56,388	61,821	60,405	57,605	60,159
Average response time on high priority calls	5:00 mins	5:36 mins	5:52 mins	6:10 mins	5:53 mins	6:01 mins	6:28 mins	5:58 mins	6:09 mins	6:15 mins
Criminal investigation new cases assigned	2,489	2,376	2,010	2,041	1,810	1,970	2,292	2,259	2,300	2,368
Notes: FY97 DUI/DWI arrests only include DWI arrests.										
Fire										
Fire incidents (fire, rescue, and haz mat)	4,056	*	*	1,607	1,603	1,653	1,455	1,554	1,792	1,743
Business safety inspections	1,103	931	973	777	1,128	900	1,014	1,410	1,138	828
Parking citations issued	12,123	14,145	26,790	*	12,324	18,500	18,034	16,587	11,900	8,452
Community enhancement cases	8,050	5,082	7,352	9,224	12,077	12,550	11,637	15,086	7,016	7,384
EMS incidents	*	*	*	2,495	2,704	2,554	2,754	2,800	3,241	3,048
EMS unit responses	*	*	*	4,556	4,428	4,568	4,687	4,900	4,930	5,276
Notes: FY97 fire incidents include fire, rescue, hazardous material, and EMS incidents (EMS operations were assigned a separate division in FY00).										
Public Works										
Street overlay lane miles	15	21	23	21	12	1	20	18	19	19
Potholes repaired	*	*	*	*	*	*	*	*	24,696	24,778
Curb miles swept	*	*	*	*	*	*	*	*	6,338	7,235
Sign, marking, signal workorders	2,141	2,250	1,894	3,008	2,562	2,709	3,472	3,270	2,898	2,557
Parks and Recreation										
Pavilion rentals	383	343	398	355	340	353	342	314	221	399
Adult participants in City leagues	*	*	9,787	12,574	9,480	10,642	8,529	8,307	10,774	822
Youth participants in City leagues	*	*	2,347	2,060	1,887	2,684	1,977	2,690	2,520	2,842
Special event participants	152,700	27,000	185,630	159,457	22,718	123,743	188,980	188,429	201,256	197,805
Instructional participants	4,057	3,586	3,987	2,912	3,148	3,546	3,447	3,581	3,579	3,075
Pool customers	118,234	96,426	98,958	114,319	119,329	130,113	142,154	145,879	132,549	146,805
Conference center customers	70,038	71,687	85,240	87,372	88,239	74,320	70,728	81,289	85,720	70,494
Lincoln center participants	50,690	56,157	51,947	49,071	67,665	68,919	72,794	81,629	82,624	98,869
Teen center participants	4,575	4,187	4,812	17,219	11,178	12,465	13,446	14,582	17,500	9,958
Notes: FY98 special event participants reflect only Wolf Pen Creek. FY01 special event participants do not include Christmas in the Park counts. Adult participants in City leagues was changed in FY06 to adult teams participating in City leagues. FY05 pavilion rentals had the following changes: Thomas Park pavilion rentals were removed (no longer charging a fee) and W.A. Tarrow basketball pavilion was added. In FY06 Crompton Park pavilion was added to rentals.										

CITY OF COLLEGE STATION, TEXAS

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

Function/Program	FISCAL YEAR									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Planning and Development Services										
Permits processed	*	*	*	*	*	6,728	6,604	6,685	6,500	6,575
Building inspections performed	5,879	9,839	9,266	10,045	11,046	14,671	13,364	13,435	13,297	13,069
Electric										
Number of connections	24,182	25,309	28,433	26,169	27,113	33,386	35,421	35,307	36,284	37,590
Residential job orders	*	*	*	1,740	1,825	1,942	2,505	2,134	1,904	1,422
Customer service job orders	*	*	*	2,022	2,079	2,144	2,078	2,496	1,561	1,678
Average monthly consumption (KWH)	43,019,983	45,612,385	47,217,068	51,604,230	51,409,703	52,466,218	54,820,470	55,673,526	60,413,524	61,910,063
Avg number of outages per customer	0.44	1.23	1.40	1.64	1.22	1.00	1.33	0.72	0.92	0.31
Water										
Number of connections	18,674	21,245	20,165	21,017	15,524	23,210	29,358	31,038	32,266	33,491
New services completed	*	*	*	*	1,289	1,440	1,560	1,217	773	931
Average monthly consumption (MGW)	209,991	264,921	316,005	292,000	295,875	262,541	253,259	236,355	283,429	317,438
Water meters tested	*	*	*	*	893	950	1,025	768	732	1,254
Avg number of outages per customer	*	*	*	*	*	0.190	0.003	0.160	0.016	0.039
Wastewater										
Number of connections	*	*	*	*	*	28,399	27,977	28,594	29,694	31,051
Average daily sewage treatment (thousands of gallons)	*	*	5,498	5,881	6,158	6,669	6,807	6,808	6,220	5,911
New services completed	*	*	*	*	1,139	1,400	1,540	890	571	646
Avg number of stoppages per customer	*	*	*	*	*	0.015	0.0001	0.003	0.003	0.003
Sanitation										
Number of users (units)	24,013	22,199	23,200	24,360	28,894	23,947	28,215	28,594	28,399	27,181
Residential tons collected	12,164	12,444	14,693	14,999	15,614	17,710	18,057	20,353	23,535	24,964
Residential tons recycled	989	943	925	1,129	978	941	826	1,082	923	983
Commercial tons collected	23,897	25,745	26,730	30,951	31,376	32,364	33,402	35,355	35,114	35,122
Parking garage										
Active contract customers	*	*	*	*	*	*	*	*	449	432
Hourly cash customers	*	*	*	*	*	65,612	106,935	97,904	127,608	108,893
Notes: Parking garage opened to customers in February 2002.										
Utility Customer Service										
Payments processed	287,681	294,891	326,166	369,001	379,439	388,579	404,742	406,348	401,891	413,088
Incoming calls	66,846	73,781	85,583	79,741	79,747	79,514	82,018	82,536	82,234	85,728
Meters read	425,027	439,269	459,270	482,920	501,175	525,412	552,949	577,773	598,660	618,676

Source: City of College Station various departments

* Data not measured for fiscal year indicated.

CITY OF COLLEGE STATION, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	FISCAL YEAR									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Police										
Patrol units	20	22	24	25	25	25	25	25	26	26
Jail capacity	17	17	17	17	17	17	17	17	17	17
Fire stations	3	4	4	4	4	4	4	4	4	5
Public Works										
Streets (linear miles)	214	214	711	711	711	711	733	353	385	395
Sidewalks (miles)	30	30	30	91	89	89	89	89	97	100
Traffic signals	43	46	49	53	55	57	60	62	62	62
Storm sewers (miles)	*	*	*	*	*	*	*	*	*	72
Notes: Street measurement changed from lane miles to linear miles in FY04. Storm sewer mileage includes both underground pipes and valley gutters.										
Parks and Recreation										
Acreage	930	942	1,106	1,127	1,146	1,134	1,214	1,217	1,248	1,274
Playunits	29	34	35	35	35	35	35	35	35	46
Softball/baseball fields	20	19	19	16	19	19	19	19	19	32
Soccer fields	20	22	22	13	13	19	19	19	26	31
Jogging/walking trails	*	10	19	19	20	20	22	22	26	27
Community centers	3	3	3	3	3	3	3	3	3	3
Pools	3	3	3	3	3	3	3	3	3	3
Pavilions (rentable)	5	5	5	5	5	5	5	5	6	6
Notes: Some parks have multiple playunits. Softball/baseball fields include practice fields.										
Electric										
Maximum capacity (megawatts)	170	170	230	250	255	255	255	255	280	260
Number of substations	3	3	3	4	4	4	4	4	4	5
Distribution lines (miles)	281	282	285	290	333	400	414	414	450	394
Water										
Water mains (miles)	300	245	245	262	280	294	311	317	341	365
Fire hydrants	*	*	*	*	*	*	*	2,070	2,165	2,232
Number of wells	5	5	5	5	5	6	6	6	6	8
Wells storage capacity (thousands of gallons per day)	19,500	19,500	19,500	19,500	20,000	19,000	26,000	26,000	28,000	23,000
Wastewater										
Sanitary sewer lines (miles)	300	220	220	232	243	252	262	264	271	279
Treatment capacity (thousands of gallons per day)	9,500	9,500	9,500	9,500	9,500	11,500	11,500	11,500	11,500	11,500
Sanitation										
Collection trucks	21	21	21	21	21	22	23	24	24	24
Residential collection containers	*	*	*	*	*	*	14,413	15,207	15,958	16,647
Commercial collection containers	*	*	1,132	1,205	1,230	1,383	1,407	1,511	1,545	1,569
Fleet number of vehicles	*	*	*	*	*	*	585	600	613	627

Source: City of College Station

* Data not measured for fiscal year indicated.



City of College Station

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