



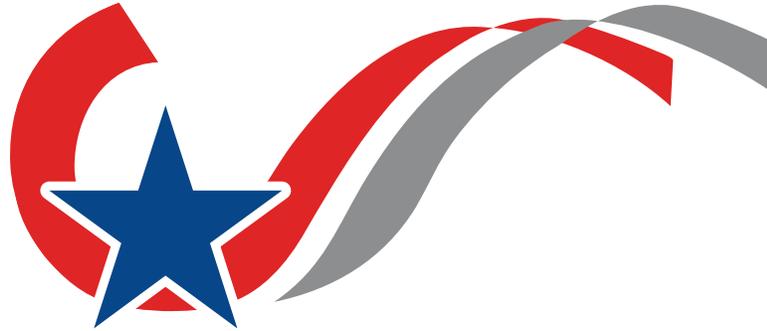
CITY OF COLLEGE STATION

Comprehensive Annual Financial Report



for fiscal year ended September 30, 2008
City of College Station, Texas

www.cstx.gov



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, 2008

PREPARED BY THE

CITY OF COLLEGE STATION FISCAL SERVICES DEPARTMENT

JEFF KERSTEN, CHIEF FINANCIAL OFFICER

JANET DUDDING, CPA, ASSISTANT DIRECTOR OF FISCAL SERVICES

CITY OF COLLEGE STATION, TEXAS

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FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

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CITY OF COLLEGE STATION

INTRODUCTORY
SECTION



March 16, 2009

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, 2008.

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 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 89,903 as of August 2008. 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 seen continued growth in fiscal year 2008, despite the significant slowing of the national economy. The concentration of stable employment sectors such as government and higher education 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 2007 as of October was approximately 3.7 percent. In fiscal year 2008 the unemployment rate was approximately 3.7 percent.

Sales tax collections in College Station continued to see growth in fiscal year 2008. This is consistent with growth in sales tax receipts the City has experienced over the last several years. In fiscal year 2008, sales tax revenue was up by 9.7 percent over fiscal year 2007 to \$19,822,906. The rate of sales tax growth is anticipated to slow as a result of the challenges seen in the national economy.

College Station continued to see housing and commercial development. There were 685 new housing starts during 2008. Total ad valorem assessed valuation increased by approximately \$491 million or approximately 12 percent for fiscal year 2008 over fiscal year 2007. Commercial development continued to be strong with both new and redevelopment. Several new commercial businesses opened in College Station in 2008. The University Drive corridor continued to have new business and increased traffic. The rate of growth is anticipated to slow in the near future.

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. Student enrollment at TAMU was 46,542 as of September 2008. TAMU employs more than 20,000 full-time and part-time staff.

2008 Major Accomplishments

2008 has been a year of significant accomplishment in College Station coupled with challenges both internally and externally. Internally, we continued to face the challenge of several vacancies in key positions within the organization. Most of those vacancies have now been filled with very qualified and experienced staff but there was impact on our staff during the year. Externally, we faced the challenge of the slowing economy and the threat of its impact locally. We continue to monitor the effect of the economy locally, but fortunately the impact has been minimal to date, Economic and fiscal indicators show the local economy has continued to grow in the last year, despite the slowing national economy.

Below are a highlight of accomplishments for 2008:

- **Police Department Management Review** – The FY 08 budget included funds for both the management review and additional funds in the amount of \$600,000 for phase 1 implementation. The management review was completed and a report was presented to the City Council in December 2008. Upon completion of the consultant’s report, Chief Ikner made a presentation and recommendation on the Department’s philosophy of “Community – Oriented Policing and Geographical Accountability” and multi year improvement plan.
- **General Obligation Bond Election** – One of the significant projects faced during 2008 was the preparation for the 2008 bond election. The staff worked with the City Council and the Capital Improvement Committee to formulate a list of projects and cost estimates along with financial analyses to determine the impact of bond issuances with various options. Voters approved 4 of 6 propositions on the November 4th, 2008 ballot totaling \$76,950,000 for streets and transportation, city library, fire station and parks. The City Hall and Community Center propositions were defeated. Design work will begin on the first phase of the 7 year program immediately.
- **2008 General Obligation Bond Sale** - In 2008 the City sold over \$35 million in General Obligation Bonds and Certificates of Obligation to fund City capital projects. This was a successful debt issue during a difficult economic environment.
- **Major New Executive Appointments** – We are pleased that the Manager’s Office along with the City’s Human Resource Department has been able to attract several outstanding new executives to lead critical areas of the organization. This is an outstanding group of professionals who bring a new enthusiasm and energy to the organization.
 - Assistant City Manager – David Neeley
 - Police Chief – Michael A. Ikner
 - Director of Parks and Recreation – Marco (Tony) Cisneros
 - Director of Capital Projects - Chuck Gilman
- **Comprehensive Plan Update** – We presented the draft of the revised Comprehensive plan – the first such effort in more than a decade. The projected adoption date is the summer of 2009.
- **Strong and Sustainable Neighborhoods** – We accomplished several key council initiatives including: establishment and implementation of the single family overlay protection zones; establishment of a historic preservation ordinance; adoption of revised traffic impact analysis requirements; revision of Subdivision Regulations to better manage development in the extra-territorial jurisdiction (ETJ); amended the Code of Ordinances to require rental registration for all rental single family and duplex properties and establish party host responsibilities.

- **Management Planning System** - The Management Planning System requires that all our departments build Strategic Business Plans to operationalize Council's strategic planning efforts in our daily operations. All plans are now being updated in anticipation of the upcoming budget process.
- **Environmental Awareness**
 - **Green College Station** – We established a citywide program to achieve long-term sustainability and resource conservation. The focus areas include:
 1. Energy conservation and renewable energy resources;
 2. Water conservation;
 3. Solid Waste and hazardous waste reduction;
 4. Land use/green and open space/development codes;
 5. Air quality.

The policy statement adopted by City Council on January 24, 2008 directed the Manager's Office to develop the Green College Station Action Plan. The follow up report will be given to City Council at the Mini-retreat in January 2009.
 - **CSU Begins Offering Renewable Power** – We plan to offer CSU electric customers the opportunity to participate in renewable electric rates (wind power) beginning in 2009 through the Wind Watts program.
 - **Performed Signal Coordination of Major Thoroughfares** - The City of College Station conducts signal coordination studies of roadways which operate under signal control to ensure that the signals are properly timed to provide an optimum level of vehicle progression along the roadway. Research has shown that properly timed signals can reduce vehicle delay by up to 10 percent and reduce vehicle emission.
 - **Enacted Conservation-Oriented Water Rates** - Conservation-oriented water rate structures are a recognized Best Management Practice for water conservation because they provide a price signal discouraging the wasteful or inefficient use of water. City Council adopted a tiered water rate structure for Residential Single Family Customers effective October 1, 2008.
 - **BVSWMA Hosts Two Household Hazardous Waste Collections** - BVSWMA staff successfully conducted two Household Hazardous Waste Collection Events in 2008, resulting in the safe disposal of approximately 200,000 Lbs of electronic waste and hazardous materials. The events were open to all residents in the seven county region of the Brazos Valley at no charge. Acceptable materials included: paint thinners and paint, pool chemicals, car batteries, automobile waste, chemicals, gasoline and more.
 - **Began Update of Bicycle, Pedestrian, and Greenways Master Plan** - Greenways are becoming increasingly recognized as ways to connect people and places with alternative transportation choices, such as bicycling, skating, and walking. Updating these plans, and updating them in conjunction, will ensure alternative modes of transportation are available for the population
- **Economic and Community Development** - Through the leadership of our Economic and Community Development staff, development and redevelopment of properties within the city have remained active during the past year. Examples of projects that our staff directly encouraged or facilitated are: the planning and development of Lynntech Science Park; the redevelopment of Central Station Shopping Center; Northgate redevelopment; the design and implementation of the Santour Court Development.
- **Fire Station # 3** - Fire Station #3 was completed in April 2008 and dedicated on August 16 with approximately 200 citizens in attendance. The station is designed to harmonize with the surrounding residential neighborhoods and blend with the environment. Fire Chief Magazine,

in its November 2008 issue, granted the station its highest award, the “gold satellite” award for the station design. The new station improved response time and coverage to citizens due to its geographic location.

- **Red Light Camera Program** - In 2008 the City implemented a red light camera program at four intersections in College Station. This program required the cooperation and coordination of many different departments and divisions throughout the City.
- **Annexation** – We annexed more than 1,500 acres with an additional 3,400 acres entering into non-annexation development agreements. The 2009 budget includes significant capital expenditures planned to service the newly annexed areas.
- **Safe Route to School Program** – A new sidewalk was installed on Holik Street between George Bush Drive and Anna Street adjacent to Oakwood Intermediate School and A&M Consolidated Middle School. Other locations are being considered and evaluated for the program.
- **Community Emergency Operations Center (CEOC)** – Construction was completed and the CEOC opened in downtown Bryan in June 2008. The CEOC is staffed with management personnel from College Station, Bryan, Brazos County and Texas A&M University. The first full activation of this new emergency facility occurred in response to Hurricane Ike in September 2008.
- **Electric Utility** - Our Electric Utility continues to provide quality service at a low cost to our citizens while accommodating significant growth in the community. Major projects for the year were:
 1. Completed the transmission line reconductor from Switch Station to Post Oak to South Substation, increasing the capacity of the transmission system to meet current and future growth.
 2. Commissioned a new transmission line into switch station from Brazos Electric which increases reliability due to multiple transmission feeds.
 3. Successfully completed a North American Electric Reliability Corporation (NERC) Compliance Audit with no penalties or violations.
- **Implementation of Communications Plan** - Council authorized the implementation of a new approach to our Public Communications efforts last year. We are pleased to report we are making strides to implement various components of the Communication Plan. Listed are some of the elements of the Communication Plan completed in 2008.
 1. Broadcast: TV 19 improvements – shows, scheduling, news crawl
 2. Publications: new design for “Inside College Station” resident newsletter
 3. Website: new features, including – radio podcasts, integrated content features
 4. Community Relations: Citizen University, CS101 with TAMU
 5. Marketing: supported city events (Starlight), and campaigns (CARES)
- **Municipal Court Security** - In early 2008, the Municipal Court successfully implemented new security measures including the installation of a metal detector as well as an X-ray machine. These security improvements have helped make the Municipal court a safer place for customers and staff.
- **Utility Bill Payment System** - With the cooperation of and coordination with Information Technology, the Utility Customer Service Division successfully implemented a new online Utility Bill payment system. As of April 2008, approximately 10,000 customers out of 35,000 customers were registered to be able to pay their bill online. Currently, 10% of College Station Utilities customers are receiving their utility bills electronically resulting in lower printing and postage costs.

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, 2008 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, 2007. 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-six out of the last twenty-seven 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 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, 2007

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 Fiscal Year 2008

Principal City Officials

Elected Officials



Ben White
Mayor



Lynn McIlhane
Mayor Pro Tem



John Crompton
Council - Place 1



James Massey
Council - Place 2



Dennis Maloney
Council - Place 3



Lawrence Stewart
Council - Place 5



David Ruesink
Council - Place 6

City Administration

City Manager	Glenn Brown
Assistant City Manager	Kathy Merrill
Assistant City Manager	David Neeley
Chief Financial Officer.....	Jeff Kersten
Director of Water Services Department	David Coleman
Director of Electric Utility	David Massey
Chief of Police	Michael Ikner
Chief of Fire.....	Robert B. Alley
Director of Public Works.....	Mark Smith
Director of Capital Projects.....	Charles Gilman
Director of Parks and Recreation.....	Marco A. Cisneros
Director of Planning and Development Services	Bob Cowell, Jr.
Director of Information Technology	Ben Roper
Director of Public Communications.....	Wayne Larson
Director of Human Resources.....	Vacant
Director of Economic and Community Development	David Gwin
City Attorney.....	Harvey Cargill, Jr.
City Secretary.....	Connie L. Hooks
Internal Auditor	Ty Elliott



CITY OF COLLEGE STATION

FINANCIAL
SECTION



Ingram, Wallis & Co., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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, 2008, 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, 2008, 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 March 16, 2009, 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 20 and 69 through 70, 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
March 16, 2009

Imgram, Wallis & Company

Management's Discussion and Analysis

For the Fiscal Year Ended September 30, 2008

(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, 2008. 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 \$371,612,091 (net assets). Of this amount, \$103,661,498 (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 \$19,230,336 during the fiscal year.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$72,330,936, an increase of \$2,877,233 when compared to the prior year.
- Approximately 29 percent of the combined governmental funds ending fund balance, or \$21,205,922 is available for spending at the City's discretion (unreserved-undesignated fund balance).
- During fiscal year 2008, the City's total debt increased by approximately \$35,895,000. Key factors in this increase were the issuance of \$9,455,000 in General Obligation Improvement Bonds and \$26,440,000 in business-purpose and governmental Certificates of Obligation.



Wolf Pen Creek Trails Phase II

OVERVIEW OF THE FINANCIAL STATEMENTS

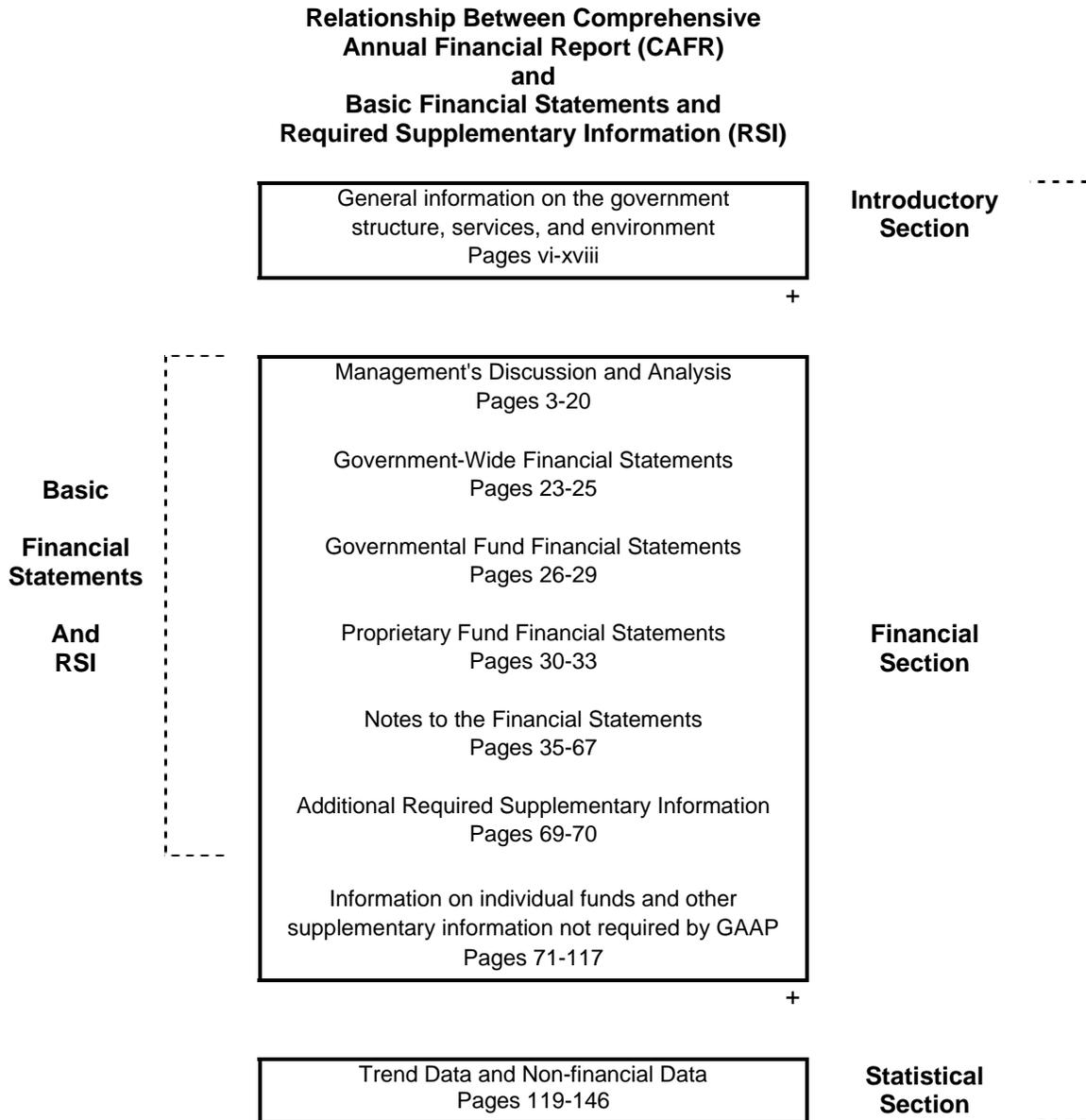
This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components:

- (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, 2008
 (Unaudited)

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



Management's Discussion and Analysis

For the Fiscal Year Ended September 30, 2008

(Unaudited)

Government-Wide Financial Statements

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, 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, wastewater, 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.

Management's Discussion and Analysis

For the Fiscal Year Ended September 30, 2008

(Unaudited)

The City maintains several individual governmental funds organized according to their type (special revenue, debt service, and capital projects). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, and Streets 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, wastewater, sanitation, and parking activities of the City. The Electric, Water, and Wastewater funds are considered to be major funds of the City, while the remaining funds (Sanitation and Northgate Parking Garage) are presented in aggregate as non-major enterprise funds. Individual fund data for the 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 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 30-33.

Notes to the Financial Statements

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

Management's Discussion and Analysis

For the Fiscal Year Ended September 30, 2008

(Unaudited)

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report presents on pages 69-70, 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 71-117 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 \$371,612,091 at the close of the most recent fiscal year.

The largest portion of the City's net assets (70 percent) reflects its investment of \$260,002,603 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	
	2008	2007	2008	2007	2008	2007
Assets						
Current and Other Assets	\$ 92,449,808	\$ 87,098,918	\$ 71,448,999	\$ 72,642,000	\$ 163,898,807	\$ 159,740,918
Capital Assets	199,832,191	185,641,567	259,314,070	235,974,510	459,146,261	421,616,077
Total Assets	292,281,999	272,740,485	330,763,069	308,616,510	623,045,068	581,356,995
Liabilities						
Long-Term Liabilities						
Outstanding	103,022,575	100,223,951	123,854,880	105,499,997	226,877,455	205,723,948
Other Liabilities	8,262,912	7,709,172	16,292,610	15,542,120	24,555,522	23,251,292
Total Liabilities	111,285,487	107,933,123	140,147,490	121,042,117	251,432,977	228,975,240
Net Assets						
Invested in Capital Assets,						
Net of Related Debt	114,935,845	113,750,039	145,066,758	147,043,092	260,002,603	260,793,131
Restricted	6,357,013	5,089,422	1,590,977	3,056,356	7,947,990	8,145,778
Unrestricted	59,703,654	45,967,901	43,957,844	37,474,945	103,661,498	83,442,846
Total Net Assets	\$ 180,996,512	\$ 164,807,362	\$ 190,615,579	\$ 187,574,393	\$ 371,612,091	\$ 352,381,755

An additional portion of the City's net assets, \$7,947,990 (2 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$103,661,498 (28 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

Management's Discussion and Analysis

For the Fiscal Year Ended September 30, 2008

(Unaudited)

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 \$19,230,336 as a result of fiscal year 2008 operations. The increase is primarily attributable to increases in ongoing revenues and relatively stable expenses.

The following table provides a summary of the City's operations for the year ended September 30, 2008 and highlights key elements of the increase in the City's net assets:

Changes in Net Assets

For the Fiscal Year Ended September 30, 2008

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues						
Program Revenues:						
Charges for Services	\$ 11,668,838	\$ 10,755,338	\$ 110,299,679	\$ 96,245,479	\$ 121,968,517	\$ 107,000,817
Operating Grants and Contributions	1,735,170	2,038,535	-	-	1,735,170	2,038,535
Capital Grants and Contributions	3,055,501	5,271,090	5,349,125	4,041,105	8,404,626	9,312,195
General Revenues:						
Property Taxes	20,670,112	18,573,309	-	-	20,670,112	18,573,309
Sales and Mixed Beverage Taxes	20,241,973	18,449,731	-	-	20,241,973	18,449,731
Other Taxes	5,676,291	4,911,446	-	-	5,676,291	4,911,446
Interest and Investment Income	3,385,844	4,512,575	1,330,785	1,932,624	4,716,629	6,445,199
Total Revenues	66,433,729	64,512,024	116,979,589	102,219,208	183,413,318	166,731,232
Expenses						
General Government	8,551,304	7,654,393	-	-	8,551,304	7,654,393
Fiscal Services	2,977,362	2,442,439	-	-	2,977,362	2,442,439
Police	13,395,874	12,299,698	-	-	13,395,874	12,299,698
Fire	11,359,260	9,472,331	-	-	11,359,260	9,472,331
Planning and Development Services	1,910,359	1,603,963	-	-	1,910,359	1,603,963
Public Works	9,467,081	6,620,846	-	-	9,467,081	6,620,846
Capital Projects	719,391	-	-	-	719,391	-
Parks and Recreation	10,385,095	9,148,511	-	-	10,385,095	9,148,511
Information Technology	2,749,327	2,689,720	-	-	2,749,327	2,689,720
Interest on Long Term Debt	3,860,801	4,291,022	-	-	3,860,801	4,291,022
Unallocated Depreciation	667,890	6,026,372	-	-	667,890	6,026,372
Electric Utility	-	-	70,485,982	60,242,408	70,485,982	60,242,408
Water Utility	-	-	8,706,415	8,302,863	8,706,415	8,302,863
Sewer Utility	-	-	9,159,176	8,179,813	9,159,176	8,179,813
Sanitation Services	-	-	6,244,639	5,916,431	6,244,639	5,916,431
Parking Operations	-	-	668,237	591,980	668,237	591,980
Total Expenses	66,043,744	62,249,295	95,264,449	83,233,495	161,308,193	145,482,790
Increase in Net Assets Before						
Transfers	389,985	2,262,729	21,715,140	18,985,713	22,105,125	21,248,442
Transfers Net	7,559,165	10,090,589	(10,433,954)	(10,090,589)	(2,874,789)	-
Increase in Net Assets	7,949,150	12,353,318	11,281,186	8,895,124	19,230,336	21,248,442
Net Assets at Beginning of Year	164,807,362	152,454,044	187,574,393	178,679,269	352,381,755	331,133,313
Prior Period Adjustment	8,240,000	-	(8,240,000)	-	-	-
Net Assets at End of Year	\$ 180,996,512	\$ 164,807,362	\$ 190,615,579	\$ 187,574,393	\$ 371,612,091	\$ 352,381,755

Management's Discussion and Analysis

For the Fiscal Year Ended September 30, 2008

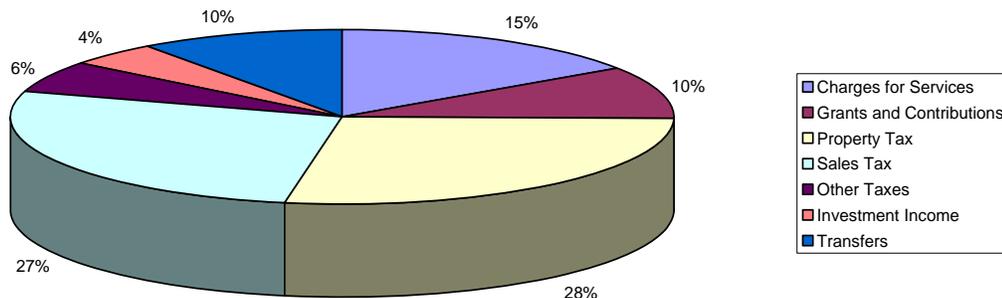
(Unaudited)

Governmental activities. Governmental activities increased the City of College Station's net assets by \$7,949,150 thereby accounting for 41 percent of the total growth in net assets. Key elements of this increase are as follows:

- Property taxes increased \$2,096,803 (11.3 percent) during the year. This is primarily the result of the total ad valorem assessed valuations increasing by \$491 million or 12 percent over fiscal year 2007.
- Sales and mixed beverage taxes increased \$1,792,242 (9.7 percent) during the year. This is attributable to continued economic growth in the area.
- Capital grants and contributions decreased \$2,215,589. Interest and investment income decreased \$1,126,731.

The chart below illustrates the City's governmental revenues by source. For governmental activities overall without regard to program, property tax (28 percent) and sales tax (27 percent) are the largest sources of funds followed by charges for services (16 percent), and grants and contributions (10 percent). All other governmental revenues account for 23 percent of all governmental revenues.

City of College Station, Texas
Governmental Revenues By Source
\$73,992,894

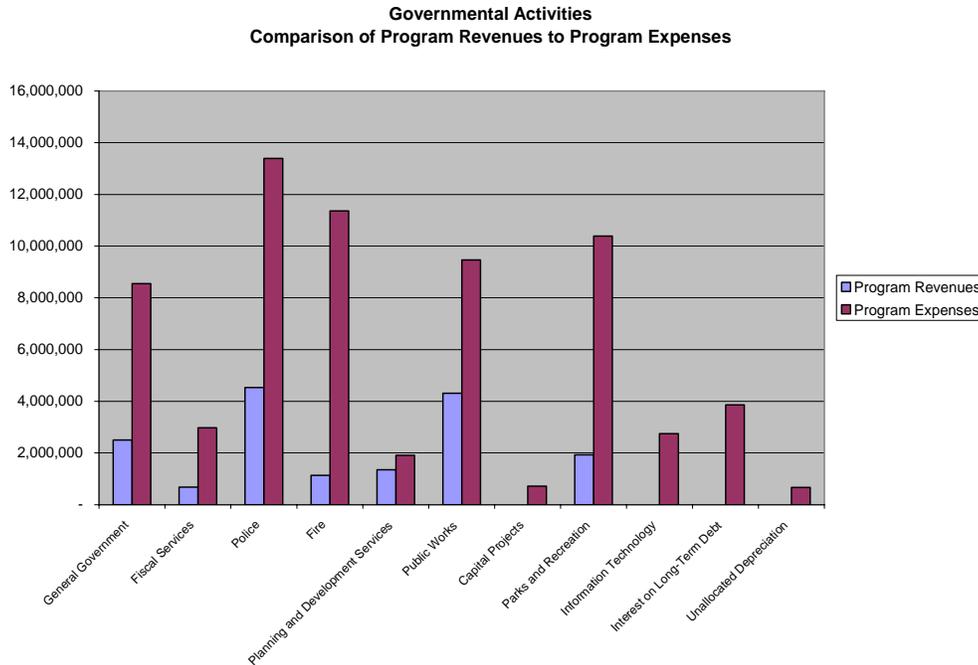


Management's Discussion and Analysis

For the Fiscal Year Ended September 30, 2008

(Unaudited)

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



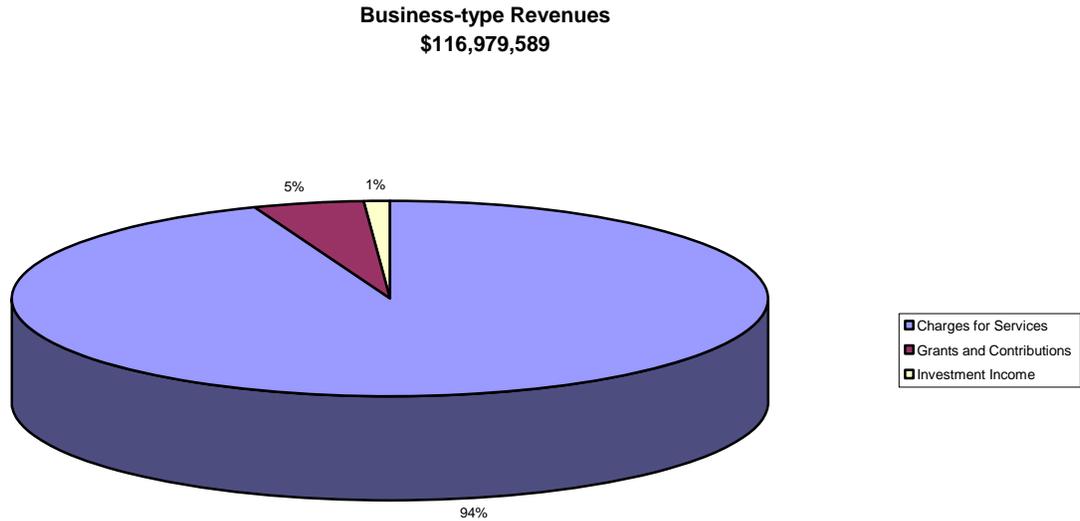
Business-type activities. Business-type activities increased the City of College Station's net assets by \$11,281,186, thereby accounting for 59 percent of the total growth in net assets. Key elements of this increase are as follows:

- With the continued growth in the area, capital contributions continued to be a major source of revenue for the electric, water, and wastewater funds. In fiscal year 2008 capital contributions amounted to \$5,349,125.
- Electric utility expenses experienced an increase of \$10,243,574 or 17 percent from fiscal year 2007. This is primarily attributable to purchased power expenses.
- Charges for services increased by \$14,054,200 or 15 percent from fiscal year 2007 due to utility rate increases.

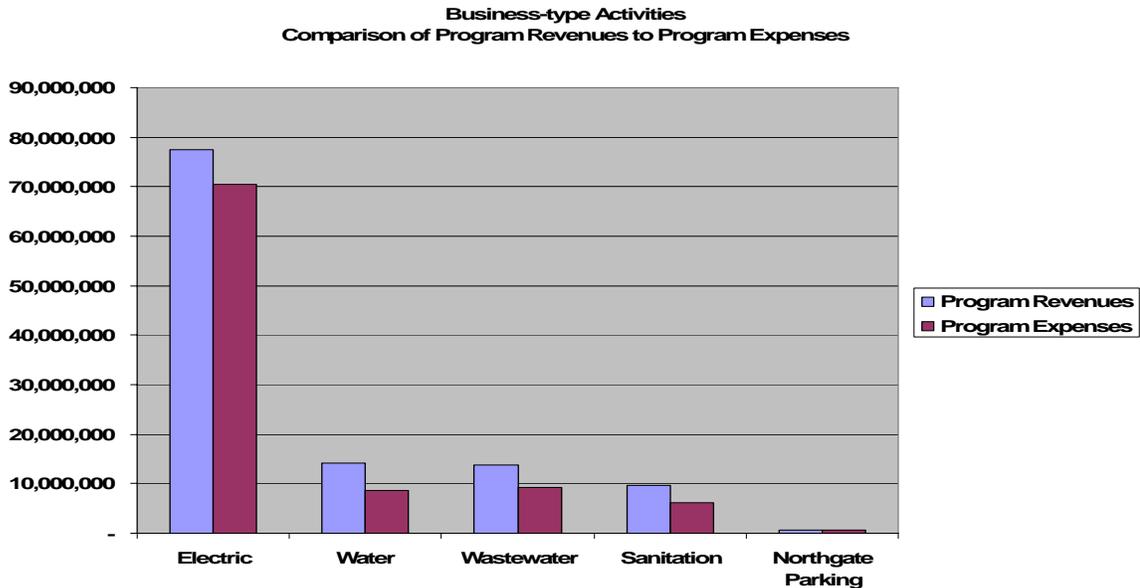
Management's Discussion and Analysis

For the Fiscal Year Ended September 30, 2008
(Unaudited)

Revenues for the City's business-type activities are presented in the following chart. Charges for services provided the largest share of revenues (94 percent) for the City's business-type activities. It was followed by grants and contributions (5 percent) and investment income (1 percent).



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



Management's Discussion and Analysis

For the Fiscal Year Ended September 30, 2008
(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 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 \$72,330,936. Approximately 29 percent (\$21,205,922) 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 (\$3,817,694),
- (2) To liquidate contracts and purchase orders of the prior period (\$12,566,000),
- (3) For capital improvements (\$31,639,361),
- (4) For permanent cemetery endowments (\$1,756,167),
- (5) For police criminal investigation activity (\$36,256),
- (6) For inventory (\$163,063),
- (7) For prepaid expenses (\$343,525),
- (8) For Juvenile Case Manager (\$209,943),
- (9) For Court Technology (\$265,212),
- (10) For Court Security (\$291,628), and
- (11) For Court Efficiency (\$36,165).

Overall, revenues for governmental functions totaled \$62,580,542 in the fiscal year ended September 30, 2008, an increase of 7 percent or \$4,245,294 from the fiscal year ended September 30, 2007. Expenditures for governmental functions totaling \$90,471,606 increased by approximately 16 percent (\$12,624,809) from the fiscal year ended September 30, 2007. In fiscal year 2008, expenditures for governmental functions exceeded revenues by \$27,891,064. That amount was 43 percent more than the previous year's amount of \$19,511,549 and due to an increase in capital outlay expenditures in fiscal year 2008 over 2007. The City added a Capital Projects Department in fiscal year 2008 to expedite capital projects.

Management's Discussion and Analysis

For the Fiscal Year Ended September 30, 2008

(Unaudited)

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 \$9,679,913 while the total fund balance reached \$11,985,389. The City's fiscal and budgetary policies require that the 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 18 percent of fiscal year 2008 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 19 percent of total general fund expenditures, while total fund balance represents 23 percent. The fund balance continues to meet and exceed the Fiscal and Budgetary Policy of having 15 percent of expenditures available in fund balance.

The General Fund's fund balance decreased by \$947,200 during the current fiscal year. The key factors in this change follow:

- Overall expenditures were up by approximately 13 percent, due to an increase in fuel, transportation costs and petroleum based products, and
- Personnel costs increased due to filling additional full time equivalent positions, including several top management positions.

The Debt Service Fund ended the fiscal year with a fund balance of \$3,817,694. This entire amount is reserved for the payment of debt service. The net increase in fund balance during the current fiscal year was \$351,636. A \$1,018,582 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 \$24,388,395. 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 \$2,580,869. This increase is attributable to proceeds received from long term debt issued at the end of fiscal year 2008.

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 \$188,072,531. Approximately 22 percent (\$41,922,769) of this total amount constitutes unrestricted net assets. The remainder of net assets for the proprietary funds, \$146,149,762, is reported as follows:

- (1) Invested in capital assets, net of related debt (\$144,558,785), and
- (2) Restricted for debt service (\$1,590,977).

Operating revenues for proprietary activities totaled \$107,064,736 for the fiscal year, an increase of 12.7 percent or \$12,052,161 from the previous fiscal year. Operating expenses increased

Management's Discussion and Analysis

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(Unaudited)

\$10,956,560 or 13.9 percent for the same period causing operating income to increase \$1,095,601 or 6.8 percent from the previous year. The proprietary funds reported net non-operating expenses of \$537,409 at the end of fiscal year 2008 as compared to net non-operating expenses of \$1,699,497 in the previous fiscal year. Net assets increased \$11,574,164 in fiscal year 2008. This is \$3,252,473 more than the increase reported in fiscal year 2007.

Electric Fund

At the end of the fiscal year, the unrestricted net assets for the Electric Fund totaled \$11,707,235. The electric utility ended the fiscal year with working capital of \$10,159,565, a decrease of 1.5 percent from fiscal year 2007. 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, 2008, Electric Fund working capital equaled approximately 14.8 percent of annual operating expenses.

Electric Fund operating revenues increased by 13.8 percent (\$9,298,776) during fiscal year 2008, while operating expenses increased 16.8 percent (\$9,922,489) during the same period. This resulted in a 7.4 percent decrease (\$623,713) in operating income. The decrease in operating income is also attributable to an increase in operating expense due to anticipated higher purchased power costs. The above resulted in an increase in net assets of \$347,502 in the Electric Fund during the fiscal year.

Water Fund

Unrestricted net assets for the Water Fund at September 30, 2008 were \$7,741,310. Working capital in the Water Fund at the end of fiscal year 2008 was \$5,947,058, an increase of approximately 9.5 percent from fiscal year 2007. Water Fund working capital was 88 percent of total operating expense and exceeds the minimum 15 percent requirement under the Council's adopted policy.

Water Fund operating revenues increased by 17 percent (\$1,757,933) during fiscal year 2008. Operating expenses increased 3 percent (\$213,829) over fiscal year 2007. This resulted in operating income increasing by \$1,544,104 in fiscal year 2008. The Water Fund's net assets increased \$4,467,419 during the fiscal year, an 89.5 percent increase over the previous year.

Wastewater Fund

The Wastewater Fund's unrestricted net assets at the end of fiscal year 2008 were \$8,973,781. The Wastewater Fund ended the fiscal year with a working capital balance of \$6,846,912, which was 3.8 percent under fiscal year 2007. Wastewater Fund working capital was 91.6 percent of total operating expenses and is well above the minimum requirement for the fund.

Operating revenues in the Wastewater Fund were \$11,184,565, a \$642,603 (6 percent) increase over the previous fiscal year. Operating expenses increased from \$6,791,966 to \$7,476,022 or 10 percent while operating income decreased by 1 percent from \$3,749,996 to \$3,708,543.

Management's Discussion and Analysis

For the Fiscal Year Ended September 30, 2008

(Unaudited)

BUDGETARY HIGHLIGHTS

The final amended budget for fiscal year 2008 totaled \$275,186,615 for all funds. Of this amount \$218,873,072 (79.54 percent) was budgeted for operations and maintenance expenditures, and \$56,313,543 (20.46 percent) was budgeted for capital improvement projects.

In the General Fund the final revised budgeted change in fund balance was \$1,469,981 lower than the original budgeted change and the significant items that comprise this difference can be briefly summarized as follows:

- \$242,377 - Encumbrances rolled over from prior fiscal year.
- \$141,407- Appropriation for Gain-sharing allocations to City of College Station employees.
- \$194,582 -Appropriation for CSTV-19 Improvements.
- \$ 72,856 -Appropriation for General Fund transfer to Print Mail to close fund.
- \$200,000 -Appropriation for General Fund's share of Economic Development property.
- \$ 45,532 -Appropriation for additional personnel in Economic Development and Capital Projects Departments.

In the General Fund the actual change in fund balance was \$3,264,005 higher than the final revised budgeted change and the significant items that comprise this difference can be briefly summarized as follows:

- \$1,262,186 – Additional tax revenue generated primarily from higher sales tax and ad valorem revenues.
- \$1,531,149 – Lower expenditures related to economic development incentive outlays that were budgeted in fiscal year 2008.
- \$400,954 – Due in part to lower expenditures in the Public Works that were budgeted for and did not occur in fiscal year 2008.
- \$131,946 – Due in part to lower personnel expenditures than budgeted in the Human Resources Division related to unfilled staff positions.
- \$417,315 – Lower expenditures in the Planning and Development Services Department due to staff vacancies and for expenditures related to the professional services that did not occur.
- \$156,991 – Lower expenditures in the Parks and Recreation Department that were budgeted for and did not occur in fiscal year 2008.
- (\$367,209) – Higher expenditures in the Fire Department due in part to sending mutual aid assistance to communities affected by Hurricane Ike.

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 2008 budget:

Management's Discussion and Analysis

For the Fiscal Year Ended September 30, 2008

(Unaudited)

Core Services

Core services include police, fire and emergency management services; traffic and drainage services; the City's administrative services; electric, water, sewer and sanitation services; and capital projects for each of these areas. Key items included in the 2008 fiscal year budget included:

- **Citywide Safety and Security**
Additional resources for the addition of two Police Communications Officers, seven Firefighter/Paramedics and the City of College Station portion of the Community Emergency Operations Center;
- **Effective Communications**
Additional resources for an additional Broadcast Media Specialist, equipment upgrades and website enhancements to improve communications;
- **Growing Sustainable Revenue Sources Balanced with Needs**
Additional resources to acquire a Fiscal Impact Model to assist in determining the fiscal impact of development activities in the City;
- **Exceptional Multi Modal Mobility**
Additional resources in the Streets Projects Fund to address transportation needs as well as additional resources in the Public Works operations budget for the maintenance of the traffic signal system as well as resources for re-timing portions of the traffic signal system;
- **Sustainable Quality City Workforce**
Additional resources for a citywide job classification study as well as the City's approved pay plan which provides funds for the performance part of the pay plan and targeted pay adjustments for some public safety employees;
- **Exceptional Infrastructure and Core Services**
Additional resources to ensure the City's infrastructure is well maintained, including \$45 million in new appropriations for capital projects in fiscal year 2008. There were also resources from previous years capital budget appropriations that were projected to be spent in fiscal year 2008. The utility capital budget appropriation for the 2008 fiscal year were over \$29 million, and over \$42 million was projected to be spent on all utility projects. The budget also included an additional \$350,000 for street rehabilitation projects. Additional resources established the Capital Projects Department to improve the capital project implementation system;
- **Diverse Growing Economy**
Additional resources for Economic Development activities, including meeting commitments made in prior years;
- **Destination Place to Live and Work**
Additional resources for both the operations and capital funds for the Parks and Recreation System in College Station, including resources for the newly completed phase of Veteran's Park and Athletic Complex and resources for the construction and operation of the new Memorial Cemetery, a project the entire community will be proud to have.

Management's Discussion and Analysis

For the Fiscal Year Ended September 30, 2008

(Unaudited)

CAPITAL ASSETS

The City of College Station's investment in capital assets for its governmental and business-type activities as of September 30, 2008 amounted to \$459,146,261 (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	\$ 29,957,616	\$ 690,707	\$ 30,648,323
Utility Systems	-	185,922,392	185,922,392
Buildings and Building Improvements	18,369,258	4,748,318	23,117,576
Improvements Other than Buildings	14,450,204	-	14,450,204
Machinery and Equipment	11,599,248	115,231	11,714,479
Infrastructure	96,710,635	-	96,710,635
Construction in Progress	28,745,230	67,837,422	96,582,652
	<u>\$ 199,832,191</u>	<u>\$ 259,314,070</u>	<u>\$ 459,146,261</u>

Major capital projects completed by the City during the 2008 fiscal year include the following:

- West Park (\$105,417),
- Dartmouth Extension Phase II (\$3.6 million),
- Traffic Signal at Rock Prairie and Rio Grande (\$87,257),
- Traffic Signal at Welsh and Holleman (\$87,905),
- Pedestrian Improvements on 2818 (\$714,774),
- Pedestrian Improvements on University Drive (\$217,957),
- Bike Loop (\$1,019,594),
- Veterans' Park Phase II (\$657,921),
- Oaks Park Basketball Pavilion (\$287,540),
- New Forestry Shop (\$826,811),
- Southwood Park Little League Lights (\$345,747),
- John Crompton Park Phase II (\$168,650),
- West Park (Southside) (\$1,237,564),
- Gabbard Park Improvements (\$140,000),
- Bee Creek to Southwest Parkway Drainage (\$3,040,882),
- West Park Drainage Improvements (\$601,475),
- Fire Station #3 Relocation (\$2,303,101),
- Court Security Upgrade (\$134,308),
- Automated Customer Service (187,864),
- Automated Citations (\$325,527).

Of significance is \$8,404,626 in developer capital contributions during fiscal year 2008. These contributions accounted for approximately 2 percent of the \$45.915 million in capital assets.

Management's Discussion and Analysis

For the Fiscal Year Ended September 30, 2008

(Unaudited)

Additional information on the City's capital assets can be found in Note IV-C to the financial statements on pages 49-50.

DEBT ADMINISTRATION

At the end of the 2008 fiscal year, the City of College Station had total debt outstanding of \$224,040,000. Of this amount, \$124,480,000 (56 percent) comprised debt backed by the full faith and credit of the City. Certain Certificate of Obligations fund business-type activities in the Electric, Water and Wastewater Funds. In fiscal year 2008, a prior period adjustment was made to reflect \$8,240,000 in business-type activity 2004 Certificates of Obligation outstanding at October 1, 2007. 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	\$ 60,695,000	\$ -	\$ 60,695,000
Certificates of Obligation	39,965,000	23,820,000	63,785,000
Revenue Bonds	-	99,560,000	99,560,000
	<u>\$ 100,660,000</u>	<u>\$ 123,380,000</u>	<u>\$ 224,040,000</u>

The City's total debt increased by \$21,365,000 (10.5 percent) during the current fiscal year. The change in total debt was a result of the following:

- Issuance of \$9,455,000 in general obligation improvement bonds and \$26,440,000 in certificates of obligation, which funded governmental and business-type activities; and
- Retirement of \$4,480,000 in general obligation bonds, \$4,395,000 in certificates of obligation, and the retirement of \$5,655,000 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.

Additional information on the City's long-term debt can be found in Note IV-G to the financial statements on pages 52-56 of this report.

OTHER POST-EMPLOYMENT BENEFITS ("OPEB")

In June 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which provides guidance on all aspects of OPEB reporting by employers. The requirements of this statement are effective for fiscal periods beginning after December 15, 2007, for governments that were phase 2 for the implementation for SGAS 34. The City, a phase 2 government, is implementing GASB 45 for the fiscal year ending September 30, 2009. The City hired an outside consultant who conducted an actuarial valuation/liability assessment and estimated the annual costs of OPEB benefits under GASB 45. The initial study for the fiscal 2006 was expanded with different scenarios for fiscal 2009, using Projected Unit Credit – 30 year (PUC-30) as its cost method.

Management's Discussion and Analysis

For the Fiscal Year Ended September 30, 2008

(Unaudited)

As noted in Note V.D., the City provides postretirement medical, dental, vision, drug and life insurance benefits for retired employees. Medical (including prescription drug and vision) and dental benefits are self-insured by the City and are currently operated on a pay-as-you-go basis. Life insurance benefits are fully insured.

The City's estimated annual OPEB cost for the fiscal year ending September 30, 2009 range from \$9,890 if retirees pay the non-blended retiree rate (the life insurance obligation still exists) to \$1,395,242 per year if retirees pay the group (blended) rate to \$2,241,140 per year if retirees pay the current subsidized rate. City staff plans to 1) evaluate, with 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.

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 70 percent for the period of 1990 through 2008,
- An approximate \$491 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 5 percent since 1990, and
- Sales and mixed drink beverage tax revenue that grew by 10 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 2009 budget was prepared with the key goal of focusing the resources of the organization to improve the quality of life in College Station at a reasonable cost. 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 2009 fiscal year is \$0.4394 per \$100 valuation (\$0.193352 for operations and maintenance and \$0.246048 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 2009 budget includes a 9 percent increase in the Electric Fund. This rate increase is needed to meet the operating, capital and debt service coverage requirements in the fund and to ensure continued high quality service is provided as the community continues to grow. The 2009 budget does not include a rate increase in the Wastewater Fund and Sanitation Fund. The Water Fund changed its rate structure to a conservation rate structure for fiscal year 2009. The Drainage Fund increased monthly residential rates from \$3.50 to \$5.00.

Management's Discussion and Analysis

For the Fiscal Year Ended September 30, 2008

(Unaudited)

The fiscal year 2009 budget for capital improvements totals \$47,939,073. The City anticipates significant expenditures for infrastructure projects throughout 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):

- Discovery Drive Extension (\$2 million),
- Street Rehabilitation in the Southside Area (\$2.5 million),
- Street Rehabilitation in the Northgate Area (\$2.3 million),
- Rock Prairie Road Widening Design and Land (\$2.9 million),
- Barron Road Improvements (\$3.0 million),
- William D. Fitch Widening Phase II (\$4.5 million),
- Eagle Avenue Extension (\$825 thousand),
- Longmire Pedestrian Improvements (\$981 thousand),
- Adamson Pool Bathhouse (\$1.3 million),
- Municipal Facility Improvements (\$2.0 million),
- Radio System Replacement (\$4.9 million),
- Well #7 Collection Line (\$3.7 million),
- Parallel Wellfield Collection Line Phase I (\$4.3 million),
- Land Acquisition – Well Sites (\$6.6 million),
- Raymond Stotzer Water Line Extension (\$1.5 million),
- Raymond Stotzer Wastewater Extension (2.0 million),
- Lick Creek – replace trunk line (\$2.8 million),
- Southside Water Rehabilitation (\$4.9 million),
- Southside Wastewater Rehabilitation (\$4.3 million),
- Well 8 (\$4.2 million),
- Well 8 Collection Line (\$3.6 million),
- Bee Creek Drainage Phase 4 and 5 (\$1.4 million).

The City plans to issue \$1,095,000 in general obligation bonds from the 2003 bond authorization for the following: \$540,000 for street improvements, \$100,000 for sidewalk improvements and \$455,000 for traffic signals and safety system improvement projects. The City also plans to issue \$3,040,000 in certificates of obligations for the following: \$2,490,000 for radio system replacement and \$550,000 for technology projects. The City also plans to issue \$24,255,000 in utility revenue bonds for the following: \$9,725,000 for electric capital projects, \$10,750,000 for water capital projects, and \$3,750,000 for wastewater 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

FINANCIAL
STATEMENTS

CITY OF COLLEGE STATION
Statement of Net Assets
September 30, 2008

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 59,107,971	\$ 20,119,962	\$ 79,227,933
Investments	28,213,600	9,603,722	37,817,322
Receivables (net of allowance for uncollectibles)	4,596,843	14,771,032	19,367,875
Due from BVSWMA	149,379	-	149,379
Internal balance	(2,772,805)	2,772,805	-
Inventories	162,427	1,873,353	2,035,780
Prepays	343,525	-	343,525
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	395,880	6,655,910	7,051,790
Investments	188,963	3,177,019	3,365,982
Accrued Interest Receivable	-	119,031	119,031
Permanently restricted:			
Cash and cash equivalents	1,182,547	-	1,182,547
Investments	564,457	-	564,457
Receivables, net	31,559	-	31,559
Inventory	636	-	636
Equity in Joint Venture	-	11,496,186	11,496,186
Deferred Issuance Costs, net	284,826	859,979	1,144,805
Capital assets (net of accumulated depreciation):			
Land and Construction in Progress	58,702,846	68,528,128	127,230,974
Other capital assets			
net of accumulated depreciation	<u>141,129,345</u>	<u>190,785,942</u>	<u>331,915,287</u>
Total assets	<u>292,281,999</u>	<u>330,763,069</u>	<u>623,045,068</u>
LIABILITIES			
Accounts payable and other current liabilities	3,100,396	12,695,456	15,795,852
Retainage Payable	611,988	496,791	1,108,779
Refundable Deposits	37,848	-	37,848
Claims Payable	1,405,955	-	1,405,955
Accrued liabilities	2,458,327	739,538	3,197,865
Customer Construction Advances	175,019	81,313	256,332
Unearned Revenues	-	113,186	113,186
Liabilities Payable from Restricted Assets:			
Accrued interest payable	562,640	658,700	1,221,340
Accrued Liabilities	-	16,619	16,619
Refundable deposits	-	1,665,611	1,665,611
Noncurrent liabilities:			
Due within one year:			
Compensated Absences	190,000	23,743	213,743
Bonds and Certificates of Obligation Payable	8,225,000	6,735,000	14,960,000
Due in more than one year:			
Bonds and Certificates of Obligation Payable	92,435,000	116,645,000	209,080,000
Deferred Charge - Refunding	(363,270)	-	(363,270)
Unamortized Premium/Discount on Bonds	274,009	(174,605)	99,404
Compensated Absences	<u>2,172,575</u>	<u>451,138</u>	<u>2,623,713</u>
Total liabilities	<u>111,285,487</u>	<u>140,147,490</u>	<u>251,432,977</u>
NET ASSETS			
Invested in capital assets, net of related debt	114,935,845	145,066,758	260,002,603
Restricted for:			
Debt service	3,255,054	1,590,977	4,846,031
Perpetual care:			
Expendable	1,756,167	-	1,756,167
Other purposes	1,345,792	-	1,345,792
Unrestricted	<u>59,703,654</u>	<u>43,957,844</u>	<u>103,661,498</u>
Total net assets	<u>\$ 180,996,512</u>	<u>\$ 190,615,579</u>	<u>\$ 371,612,091</u>

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

CITY OF COLLEGE STATION, TEXAS
Statement of Activities
For the Year Ended September 30, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General Government	\$ 8,551,304	\$ 1,331,581	\$ 1,170,197	\$ -
Fiscal Services	2,977,362	684,666	-	-
Police	13,395,874	4,307,550	226,147	-
Fire	11,359,260	820,690	317,069	-
Planning and Development Services	1,910,359	1,357,037	-	-
Public Works	9,467,081	1,255,525	1,545	3,055,501
Capital Projects	719,391	-	-	-
Parks and Recreation	10,385,095	1,911,789	20,212	-
Information Technology	2,749,327	-	-	-
Interest on long-term debt	3,860,801	-	-	-
Unallocated Depreciation	667,890	-	-	-
Total governmental activities	<u>66,043,744</u>	<u>11,668,838</u>	<u>1,735,170</u>	<u>3,055,501</u>
Business-type activities:				
Electric	70,485,982	76,787,412	-	632,029
Water	8,706,415	12,025,086	-	2,090,305
Sewer	9,159,176	11,184,565	-	2,626,791
Sanitation	6,244,639	9,628,798	-	-
Northgate Parking	668,237	673,818	-	-
Total business-type activities	<u>95,264,449</u>	<u>110,299,679</u>	<u>-</u>	<u>5,349,125</u>
Total primary government	<u>\$ 161,308,193</u>	<u>\$ 121,968,517</u>	<u>\$ 1,735,170</u>	<u>\$ 8,404,626</u>

General Revenue:
Property taxes
Sales and Mixed Beverage taxes
Franchise taxes
Hotel taxes
Unrestricted investment earnings
Transfers (Note IV. D.)
Total general revenues and transfers
Change in net assets
Net assets - beginning
Prior Period Adjustment
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
\$ (6,049,526)	\$ -	\$ (6,049,526)
(2,292,696)	-	(2,292,696)
(8,862,177)	-	(8,862,177)
(10,221,501)	-	(10,221,501)
(553,322)	-	(553,322)
(5,154,510)	-	(5,154,510)
(719,391)	-	(719,391)
(8,453,094)	-	(8,453,094)
(2,749,327)	-	(2,749,327)
(3,860,801)	-	(3,860,801)
(667,890)	-	(667,890)
<u>(49,584,235)</u>	<u>-</u>	<u>(49,584,235)</u>
-	6,933,459	6,933,459
-	5,408,976	5,408,976
-	4,652,180	4,652,180
-	3,384,159	3,384,159
-	5,581	5,581
-	<u>20,384,355</u>	<u>20,384,355</u>
<u>(49,584,235)</u>	<u>20,384,355</u>	<u>(29,199,880)</u>
20,670,112	-	20,670,112
20,241,973	-	20,241,973
2,090,779	-	2,090,779
3,585,512	-	3,585,512
3,385,844	1,330,785	4,716,629
<u>7,559,165</u>	<u>(10,433,954)</u>	<u>(2,874,789)</u>
<u>57,533,385</u>	<u>(9,103,169)</u>	<u>48,430,216</u>
7,949,150	11,281,186	19,230,336
164,807,362	187,574,393	352,381,755
8,240,000	(8,240,000)	-
<u>\$ 180,996,512</u>	<u>\$ 190,615,579</u>	<u>\$ 371,612,091</u>

CITY OF COLLEGE STATION, TEXAS

Balance Sheet
Governmental Funds
September 30, 2008

	<u>General</u>	<u>Debt Service</u>	<u>Streets Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Equity in Cash and Cash Equivalents	\$ 9,096,954	\$ 2,573,421	\$ 16,992,373	\$ 22,513,778	\$ 51,176,526
Equity in Investments	4,342,186	1,228,353	8,110,852	10,746,347	24,427,738
Receivables					
Accrued Interest	57,390	15,920	105,864	138,136	317,310
Grants	131,073	-	-	428,270	559,343
Letter of Credit	25,000	-	-	-	25,000
Accounts	1,556,347	-	380,187	641,288	2,577,822
Taxes	2,109,857	280,204	-	-	2,390,061
Other	20,547	-	-	-	20,547
Less Allowance for Uncollectible Accounts	(895,492)	-	(373,234)	(86,222)	(1,354,948)
Due from Other Funds	149,379	-	-	-	149,379
Inventories	62,919	-	-	636	63,555
Prepaid Costs	27,792	-	315,733	-	343,525
Restricted Assets					
Equity in Cash and Cash Equivalents	395,880	-	-	-	395,880
Equity in investments	188,963	-	-	-	188,963
Total Assets	<u>\$ 17,268,795</u>	<u>\$ 4,097,898</u>	<u>\$ 25,531,775</u>	<u>\$ 34,382,233</u>	<u>\$ 81,280,701</u>
Liabilities and Fund Balances					
Accounts Payable	\$ 939,552	\$ -	\$ 856,592	\$ 1,075,614	\$ 2,871,758
Retainage Payable	16,483	-	241,248	354,257	611,988
Interfund Payables	600,000	-	-	200,000	800,000
Refundable Deposits	37,848	-	-	-	37,848
Accrued Liabilities	2,197,298	-	-	215,509	2,412,807
Customer Construction Advances	129,757	-	45,262	-	175,019
Other Deferred Revenues	1,362,468	280,204	278	397,395	2,040,345
Total Liabilities	<u>5,283,406</u>	<u>280,204</u>	<u>1,143,380</u>	<u>2,242,775</u>	<u>8,949,765</u>
Fund Balances					
Reserved	2,305,476	3,817,694	24,388,395	20,613,449	51,125,014
Unreserved, Undesignated					
General Fund	9,679,913	-	-	-	9,679,913
Special Revenue Funds	-	-	-	11,526,009	11,526,009
Total Fund Balances	<u>11,985,389</u>	<u>3,817,694</u>	<u>24,388,395</u>	<u>32,139,458</u>	<u>72,330,936</u>
Total Liabilities and Fund Balances	<u>\$ 17,268,795</u>	<u>\$ 4,097,898</u>	<u>\$ 25,531,775</u>	<u>\$ 34,382,233</u>	<u>\$ 81,280,701</u>

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

CITY OF COLLEGE STATION, TEXAS
 Reconciliation of Governmental Funds Balance Sheet
 to the Statement of Net Assets
 September 30, 2008

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

Total Fund Balance per balance sheet:	\$	72,330,936
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		190,789,934
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		2,048,398
Internal Service Funds are used by management to charge the costs of certain activities, such as insurance, fleet maintenance, equipment replacement and print/mail, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets.		18,987,445
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		(103,534,288)
The issuance of debt is treated as an other financing source, and therefore is not capitalized and amortized over the life of the debt. The premium on issued debt is treated as an other financing source and thus is not amortized annually. Refunding debt is treated as an other financing use and is not treated as a deferred charge and amortized over the life of the debt.		374,087
Net Assets of governmental activities:	\$	180,996,512

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, 2008

	General	Debt Service	Streets Projects	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 30,984,741	\$ 11,012,440	\$ -	\$ 4,591,195	\$ 46,588,376
Licenses and Permits	1,154,902	-	-	-	1,154,902
Intergovernmental	536,215	-	1,545	1,170,197	1,707,957
Charges for Services	3,149,076	-	-	641,071	3,790,147
Fines, Forfeits, and Penalties	3,412,827	-	-	385,486	3,798,313
Special Assessment	914	-	-	1,254,611	1,255,525
Investment Income	593,514	350,744	793,773	1,148,605	2,886,636
Rents and Royalties	279,004	-	-	-	279,004
Contributions	25,046	-	-	2,167	27,213
Reimbursed Expenditures	426	-	38,932	6,680	46,038
Other	159,477	-	915	886,039	1,046,431
Total Revenues	40,296,142	11,363,184	835,165	10,086,051	62,580,542
Expenditures					
Current					
General Government	6,187,469	-	39,172	1,093,021	7,319,662
Fiscal Services	3,411,717	-	6,709	155,260	3,573,686
Police	13,219,117	-	-	-	13,219,117
Fire	11,251,400	-	-	-	11,251,400
Planning and Development Services	2,281,747	-	-	-	2,281,747
Public Works	7,157,121	-	-	25,322	7,182,443
Capital Improvement Projects	715,707	-	-	-	715,707
Parks and Recreation	8,985,860	-	-	85,338	9,071,198
Information Services	3,366,764	-	-	-	3,366,764
Library	993,102	-	-	-	993,102
Reimbursed Administration	(6,497,466)	-	805,667	1,919,437	(3,772,362)
Contributions	657,592	-	-	1,494,000	2,151,592
Other	173,637	-	-	30,701	204,338
Capital Outlay	-	-	7,881,279	11,657,043	19,538,322
Debt Service					
Principal Retirement	-	8,530,000	-	-	8,530,000
Interest Payments	-	3,892,490	-	-	3,892,490
Fiscal Charges	-	11,221	15,588	43,987	70,796
Intergovernmental	-	-	881,604	-	881,604
Total Expenditures	51,903,767	12,433,711	9,630,019	16,504,109	90,471,606
Deficiency of Revenues Under Expenditures	(11,607,625)	(1,070,527)	(8,794,854)	(6,418,058)	(27,891,064)
Other Financing Sources (Uses)					
Insurance of Debt	-	-	11,232,160	8,737,840	19,970,000
Sales of Capital Assets	10,981	-	-	-	10,981
Transfers In	11,591,668	1,422,163	143,563	671,020	13,828,414
Transfer Out	(942,224)	-	-	(2,098,874)	(3,041,098)
Total Other Financing Sources	10,660,425	1,422,163	11,375,723	7,309,986	30,768,297
Net Change in Fund Balances	(947,200)	351,636	2,580,869	891,928	2,877,233
Fund Balances, October 1	12,932,589	3,466,058	21,807,526	31,247,530	69,453,703
Fund Balances, September 30	<u>\$ 11,985,389</u>	<u>\$ 3,817,694</u>	<u>\$ 24,388,395</u>	<u>\$ 32,139,458</u>	<u>\$ 72,330,936</u>

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

CITY OF COLLEGE STATION, TEXAS
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended September 30, 2008

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

Net change in fund balance - total governmental funds:	\$	2,877,233
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.		13,498,040
The effect of various miscellaneous transactions involving capital assets is to increase net assets.		3,044,520
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		382,821
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.		(11,440,000)
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.		(187,476)
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>(225,988)</u>
Change in Net Assets of governmental activities:	\$	<u><u>7,949,150</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
September 30, 2008

	Business-type Activities - Enterprise Funds					Governmental
	Electric	Water	Wastewater	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Current Assets						
Equity in Cash and Cash Equivalents	\$ 9,329,040	\$ 4,846,191	\$ 4,868,744	\$ 963,891	\$ 20,007,866	\$ 9,226,088
Equity in Investments	4,452,966	2,313,199	2,323,964	460,087	9,550,216	4,403,825
Restricted Assets						
Equity in Cash and Cash Equivalents	298,290	442,479	433,536	-	1,174,305	-
Equity in Investments	142,380	211,205	206,936	-	560,521	-
Accrued Interest Receivable	-	119,031	-	-	119,031	-
Receivables						
Accrued Interest	64,914	32,257	32,860	6,206	136,237	56,229
Accounts	10,997,471	1,642,946	2,277,836	1,013,093	15,931,346	68,048
Other	1,097,873	2,000	-	-	1,099,873	15,003
Less: Allowance for Uncollectible Accounts	(2,066,777)	(93,795)	(181,188)	(115,531)	(2,457,291)	(24,811)
Due from Other Funds	40,000	40,000	40,000	-	120,000	-
Intergovernmental Receivable	13,820	-	-	17,792	31,612	8,053
Inventories	1,442,959	357,808	32,774	39,812	1,873,353	99,508
Prepaid items	-	-	-	-	-	-
Total Current Assets	25,812,936	9,913,321	10,035,462	2,385,350	48,147,069	13,851,943
Noncurrent Assets						
Restricted Assets						
Equity in Cash and Cash Equivalents	1,165,991	1,853,918	2,461,696	-	5,481,605	-
Equity in Investments	556,555	884,918	1,175,025	-	2,616,498	-
Total Restricted Assets	1,722,546	2,738,836	3,636,721	-	8,098,103	-
Advance to Other Funds	360,000	160,000	160,000	-	680,000	-
Equity in Joint Venture	-	-	-	11,496,186	11,496,186	-
Deferred Charges						
Bond Issuance Charges	377,199	420,426	420,373	-	1,217,998	-
Accumulated Amortization	(99,920)	(119,510)	(138,589)	-	(358,019)	-
Total Deferred Charges	277,279	300,916	281,784	-	859,979	-
Property and Equipment						
Utility Plant	125,566,305	85,317,354	82,210,378	-	293,094,037	-
Buildings	-	-	-	5,743,755	5,743,755	786,525
Machinery and Equipment	-	-	-	588,233	588,233	27,390,602
Accumulated Depreciation	(53,493,322)	(28,044,157)	(26,142,138)	(1,468,438)	(109,148,055)	(19,519,636)
Construction in Progress	7,445,112	41,810,310	18,577,669	4,330	67,837,421	892,738
Land	-	-	-	690,707	690,707	-
Total Property and Equipment	79,518,095	99,083,507	74,645,909	5,558,587	258,806,098	9,550,229
Total Noncurrent Assets	81,877,920	102,283,259	78,724,414	17,054,773	279,940,366	9,550,229
Total Assets	107,690,856	112,196,580	88,759,876	19,440,123	328,087,435	23,402,172
Liabilities						
Current Liabilities						
Accounts Payable	11,782,604	650,228	169,717	71,172	12,673,721	250,373
Retainage Payable	76,493	415,761	4,537	-	496,791	-
Interfund Payable	-	-	-	-	-	-
Accrued Liabilities	398,527	62,904	85,517	141,158	688,106	96,952
Customer Construction Advances	24,382	44,801	12,130	-	81,313	-
Other Deferred Revenues	13,820	-	-	99,366	113,186	8,053
Claims Payable	-	-	-	-	-	1,405,955
Payable from Restricted Assets						
Accounts Payable	836	-	-	-	836	-
Accrued Interest Payable	139,356	296,382	222,962	-	658,700	-
Accrued Liabilities	13,122	-	2,661	-	15,783	-
Refundable Deposits	1,386,605	269,836	-	9,170	1,665,611	-
Certificates of Obligation	424,862	235,000	240,138	-	900,000	-
Revenue Bonds	1,392,764	1,991,351	2,450,885	-	5,835,000	-
Total Current Liabilities	15,653,371	3,966,263	3,188,547	320,866	23,129,047	1,761,333
Noncurrent Liabilities						
Certificates of Obligation	10,603,578	6,720,000	5,596,422	-	22,920,000	-
Revenue Bonds	24,556,103	39,432,111	29,736,786	-	93,725,000	-
Unamortized Discount on Certificates and Bonds	(64,206)	(26,691)	(83,708)	-	(174,605)	-
Accrued Vacation	189,286	82,264	83,685	60,227	415,462	110,346
Total Noncurrent Liabilities	35,284,761	46,207,684	35,333,185	60,227	116,885,857	110,346
Total Liabilities	50,938,132	50,173,947	38,521,732	381,093	140,014,904	1,871,679
Net Assets						
Invested in Capital Assets, net of related debt	44,604,819	53,771,488	40,623,891	5,558,587	144,558,785	9,550,229
Restricted for:						
Debt service	440,670	509,835	640,472	-	1,590,977	-
Unrestricted	11,707,235	7,741,310	8,973,781	13,500,443	41,922,769	11,980,264
Total Net Assets	\$ 56,752,724	\$ 62,022,633	\$ 50,238,144	\$ 19,059,030	\$ 188,072,531	\$ 21,530,493
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds:					2,543,048	
Net assets business-type activities:					\$ 190,615,579	

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

CITY OF COLLEGE STATION, TEXAS
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Fiscal Year Ended September 30, 2008

	Business-type Activities - Enterprise Funds				Governmental Activities	
	Electric	Water	Wastewater	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Operating Revenues						
Charges for Services	\$ 74,975,691	\$ 11,314,839	\$ 10,979,881	\$ 7,367,822	\$ 104,638,233	\$ 8,179,835
Premiums	-	-	-	-	-	7,809,912
Other	1,637,643	497,694	204,684	86,482	2,426,503	257,727
Total Operating Revenues	76,613,334	11,812,533	11,184,565	7,454,304	107,064,736	16,247,474
Operating Expenses						
Electric Operations	63,743,046	-	-	-	63,743,046	-
Salaries and Benefits	-	1,281,681	2,120,886	2,023,931	5,426,498	2,532,650
Supplies	-	79,924	393,977	582,360	1,056,261	915,131
Maintenance	-	39,938	220,229	551,796	811,963	205,131
Purchased Professional Services	-	63,851	197,182	508,562	769,595	77,094
Purchased Property Services	-	1,246,413	776,983	1,637,992	3,661,388	71,465
Other Purchased Services	-	167,686	353,069	694,580	1,215,335	638,142
Claims	-	-	-	-	-	4,999,828
Administration Fees	-	-	-	-	-	599,747
Contributions	-	-	-	-	-	34,534
Premiums	-	-	-	-	-	977,516
Reimbursed Administrative	-	1,397,292	831,287	655,424	2,884,003	1,038,734
Depreciation	5,120,687	2,280,354	2,496,508	166,495	10,064,044	2,265,908
Other	-	196,438	85,901	(8,845)	273,494	15,059
Total Operating Expenses	68,863,733	6,753,577	7,476,022	6,812,295	89,905,627	14,370,939
Operating Income	7,749,601	5,058,956	3,708,543	642,009	17,159,109	1,876,535
Nonoperating Revenues (Expenses)						
Investment Income	479,306	366,059	417,764	59,830	1,322,959	507,034
Reimbursed Expenses	174,078	212,553	-	135	386,766	20,748
Earnings in Joint Venture	-	-	-	2,848,177	2,848,177	-
Interest Expense	1,363,567	1,981,441	1,726,340	-	5,071,348	-
Other, Net	(153,019)	84,029	80,627	(35,600)	(23,963)	342,160
Total Nonoperating Revenues (Expenses)	(863,202)	(1,318,800)	(1,227,949)	2,872,542	(537,409)	869,942
Income Before Capital Contributions and Transfers	6,886,399	3,740,156	2,480,594	3,514,551	16,621,700	2,746,477
Capital Contributions and Transfers						
Capital Contributions	632,029	2,090,305	2,626,791	-	5,349,125	-
Transfers In	470,156	-	-	-	470,156	116,878
Transfers Out	(7,641,082)	(1,363,042)	(1,347,193)	(515,500)	(10,866,817)	(3,382,322)
Total Capital Contributions and Transfers	(6,538,897)	727,263	1,279,598	(515,500)	(5,047,536)	(3,265,444)
Change in Net Assets	347,502	4,467,419	3,760,192	2,999,051	11,574,164	(518,967)
Beginning Net Assets	60,864,962	57,555,214	50,258,212	16,059,979		22,049,460
Prior Period Adjustment	(4,459,740)	-	(3,780,260)	-		-
Ending Net Assets	\$ 56,752,724	\$ 62,022,633	\$ 50,238,144	\$ 19,059,030		\$ 21,530,493

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds: (292,980)
Change in net assets of business-type activities: \$ 11,281,184

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, 2008

	Business-type Activities - Enterprise Funds				Governmental Activities	
	Electric	Water	Wastewater	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities:						
Cash Received from Customers	\$ 76,285,762	\$ 11,619,422	\$ 10,370,790	\$ 7,323,078	\$ 105,599,052	\$ 16,238,495
Cash Payments to Suppliers for Goods and Services	(59,456,821)	(2,934,548)	(3,127,051)	(4,641,035)	(70,159,456)	(9,821,106)
Cash Payments to Employees for Services	(3,403,132)	(1,291,156)	(2,118,133)	(2,002,109)	(8,814,529)	(2,578,680)
Customer Deposits Returned	(178,670)	(32,866)	-	(1,880)	(213,416)	-
Cash Received/Paid for Reimbursed Expenses	206,755	26,561	(2,986)	135	230,465	20,748
Cash Received for Miscellaneous Revenues	-	94,012	100,708	3,293	198,013	342,261
Cash Paid to Other Funds	-	-	-	-	-	(81,459)
Cash Paid for Miscellaneous Expenses	(153,019)	(9,983)	(20,081)	(41,076)	(224,159)	(101)
Net Cash Provided by Operating Activities	13,300,875	7,471,442	5,203,247	640,406	26,615,970	4,120,158
Cash Flows from Noncapital Financing Activities:						
Cash Paid to Other Funds						
(Due From / Advance to Other Funds)	(200,000)	(200,000)	(200,000)	-	(600,000)	-
Transfers In from Other Funds	470,156	-	-	-	470,156	131,263
Transfers Out to Other Funds	(7,641,082)	(1,363,042)	(1,347,193)	(475,500)	(10,826,817)	(1,397,964)
Net Cash Used by Noncapital Financing Activities	(7,370,926)	(1,563,042)	(1,547,193)	(475,500)	(10,956,661)	(1,266,701)
Cash Flows from Capital and Related Financing Activities:						
Acquisition and Construction of Capital Assets	(9,741,674)	(14,366,138)	(3,588,850)	(79,224)	(27,775,886)	(1,963,943)
Proceeds from Sale of Assets	-	-	-	-	-	182,823
Principal Paid on Revenue Bonds	(1,437,350)	(1,929,684)	(2,287,966)	-	(5,655,000)	-
Interest Paid on Revenue Bonds	(1,206,671)	(1,992,422)	(1,554,865)	-	(4,753,958)	-
Principal Paid on Certificates of Obligation	(186,300)	(158,700)	-	-	(345,000)	-
Interest Paid on Certificates of Obligation	(187,320)	(157,928)	-	-	(345,248)	-
Proceeds from Certificates of Obligations	6,700,000	6,900,000	2,200,000	-	15,800,000	-
Net Cash Used by Capital and Related Financing Activities	(6,059,315)	(11,704,872)	(5,231,681)	(79,224)	(23,075,092)	(1,781,120)
Cash Flows from Investing Activities:						
Purchase of Investments	(15,206,247)	(11,086,813)	(11,219,016)	(1,289,711)	(38,801,787)	(12,819,019)
Proceeds from Sale and Maturities of Investment Securities	16,332,473	14,219,385	12,683,557	1,380,649	44,616,064	13,349,434
Investment Income	488,346	388,650	431,558	58,623	1,367,177	495,889
Net Cash Provided by Investing Activities	1,614,572	3,521,222	1,896,099	149,561	7,181,454	1,026,304
Net Increase (decrease) in Cash and Cash Equivalents	1,485,206	(2,275,250)	320,472	235,243	(234,329)	2,098,641
Cash and Cash Equivalents, Oct. 1	9,308,115	9,417,838	7,443,504	728,648	26,898,105	7,127,447
Cash and Cash Equivalents, Sept. 30	\$ 10,793,321	\$ 7,142,588	\$ 7,763,976	\$ 963,891	\$ 26,663,776	\$ 9,226,088

CITY OF COLLEGE STATION, TEXAS
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2008

	Business-type Activities - Enterprise Funds				Governmental Activities	
	Electric	Water	Wastewater	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:						
Operating Income	\$ 7,749,601	\$ 5,058,956	\$ 3,708,543	\$ 642,009	\$ 17,159,109	\$ 1,876,535
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:						
Depreciation, Bad Debt Expense, Inventory Loss	5,120,687	2,280,354	2,496,508	166,495	10,064,044	2,265,908
Provision for Uncollectible Accounts	228,602	15,086	28,252	16,315	288,255	543
Miscellaneous Nonoperating Revenues	206,755	120,573	97,722	3,428	428,478	363,009
Miscellaneous Nonoperating Expenses	(153,019)	(9,983)	(267,081)	(41,076)	(471,159)	(101)
Changes in Assets and Liabilities:						
Change in Accounts Receivable	(340,570)	(193,111)	(813,775)	(135,987)	(1,483,443)	(8,979)
Change in Deferred Revenues	12,998	-	-	4,761	17,759	-
Change in Inventory	(35,105)	(44,080)	12,544	(34,738)	(101,379)	77,125
Change in Accounts Payable	619,860	285,987	(62,219)	5,641	849,269	(397,011)
Change in Due from Other Funds	-	-	-	-	-	(81,459)
Change in Claims Payable	-	-	-	-	-	219,928
Change in Accrued Liabilities	53,164	(4,690)	132	3,336	51,942	(166,535)
Change in Refundable Deposits	(178,670)	(32,866)	-	(1,880)	(213,416)	-
Change in Accrued Vacation	16,572	(4,784)	2,621	12,102	26,511	(28,805)
Total Adjustments	<u>5,551,274</u>	<u>2,412,486</u>	<u>1,494,704</u>	<u>(1,603)</u>	<u>9,456,861</u>	<u>2,243,623</u>
Net Cash Provided by Operating Activities	<u>\$ 13,300,875</u>	<u>\$ 7,471,442</u>	<u>\$ 5,203,247</u>	<u>\$ 640,406</u>	<u>\$ 26,615,970</u>	<u>\$ 4,120,158</u>

Noncash Operating, Financing, Capital and Investing Activities: During the Fiscal Year the Enterprise Fund added contributed capital in the amount of \$5,349,125. Adjustments at 9/30/08 to investments to record income accrual and fair value changes were as follows: Enterprise Fund \$167,571 and Internal Service Funds 70,939.

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



CITY OF COLLEGE STATION

NOTES TO THE FINANCIAL STATEMENTS

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2008

I. Summary of Significant Accounting Policies

A. Financial Reporting Entity

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

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

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (e.g., 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, 2008

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 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 *Wastewater 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, 2008

and workers' compensation claims and associated administrative expenses on a cost reimbursement basis; utility billing and collection activities related to the City's electric, water, and wastewater utilities and residential and commercial garbage collection; activities related to the management of the City's vehicles and heavy equipment, including preventative maintenance and vehicle repair; and activities related to the purchase and replacement of vehicles and large motorized equipment, telephone and radio systems, and technological infrastructure equipment not budgeted in other funds.

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 Wastewater Funds because elimination of these charges would distort the direct costs and program revenues reported in the Statement of Activities.

Amounts reported as program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Proprietary funds distinguish 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, wastewater, 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. 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.

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2008

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 2007. This policy is applicable to all City funds and permits investment in obligations of the U.S. Government or its agencies, repurchase agreements, commercial paper, certificates of deposit, guaranteed investment contracts, public funds investment pools, and money market mutual funds. This policy states that the City Manager shall designate the City's Investment Officer with whom responsibility and authority for investment transactions reside.

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

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

Active portfolio management includes the practice of selling securities prior to maturity and using the proceeds to purchase other securities. Such "swaps" are performed for a variety of valid reasons: to lengthen maturities as interest rates rise, to secure market profits and shorten maturities as interest rates fall, and to take advantage of the differences in relative yield between different types of securities and varying maturities. "Swap" analysis is the responsibility of the City's Investment Officer and the decision to execute the "swap" rests with her. To protect the portfolio from imprudent trading, no security may be sold until such time as the current market value of the security plus interest earned from date of purchase is at least equal to the purchase price of that security.

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

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

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2008

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, 2008, are recorded as prepaid costs with a reserve for prepaid items recognized in the governmental funds in the fund level financial statements to signify that a portion of fund balance is not available for other subsequent expenditures.

Interfund Transactions and Receivables/Payables

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

Restricted Assets

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

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2008

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 wastewater utilities are capitalized in accordance with the National Association of Regulatory Utility Commissioners (NARUC) guidelines. The costs of normal maintenance and repairs that do not add to the value of the 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
Wastewater System	2-50 Years
Infrastructure	10-50 Years
Buildings and Building Improvements	5-50 Years
Land Improvements	10-45 Years
Machinery and Equipment	5-20 Years
Motor Vehicles	3-12 Years
Furniture, Fixtures and Office Equipment	5-20 Years

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

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2008

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.

E. Budgetary Control

The City follows these procedures in establishing the budgetary data:

1. Prior to September 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means for financing them.
2. All budget requests are compiled by the Office of Budget and Strategic Planning and then presented with comparative and supporting data to the Mayor and City Council for review.
3. Public hearings are properly advertised and conducted at City Hall for taxpayer comments.
4. Prior to September 27, the budget is legally enacted through passage of an ordinance.
5. The City Council must approve all transfers of budgeted amounts between departments within any fund and any revision that alters the total expenditures of any fund. An amount is also budgeted each year for contingencies which may arise. The Council has authorized the City Manager to make budget transfers for contingencies if the amount does not exceed \$15,000. All other transfers must be approved by City Council. City Council may transfer amounts among individual budget line items within major expenditure categories during the year, but no such transfer may increase the overall total budget. Budgeted amounts as originally adopted were not significantly changed by such transfers during the year.
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.

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2008

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 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 \$108,665,576 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	\$	301,672,468
Accumulated Depreciation		(110,882,534)
Net Capital Assets	\$	<u>190,789,934</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	\$	(100,660,000)
Accrued Interest Payable		(562,640)
Compensated Absences		(2,311,648)
	\$	<u>(103,534,288)</u>

Governmental funds report the issuance of debt as an other financing source in the governmental fund statement of revenues, expenditures, and changes in fund balances. In contrast, issuance costs should be capitalized and amortized over the life of the debt.

Deferred issuance costs	\$	311,453
Amortization of issuance costs		(26,627)
	\$	<u>284,826</u>

When a governmental entity issues debt at a discount or a premium, the discount/premium is ignored in recording interest expenditures in a governmental fund; however, the discount/premium must be amortized annually to report interest on an accrual basis in the government-wide financial statements.

Premium on Bonds	\$	(342,511)
Amortization of premium		68,502
	\$	<u>(274,009)</u>

A refunding transaction essentially combines the issuance of new debt and the repayment of existing debt. The key difference is that the disparity between the net carrying value of the refunded debt and its reacquisition price is treated as a deferred charge (this amount is treated

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2008

as a deduction from or an addition to the new debt liability) in the government-wide statement of net assets and subsequently amortized over the life of the refunding or refunded debt, whichever is shorter.

Deferred charge - Refunding	\$ 454,088
Accrued Interest Payable	<u>(90,818)</u>
	<u>\$ 363,270</u>
Total Deferred/Capitalized Items	<u>\$ 374,087</u>

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

Deferred Property Tax Revenue	\$ 515,657
Deferred Hotel Tax Revenue	212,235
Deferred Emergency Medical Services Revenue	439,261
Deferred Fines/Penalties	584,843
Deferred Cemetery Sales Revenue	202,074
Deferred Intergovernmental Revenue	69,050
Other Deferred Revenue	<u>25,278</u>
	<u>\$ 2,048,398</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.

\$ 18,987,445

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 \$13,498,040 difference are as follows:

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2008

Capital Outlay	\$ 21,828,688
Depreciation Expense	<u>(8,330,648)</u>

Net Adjustment to increase <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 13,498,040</u>
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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 \$3,044,520 difference are as follows:

Donated Capital Assets	\$ 3,055,501
Proceeds from Sale of Fixed Assets	<u>(10,981)</u>

The net effect of miscellaneous capital asset transactions increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	<u>\$ 3,044,520</u>
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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 (\$11,440,000) difference are as follows:

Debt issued or incurred:	
Issuance of General Obligation Bonds and Certificates of Obligation	\$ (19,970,000)
Principal Retirement	<u>8,530,000</u>

Net Adjustment to decrease <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (11,440,000)</u>
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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 (\$187,476) difference are as follows:

Compensated Absences	\$ (216,485)
Accrued Interest & amortization	(31,689)
Issuance Costs Deferred	<u>60,698</u>

Net Adjustment to increase <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (187,476)</u>
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Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2008

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

The Council approved three budget amendments during fiscal year 2008. These budget amendments included the following appropriations:

WD Fitch Widening Phase II	\$ 4,021,500
Purchased Power	3,044,000
Economic Development Land Purchase	2,132,208
Memorial Cemetery	1,980,000
Eagle Drive Extension	800,000
Discovery Drive Extension	544,021
Wellborn Road Landscaping	478,913
Parks/Parkland Capital Projects	436,219
Bike Loop	400,000
Electric Training Room Facility Project	250,000
Fire Department Grants	245,400
University Drive TXDOT ROW	237,200
Gainsharing	205,711
CSTV-19 Improvements	194,582
Print Mail	117,510
Police Department - Grants	91,328
Police Department - Generators	76,000
Eisenhower Street Land Purchase	73,000
Legal Fees	70,000
Roadway Impact Fee Study	57,000
Red Light Camera	35,000
Fleet Purchases	27,297
Police Patrol Car	27,175
Economic Development Personnel	24,609
Water Services Personnel	20,923
Information Technology - E-911	17,000
Court Recording System	5,385
	<u>\$ 15,611,981</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, 2008

B. Excess of Expenditures Over Appropriations

The amounts of any excesses of expenditures over appropriations during fiscal year 2008, and the funds in which they occurred are as follows:

<u>Fund</u>	<u>Amount</u>
General Fund, Fire Department	\$ 367,209
General Fund, Other	637
Convention Center	326
Business Park	81
General Government Projects	99,777
Parks and Recreation Projects	910,812

Hurricane Ike made landfall at Galveston, Texas on September 13, 2008, causing catastrophic damage to coastal Texas. The Fire Department responded through the Texas Task Force sending mutual aid to affected communities. The timing of the disaster precluded inclusion on the final budget amendment of the fiscal year.

The expenditures in the Business Park, General Government Projects and Parks and Recreation Projects were budgeted in prior years. Overall, these projects remained within budget.

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	\$ 4,871,146	1
U.S. Agency Bonds	41,753,405	479
Texas Local Government Investment Pool	80,755,438	1
Fidelity Money Market Mutual Fund	1,830,042	1
	<u>\$ 129,210,031</u>	
Portfolio Weighted Average Maturity		305

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

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2008

720 days) or less and by limiting the maximum maturity of any security purchased to five years or less.

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

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

As of September 30, 2008 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.

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, 2008 the issuers whose securities represented more than 5% of the City's investment portfolio were as follows: the Federal Home Loan Bank (19%) and the Federal Farm Credit Bank (12%).

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, 2008

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:	General	Debt Service	Streets Projects	Nonmajor	Internal Service Fund Allocation	Total
Taxes:						
Property	\$ 235,453	\$ 280,204	\$ -	\$ -	\$ -	\$ 515,657
Beverage	104,508	-	-	-	-	104,508
Sales	1,769,896	-	-	-	-	1,769,896
Subtotal Taxes	2,109,857	280,204	-	-	-	2,390,061
Accrued Interest	57,390	15,920	105,864	138,136	55,538	372,848
Grants	131,073	-	-	428,270	-	559,343
Accounts/Charges for Services	1,556,347	-	380,187	641,288	29,676	2,607,498
Miscellaneous	20,547	-	-	-	1,494	22,041
Total Gross Governmental	3,875,214	296,124	486,051	1,207,694	86,708	5,951,791
Less Allowance for						
Uncollectible Accounts	(895,492)	-	(373,234)	(86,222)	-	(1,354,948)
Net Total Receivables	\$ 2,979,722	\$ 296,124	\$ 112,817	\$ 1,121,472	\$ 86,708	\$ 4,596,843
Business-type Activities:					Internal Service Fund Allocation	Total
Accrued Interest	\$ 64,914	\$ 32,257	\$ 32,860	\$ 6,206	\$ 691	\$ 136,928
Accounts/Charges for Services	10,997,471	1,642,946	2,277,836	1,013,093	38,372	15,969,718
Miscellaneous	1,111,693	2,000	-	17,792	15,003	1,146,488
Total Gross Business-type	12,174,078	1,677,203	2,310,696	1,037,091	54,066	17,253,134
Less Allowance for						
Uncollectible Accounts	(2,066,777)	(93,795)	(181,188)	(115,531)	(24,811)	(2,482,102)
Net Total Receivables	\$ 10,107,301	\$ 1,583,408	\$ 2,129,508	\$ 921,560	\$ 29,255	\$ 14,771,032

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	\$ 515,657	\$ -	\$ 515,657
Intergovernmental	273,232	-	273,232
Fines and Penalties	-	584,843	584,843
Emergency Services	439,261	-	439,261
Cemetery Plot Sales	-	185,160	185,160
Other	25,245	25,000	50,245
	\$ 1,253,395	\$ 795,003	\$ 2,048,398

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2008

C. Capital Assets

Capital asset activity for the year ended September 30, 2008 was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated				
Land	\$ 28,010,449	\$ 1,947,167	\$ -	\$ 29,957,616
Construction in Progress	27,616,670	19,536,925	(18,408,365)	28,745,230
Total Capital Assets, Not Being Depreciated	<u>55,627,119</u>	<u>21,484,092</u>	<u>(18,408,365)</u>	<u>58,702,846</u>
Capital Assets, Being Depreciated				
Buildings and Building Improvements	22,436,773	3,131,710	-	25,568,483
Improvements Other Than Buildings	22,670,145	1,452,423	-	24,122,568
Machinery and Equipment	34,275,667	3,450,602	(4,112,566)	33,613,703
Infrastructure	171,360,045	15,940,926	-	187,300,971
Total Capital Assets, Being Depreciated	<u>250,742,630</u>	<u>23,975,661</u>	<u>(4,112,566)</u>	<u>270,605,725</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	6,551,340	647,885	-	7,199,225
Improvements Other Than Buildings	8,689,308	983,056	-	9,672,364
Machinery and Equipment	20,652,978	3,154,497	(1,793,020)	22,014,455
Infrastructure	84,834,556	5,755,780	-	90,590,336
Total Accumulated Depreciation	<u>120,728,182</u>	<u>10,541,218</u>	<u>(1,793,020)</u>	<u>129,476,380</u>
Total Capital Assets Being Depreciated, Net	<u>130,014,448</u>	<u>13,434,443</u>	<u>(2,319,546)</u>	<u>141,129,345</u>
Governmental Type Activities Capital Assets, Net	<u>\$ 185,641,567</u>	<u>\$ 34,918,535</u>	<u>\$ (20,727,911)</u>	<u>\$ 199,832,191</u>
Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated				
Land	\$ 690,707	\$ -	\$ -	\$ 690,707
Construction in Progress	58,657,661	28,666,896	(19,487,135)	67,837,422
Total Capital Assets, Not Being Depreciated	<u>59,348,368</u>	<u>28,666,896</u>	<u>(19,487,135)</u>	<u>68,528,129</u>
Capital Assets, Being Depreciated				
Electric System	113,757,058	14,719,902	(1,476,893)	127,000,067
Water System	79,216,419	6,136,950	(36,015)	85,317,354
Wastewater System	79,065,420	3,156,870	(11,913)	82,210,377
Buildings and Building Improvements	5,743,755	-	-	5,743,755
Machinery and Equipment	1,332,577	79,224	(823,568)	588,233
Total Capital Assets, Being Depreciated	<u>279,115,229</u>	<u>24,092,946</u>	<u>(2,348,389)</u>	<u>300,859,786</u>
Less Accumulated Depreciation for:				
Electric System	50,834,312	5,176,026	(1,591,226)	54,419,112
Water System	25,849,761	2,280,354	(85,959)	28,044,156
Wastewater System	23,680,135	2,496,508	(34,505)	26,142,138
Buildings and Building Improvements	851,778	143,659	-	995,437
Machinery and Equipment	1,273,101	22,836	(822,935)	473,002
Total Accumulated Depreciation	<u>102,489,087</u>	<u>10,119,383</u>	<u>(2,534,625)</u>	<u>110,073,845</u>
Total Capital Assets Being Depreciated, Net	<u>176,626,142</u>	<u>13,973,563</u>	<u>186,236</u>	<u>190,785,941</u>
Business Type Activities Capital Assets, Net	<u>\$ 235,974,510</u>	<u>\$ 42,640,459</u>	<u>\$ (19,300,899)</u>	<u>\$ 259,314,070</u>

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2008

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

Governmental Activities	
Planning and Development Services	\$ 6,204
Fire	78,143
Fiscal Services	25,764
General Government	575,052
Information Services	164,424
Parks and Recreation	923,507
Police	57,278
Public Works	5,832,386
Non-departmental	667,890
Capital Assets Held by the City's Internal Service Funds	<u>2,210,570</u>
Total Depreciation Expense	<u><u>\$ 10,541,218</u></u>

D. Interfund Transactions

Transfers between funds during the year were as follows:

	Transfers In	Transfers Out	Governmental Activities, net	Business-type Activities, net
Governmental Purpose:				
General Fund	\$ 11,591,668	\$ (942,224)	\$ 10,649,444	\$ -
Debt Service Fund	1,422,163	-	1,422,163	-
Streets Projects	143,563	-	143,563	-
Nonmajor Governmental Funds:				
Special Revenue Funds:				
Community Development	-	(528,166)	(528,166)	-
Red Light Camera	-	(28,233)	(28,233)	-
Wolf Pen Creek TIF	-	(1,042,475)	(1,042,475)	-
Capital Projects Funds:				
Business Park Projects	-	(500,000)	(500,000)	-
General Government	91,417	-	91,417	-
Parks and Recreation Projects	579,603	-	579,603	-
Business-type Activities:				
Enterprise Funds:				
Electric	470,156	(7,641,082)	-	(7,170,926)
Water	-	(1,363,042)	-	(1,363,042)
Wastewater	-	(1,347,193)	-	(1,347,193)
Nonmajor Proprietary Funds:				
Sanitation	-	(515,500)	-	(515,500)
Internal Service Funds:				
Equipment Replacement	-	(3,345,029)	(3,345,029)	-
Print/Mail Services	116,878	-	116,878	-
Utility Customer Service	-	(37,293)	-	(37,293)
	<u>\$ 14,415,448</u>	<u>\$ (17,290,237)</u>	<u>\$ 7,559,165</u>	<u>\$ (10,433,954)</u>
Adjust for transfer to Joint Venture from Equipment Replacement		2,874,789	2,874,789	
	<u>\$ 14,415,448</u>	<u>\$ (14,415,448)</u>	<u>\$ 10,433,954</u>	<u>\$ (10,433,954)</u>

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2008

During the fiscal year ending September 30, 2008, the City made a transfer to the Brazos Valley Solid Waste Management Agency (BVSWMA), a joint venture with the City of Bryan. The transfer represented BVSWMA's ownership in the City's Equipment Replacement program, which BVSWMA has participated in since 2002 and the liquidation of the year's participation in the fund.

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.

The composition of due to/due from balances as of September 30, 2008 is as follows:

<u>Due To</u>	<u>Due From</u>	<u>Amount</u>
Water Fund	Economic Development	\$ 40,000
Wastewater	Economic Development	\$ 40,000
Electric Fund	Economic Development	\$ 40,000
Electric Fund	Hotel Tax Fund	\$ 200,000
<u>Advance From</u>	<u>Advance To</u>	<u>Amount</u>
Water Fund	Economic Development	\$ 160,000
Wastewater	Economic Development	\$ 160,000
Electric Fund	Economic Development	\$ 160,000

The outstanding balance between the general fund and the print/mail fund 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. The loan is expected to be liquidated in fiscal year 2009.

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

E. Deferred Charges

See Note IV B.

F. Prior Period Adjustment

The City's 2004 Certificates of Obligation funded business-type activities in the Electric and Wastewater Funds. A prior period adjustment was made to reflect \$4,459,740 in Electric Fund and \$3,780,260 in Wastewater Fund Certificates of Obligation in those funds and to reduce beginning net assets by those amounts. Long-term debt reflects this change as of the beginning of the fiscal year.

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2008

G. Long-Term Debt

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2008 is as follows:

	Beginning Balance	Incurred/ Issued	Matured/ Retired	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 55,720,000	\$ 9,455,000	\$ 4,480,000	\$ 60,695,000	\$ 4,885,000
Certificates of Obligation	33,500,000	10,515,000	4,050,000	39,965,000	3,340,000
Accrued Vacation	2,269,709	1,333,042	1,240,176	2,362,575	190,000
Governmental Activity Long Term Debt	\$ 91,489,709	\$ 21,303,042	\$ 9,770,176	\$ 103,022,575	\$ 8,415,000
Business Type Activities:					
Certificates of Obligation	\$ 8,240,000	\$ 15,925,000	\$ 345,000	\$ 23,820,000	\$ 900,000
Utility Revenue Bonds	105,215,000		5,655,000	99,560,000	5,835,000
Accrued Vacation:					
Electric Fund	172,714	176,355	159,782	189,287	9,463
Water Fund	87,048	72,046	76,830	82,264	4,113
Sewer Fund	81,066	83,934	81,315	83,685	4,184
Other	109,381	129,890	119,626	119,645	5,982
Business Type Activity Long Term Debt	\$ 113,905,209	\$ 16,387,225	\$ 6,437,553	\$ 123,854,881	\$ 6,758,743

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 \$50,927 of internal service funds' accrued vacation was included in governmental activities, and \$59,419 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, 2008

Long-term debt at September 30, 2008 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	5.05-5.15	12/1/96	2/15/09	\$ 11,845,000	\$ 11,380,000	\$ 465,000
1998 Issue	4.65-4.85	4/1/98	2/15/11	6,200,000	5,120,000	1,080,000
1999 Issue	4.25-5.00	4/15/99	2/15/17	6,230,000	2,415,000	3,815,000
2000 Issue	5.00-5.20	4/1/00	2/15/11	8,460,000	7,195,000	1,265,000
2001 Issue	4.00-5.50	8/1/01	2/15/17	4,140,000	2,200,000	1,940,000
2002 Issue	4.25-5.125	3/1/02	2/15/21	6,445,000	1,795,000	4,650,000
2003 Issue	3.00-4.50	7/1/03	2/15/23	4,790,000	750,000	4,040,000
2004 Issue	2.875-5.00	5/1/04	2/15/24	12,940,000	3,110,000	9,830,000
2005 Issue	4.00-6.00	5/1/05	2/15/25	5,710,000	920,000	4,790,000
2006 Issue	4.375-6.375	7/1/06	2/15/26	7,375,000	1,005,000	6,370,000
2006 Issue - Refunding	4.00-5.00	12/1/06	2/15/18	10,255,000	40,000	10,215,000
2007 Issue	4.25-6.25	9/1/07	2/15/27	3,930,000	1,150,000	2,780,000
2008 Issue	4.0 - 5.0	9/1/08	2/15/28	9,455,000	-	9,455,000
				<u>\$ 97,775,000</u>	<u>\$ 37,080,000</u>	<u>\$ 60,695,000</u>
Certificates of Obligation - Governmental Activities:						
2000 Issue	5.00-5.125	4/1/00	2/15/10	\$ 4,050,000	\$ 3,730,000	\$ 320,000
2000A Issue	4.75-5.50	8/1/00	2/15/20	8,100,000	3,280,000	4,820,000
2001 Issue	4.00-5.00	8/1/01	2/15/20	3,650,000	2,450,000	1,200,000
2002 Issue	4.25-5.125	3/1/02	2/15/20	14,480,000	6,120,000	8,360,000
2003A Issue	2.90-4.20	7/1/03	2/15/23	780,000	120,000	660,000
2004 Issue	2.875-5.00	5/1/04	2/15/24	500,000	500,000	-
2005 Issue	3.00-4.50	5/1/05	2/15/25	7,595,000	3,425,000	4,170,000
2006 Issue	4.375-6.375	7/1/06	2/15/26	8,325,000	1,215,000	7,110,000
2007 Issue	4.25-6.25	9/1/07	2/15/27	3,960,000	1,150,000	2,810,000
2008 Issue	3.25 - 5.0	9/1/08	2/15/28	10,515,000	-	10,515,000
				<u>\$ 61,955,000</u>	<u>\$ 21,990,000</u>	<u>\$ 39,965,000</u>
Certificates of Obligation - Business-type Activities:						
2004 Issue	2.875-5.00	5/1/04	2/15/24	8,915,000	1,020,000	\$ 7,895,000
2008 Issue	3.25 - 5.0	9/1/08	2/15/28	15,925,000	-	15,925,000
				<u>\$ 24,840,000</u>	<u>\$ 1,020,000</u>	<u>\$ 23,820,000</u>
Utility Revenue Bonds:						
1998 Issue	4.65-4.80	4/1/98	2/1/10	2,700,000	2,400,000	\$ 300,000
2000 Issue	5.00-5.25	4/1/00	2/15/12	10,500,000	8,105,000	2,395,000
2001 Issue	4.50-5.50	8/1/01	2/15/21	23,500,000	5,470,000	18,030,000
2002 Issue	4.00-6.00	3/1/02	2/15/22	18,215,000	3,625,000	14,590,000
2003 Issue - Refunding	3.50-4.25	12/1/02	2/1/14	11,160,000	4,070,000	7,090,000
2003A Issue	2.50-4.25	7/1/03	2/15/23	4,850,000	1,710,000	3,140,000
2005 Issue	4.00-5.50	5/1/05	2/1/25	8,035,000	640,000	7,395,000
2005A Issue - Refunding	3.00-5.25	8/1/05	2/1/18	12,995,000	440,000	12,555,000
2006 Issue	4.375-6.375	7/1/06	2/1/26	16,950,000	975,000	15,975,000
2007 Issue	4.00-5.75	9/1/07	2/1/27	18,665,000	575,000	18,090,000
				<u>\$ 127,570,000</u>	<u>\$ 28,010,000</u>	<u>\$ 99,560,000</u>

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2008

The annual requirements to amortize debt outstanding as of September 30, 2008 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
2009	\$ 4,885,000	\$ 2,605,790	\$ 3,340,000	\$ 1,740,215
2010	4,005,000	2,411,244	2,380,000	1,628,321
2011	4,325,000	2,211,104	1,960,000	1,529,689
2012	4,480,000	2,005,743	2,055,000	1,440,479
2013	4,405,000	1,810,095	2,175,000	1,348,273
2014-2018	19,870,000	6,261,200	12,125,000	5,119,789
2019-2023	12,100,000	2,854,244	9,820,000	2,328,597
2024-2029	6,625,000	586,366	6,110,000	597,080
	<u>\$ 60,695,000</u>	<u>\$ 20,745,786</u>	<u>\$ 39,965,000</u>	<u>\$ 15,732,443</u>

Year Ended September 30,	Business-Type Activities			
	Utility Revenue		Certificates of Obligation	
	Principal	Interest	Principal	Interest
2009	\$ 5,805,000	\$ 1,392,764	\$ 900,000	\$ 973,470
2010	6,010,000	1,427,565	865,000	965,835
2011	6,220,000	1,504,420	910,000	931,236
2012	6,450,000	1,547,368	950,000	897,861
2013	6,700,000	1,764,296	995,000	861,785
2014-2018	32,305,000	8,037,032	5,715,000	3,647,151
2019-2023	25,515,000	7,227,189	7,260,000	2,254,609
2024-2029	10,555,000	3,064,907	6,225,000	676,794
	<u>\$ 99,560,000</u>	<u>\$ 25,965,541</u>	<u>\$ 23,820,000</u>	<u>\$ 11,208,741</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 Wastewater Funds.

General Obligation Bonds and Certificates

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

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

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

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2008

general obligation bonds and certificate indentures. The City is in compliance with the significant limitations and restrictions at September 30, 2008.

On September 1, 2008, the City issued \$9.455 million in General Obligation Bonds with a true interest cost of 4.3721%. The proceeds from the sale of the bonds will be used to (1) pay for costs of construction and acquisition of and improvements to City streets, sidewalks, hike and bike trails, traffic signals and control systems, parks and park facilities and (2) pay the costs incurred in connection with the issuance of the Bonds.

On September 1, 2008, the City issued \$26.440 million in Certificates of Obligation with a true interest cost of 4.3446%. The proceeds from the sale of the Certificates will be used to (1) pay for the costs of construction acquisition and improvements to City streets, park and recreation improvements, a new City-owned cemetery, public municipal facilities and technology projects; (2) fund electric, water, and wastewater system improvements and (3) to pay 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 Wastewater Funds as defined in the respective bond indentures. The City pledges income derived from the acquired or constructed assets to pay the debt service. In addition, the City is required to maintain debt service funds and bond reserve funds for all outstanding revenue bonds. Amounts in the reserve fund are to be used to pay principal and interest on outstanding bonds at any time sufficient funds are not available in the bond interest and redemption fund. The bond indentures require that the City accumulate reserves to an amount equal to the average annual principal and interest requirements of all outstanding bonds secured by the net revenues of the system.

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, 2008, the City did not have an arbitrage rebate liability.

Defeasance

In prior years, the City defeased certain revenue and refunding bonds totaling \$23,810,000 and certain general obligation bonds, refunding bonds and certificates of obligation totaling \$10,185,000 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.

The advanced refunding of Series 2006 was undertaken to reduce total general obligation and certificate of obligation debt service payments over 12 years by \$651,000 and resulted in economic gain of \$506,168. The advanced refunding of Utility System Revenue Series 2005A and 2003 were undertaken to reduce total utility revenue debt service payments over the next 10 and 6 years, respectively by \$1,037,232 and \$885,000, respectively and resulting in economic gains of \$813,969 and \$720,738 respectively.

At September 30, 2008, the outstanding principal balance of the defeased revenue refunding bonds was \$4,770,000 and the outstanding principal balance of the defeased general obligation bonds and certificates of obligation was \$5,620,000.

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2008

The tables below reflect refunded debt outstanding at September 30, 2008 and are net of any amounts to be paid or retired by the trustee on October 1, 2008:

Refunded in Year Ended September 30, 2008

General Obligation Improvement Bonds, Series 1998	\$ 2,705,000
Utility System Revenue Bonds, Series 1998	1,330,000
	<u>\$ 4,035,000</u>

Refunded in Prior Years

Utility System Revenue & Refunding Bonds, Series 1993	\$ 2,500,000
Utility System Revenue Bonds, Series 1994	8,250,000
Utility System Revenue Bonds, Series 1995	2,700,000
Utility System Revenue Bonds, Series 1996	4,260,000
General Obligation & Refunding Bonds, Series 1996	1,860,000
	<u>\$ 19,570,000</u>

H. Reservations of Fund Balances and Net Assets

Fund balances for governmental funds have been reserved at September 30, 2008 as follows:

General Fund:	
Reserved for Encumbrances	\$ 959,684
Reserved for Inventory	163,063
Reserved for Prepaid	343,525
Reserved for Police Seizure	36,256
Reserved for Court Technology	265,212
Reserved for Court Security	291,628
Reserved for Court Efficiency Improvements	36,165
Reserved for Juvenile Case Manager	209,943
Streets Projects:	
Reserved for Encumbrances	3,698,400
Reserved for Capital Projects	20,689,995
Debt Service:	
Reserved for Bond Debt Service	3,817,694
Other Governmental Funds:	
Reserved for Encumbrances	7,907,916
Reserved for Capital Projects	10,949,366
Reserved for Endowment	1,756,167
Total	<u>\$ 51,125,014</u>

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2008

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, 2008. 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 \$565,189 for claims incurred but not reported as of September 30, 2008.

In fiscal year 2008 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 deductible between \$50,000 and \$250,000 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 Star National Insurance Company that is A.M. Best rated A-VIII. 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, 2008

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 Star 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 \$373,830 in the property and casualty fund and the potential liability of \$466,936 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 2008 and 2007 are as follows:

	<u>2008</u>	<u>2007</u>
Unpaid Claims, October 1	\$ 1,186,027	\$ 1,165,874
Incurred Claims (including IBNR's)	4,532,452	4,569,605
Claims Paid	<u>(4,312,524)</u>	<u>(4,549,452)</u>
Unpaid Claims, September 30	<u>\$ 1,405,955</u>	<u>\$ 1,186,027</u>

C. Joint Venture

The Brazos Valley Solid Waste Management Agency ("BVSWMMA") 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 reports a 50% ownership in BVSWMMA. BVSWMMA has contracted with the City of College Station to serve as landfill operator for the facility.

BVSWMMA 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

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2008

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 approved by the BVSWMA Board and adopted by both City Councils. All contracts and expenditures in excess of \$50,000 and contractual change orders in excess of \$25,000 require the approval of both the Bryan and College Station City Councils.

The City's share of BVSWMA's change in net assets for fiscal year 2008 was \$2,848,177.

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 \$3.9 million reported as accrued postclosure maintenance costs at September 30, 2008, represents the cumulative amount reported to date based on the use of 83 percent of the estimated capacity of the landfill. BVSWMA will recognize the remaining estimated cost of closure and postclosure care of \$814,000 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2008. BVSWMA expects to close the landfill in the year 2010. 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, 2008

The following is a summary of information from the audited financial statements of BVSWMA as of September 30, 2008:

	<u>2008</u>	<u>2007</u>
Assets:		
Current Assets	\$ 13,499,536	\$ 11,950,259
Capital Assets		
(Net of \$4,664,182 Accumulated Depreciation at 2008 and \$4,287,156 at 2007)	11,221,723	7,266,984
Deferred Landfill Permits		
(Net of \$828,017 Accumulated Amortization at 2008 and \$741,762 at 2007)	<u>2,803,321</u>	<u>2,458,540</u>
	<u>27,524,580</u>	<u>21,675,783</u>
Liabilities:		
Current Liabilities	628,228	694,021
Noncurrent Liabilities:		
Accrued Post Closure Maintenance Costs	<u>3,903,979</u>	<u>3,685,746</u>
Total Liabilities	<u>4,532,207</u>	<u>4,379,767</u>
Net Assets		
Invested In Capital Assets	11,221,723	7,266,984
Unrestricted	<u>11,770,650</u>	<u>10,029,032</u>
Total Net Assets	<u>\$ 22,992,373</u>	<u>\$ 17,296,016</u>
Program Revenues	\$ 6,719,647	\$ 6,218,413
Expenses	4,682,205	4,785,547
Transfers from the City of College Station	<u>2,874,789</u>	<u>-</u>
	4,912,231	1,432,866
General Revenues	<u>784,126</u>	<u>618,013</u>
Change in Net Assets	<u>\$ 5,696,357</u>	<u>\$ 2,050,879</u>

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

D. Retirement Plan

Plan Description

The City provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System ("TMRS"), one of 827 administered by TMRS, an agent multiple-employer public employee retirement system.

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

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2008

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 and Funding Policy

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, 2007 valuation is effective for rates beginning January 2009).

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2008

The following is a schedule of actuarial liabilities and funding progress for the last three years:

Actuarial Valuation Date	12/31/2007	12/31/2006	12/31/2005
Actuarial Value of Assets	\$ 87,193,697	\$ 80,758,249	\$ 75,655,678
Actuarial Accrued Liability	130,310,054	102,166,047	94,605,300
Percentage Funded	66.9%	79.0%	80.0%
Unfunded (Overfunded) Actuarial Accrued Liability (UAAL)	43,116,357	21,407,798	18,949,622
Annual Covered Payroll	36,703,161	34,143,239	31,987,028
UAAL as a Percentage of Covered Payroll	117.5%	62.7%	59.2%
Net Pension Obligation (NPO) at Beginning of Period	-	-	-
Plus Annual Pension Cost:			
Annual Required Contribution (ARC)	4,750,851	4,316,276	4,030,369
Less Contributions Made	4,750,851	4,316,276	4,030,369
NPO at the End of the Period	\$ -	\$ -	\$ -

Actuarial assumptions for the last three years are as follows:

	2007	2006	2005
Actuarial Cost Method:	Projected Unit Credit	Unit Credit	Unit Credit
Amortization Method:	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Remaining Amortization Period:	30 Years--Closed Period	25 Years--Open Period	25 Years--Open Period
Asset Valuation Method:	Amortized Cost	Amortized Cost	Amortized Cost
Investment Rate of Return:	7%	7%	7%
Projected Salary Increases:	varies by age and service	None	None
Includes Inflation at:	3.00%	3.50%	3.50%
Cost-of-Living Adjustments:	2.1% (3.0% CPI)	None	None

Each of the 827 Municipalities have an annual, individual actuarial valuation performed. All assumptions for the 12/31/07 valuations are contained in the 2007 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P.O. Box 149153, Austin, Texas 78714-9153.

At its December 8, 2007 meeting, the TMRS Board of Trustees adopted actuarial assumptions to be used in the actuarial valuation for the year ended December 31, 2007. A summary of actuarial assumptions and definitions can be found in the December 31, 2007 TMRS Comprehensive Annual Financial Report (CAFR).

Since its inception, TMRS has used the Unit Credit actuarial funding method. This method accounts for liability accrued as of the valuation date, but does not project the potential future liability of provisions adopted by a city. Two-thirds of the cities participating in TMRS have adopted the Updated Service Credit and Annuity Increases provisions on an annually repeating basis. For

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2008

the December 31, 2007 valuation, the TMRS Board determined that the Projected Unit Credit (PUC) method should be used, which facilitates advance funding for future updated service credits and annuity increases that are adopted on an annually repeating basis. In addition, the Board also adopted a change in the amortization period from a 25-year "open" to a 25-year "closed" period. TMRS Board of Trustee rules provide that, whenever a change in actuarial assumptions or methods results in a contribution rate increase in an amount greater than 0.5%, the amortization period may be increased up to 30 years, unless a city requests that the period remain at 25 years. For cities with repeating features, these changes will likely result in higher required contributions and lower funded ratios. To assist in this transition to higher rates, the Board also approved an eight-year phase-in period, which will allow cities the opportunity to increase their contributions gradually (approximately 12.5% each year) to their full rate (or their required contribution rate).

If the changes in actuarial funding method and assumptions had not been adopted for the 2007 valuation, the City's unfunded actuarial liability would have been \$24,327,300 and the funded ratio would have been 78.2%.

In addition, TMRS is currently working on its legislative package for 2009. There is a possibility that the investment rate of return (IRR) assumption of 7% would need to be lowered if desired legislation for the 2009 session is unsuccessful. Maintaining a 7% IRR assumption is contingent in part on the continued diversification of the TMRS portfolio, from an almost exclusive bond portfolio to a portfolio that includes equities as well. If state legislation needed to facilitate the continued diversification is not enacted, TMRS may have to revisit the continued diversification of the portfolio and consider reducing the assumed IRR. A reduction in the IRR would result in increased actuarial accrued liabilities, thus causing further increases in city contribution rates, following the December 31, 2009 actuarial valuation.

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 below:

Fiscal Year Ending	Annual Required Contribution (ARC)	Contributions Made	Net Pension Obligation
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	-
2007	4,316,276	4,316,276	-
2008	\$4,750,851	\$4,750,851	-

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2008

Actuarial Valuation Date	Actuarial Value of Assets	Accrued Actuarial Liability (AAL)	Accrued Actuarial Liability (UAAL)	as a Percent of Pension Benefit Obligation
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%
12/31/2006	80,758,249	102,166,047	21,407,798	79%
12/31/2007	\$87,193,697	\$130,310,054	\$43,116,357	66.9%

Actuarial Valuation Date	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
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%
12/31/2006	34,143,239	63%
12/31/2007	\$36,703,161	117.5%

Post Retirement/Employment Benefits

In addition to providing pension benefits, the City provides postretirement medical, dental, vision, drug and life insurance benefits for retired employees. The City has the authority to amend the plan. This other post employment benefit (OPEB) plan was 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 and dental plan as long as the employee makes monthly premium payments. Life insurance for eligible retirees is paid entirely by the employer, covers only the retiree (no spouse coverage) and ceases upon attainment of age 65.

The City determines the employer and participant contribution rates annually based on recommendations of the staff and consulting actuary. The City currently subsidizes the retiree medical, dental, vision and drug premium so that the retiree premium is less than the full amount of premium for a full time employee. During fiscal year 2008, sixteen former employees were covered under this arrangement, with claims totaling \$75,670. 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 2008, one retiree was covered under this plan; however, claims filed by this retiree were not material.

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2008

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, 2008 was \$105,365. For the fiscal year ended September 30, 2008, the City had twenty-one COBRA participants.

E. Deferred Compensation Plan

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

All amounts of compensation deferred under the plan (until paid or made available to the employee or other beneficiary) were placed in trust for the exclusive benefit of the participants and the beneficiaries. This action is in accordance with changes made to IRC Section 457. Since the City is no longer the Plan Administrator or the trustee, the assets of the plan are no longer a reportable fund in the City's basic financial statements.

F. Commitments and Contingencies

Construction Commitments

The City has contractual commitments of \$11,597,573 in the Capital Projects Funds, \$2,727,057 in the Water Fund, \$1,369,077 in the Wastewater Fund and \$1,080,272 in the Electric Fund. These commitments are for construction of various projects and will be funded primarily from long term debt.

Contingencies

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

Litigation

The City is a party to legal proceedings, many of which occur in the normal course of operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the city with respect to the various proceedings. The City's management believes that the ultimate outcome of the various lawsuits will not have a material adverse effect on the City's financial position.

On July 1, 2008, the City of Bryan filed suit regarding their oversight of the joint solid waste management agreement between the Cities of College Station and Bryan. The City of College Station is vigorously defending its position and is preparing to file a counterclaim asserting College Station's ownership interest of between 97% to 50% of BVSWMMA, based on the initial investment when BVSWMMA was formed. City management believes that the ultimate outcome of the suit will not have a material adverse effect on the City's financial position.

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2008

G. Bonds Available for Sale

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

	Year Authorized	Unissued Amount
Public Buildings	1984	\$ 700,000
Street Improvements	1984	500,000
Street Improvements	2003	1,720,000
Traffic Management	2003	455,000
Municipal Complex Improvements	2003	3,655,000
Total		<u>\$ 7,030,000</u>

H. Revenue Bond Coverage

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

I. New Accounting Pronouncements

In June 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which provides guidance on all aspects of OPEB reporting by employers. The requirements of this statement are effective for fiscal periods beginning after December 15, 2007, for governments that were phase 2 for the implementation for SGAS 34. The City, a phase 2 government, is implementing GASB 45 for the fiscal year ending September 30, 2009. The City hired an outside consultant who conducted an actuarial valuation/liability assessment and estimated the annual costs of OPEB benefits under GASB 45. The initial study for the fiscal 2006 was expanded with different scenarios for fiscal 2009, using Projected Unit Credit – 30 year (PUC-30) as its cost method.

As noted in Note V.D., the City provides postretirement medical, dental, vision, drug and life insurance benefits for retired employees through a single-employer defined benefit plan. Medical (including prescription drug and vision) and dental benefits are self-insured by the City and are currently operated on a pay-as-you-go basis. Life insurance benefits are fully insured.

The City's estimated annual OPEB cost for the fiscal year ending September 30, 2009 range from \$9,890 if retirees pay the non-blended retiree rate (the life insurance obligation still exists) to \$1,395,242 per year if retirees pay the group (blended) rate to \$2,241,140 per year if retirees

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2008

pay the current subsidized rate. City staff plans to 1) evaluate, with 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.

In December 2006, GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, which identifies situations in which a government is required to report obligations relating to pollution remediation, estimate expected outlays for the remediation, and disclose information about pollution obligations associated with clean up efforts. This statement is effective for the City's financial statements for periods beginning after December 15, 2007. The City is in the process of reviewing and evaluating this statement and its potential impact on the City's financial statements.

In June 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, which establishes accounting and financial reporting requirements for intangible assets to reduce inconsistencies in reporting of these types of assets. The statement requires that all intangible assets not specifically excluded by its scope and provisions be classified as capital assets. This statement is effective for financial statements for periods beginning after June 15, 2009. The City is amending its capital asset policy to address capitalizing intangible assets, including internally developed computer software.

In November 2007, GASB issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, which establishes accounting and financial reporting requirements for land and other real estate held as investments by endowments. This statement is effective for periods beginning after June 15, 2008. The City does not have endowments that invest in land and other real estate.

In June 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, which establishes accounting and financial reporting requirements for derivative instruments. This statement is effective for periods beginning after June 15, 2008. The City does not own derivative instruments.



CITY OF COLLEGE STATION

REQUIRED SUPPLEMENTARY
INFORMATION

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]
12/31/1999	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%
12/31/2007	80,758,249	102,166,047	21,407,798	79.0%	34,143,239	62.7%
12/31/2008	87,193,697	130,310,054	43,116,357	66.9%	36,703,161	117.5%

*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
General Fund
For the Fiscal Year Ended September 30, 2008

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Taxes	\$ 29,722,555	\$ 29,722,555	\$ 30,984,741	\$ 1,262,186
Licenses and Permits	1,158,124	1,158,124	1,154,902	(3,222)
Intergovernmental	298,484	622,319	536,215	(86,104)
Charges for Services	3,178,889	3,178,889	3,149,076	(29,813)
Fines, Forfeits, and Penalties	3,440,389	3,440,389	3,412,827	(27,562)
Special Assessment	-	-	914	914
Investment Income	681,783	681,783	593,514	(88,269)
Rents and Royalties	265,916	265,916	279,004	13,088
Contributions	31,723	31,723	25,046	(6,677)
Reimbursed Expenditures	274	274	426	152
Other	228,300	228,300	159,477	(68,823)
Total Revenues	39,006,437	39,330,272	40,296,142	965,870
Expenditures				
Current				
General Government	6,456,091	8,073,515	6,187,469	(1,886,046)
Fiscal Services	3,480,169	3,518,998	3,411,717	(107,281)
Police	12,956,436	13,311,241	13,219,117	(92,124)
Fire	10,671,063	10,884,191	11,251,400	367,209
Planning and Development Services	2,532,244	2,697,844	2,281,747	(416,097)
Public Works	7,541,210	7,555,446	7,157,121	(398,325)
Capital Improvement Projects	738,769	910,490	715,707	(194,783)
Parks and Recreation	9,141,025	9,146,447	8,985,860	(160,587)
Information Services	3,284,938	3,501,200	3,366,764	(134,436)
Library	994,954	994,954	993,102	(1,852)
Reimbursed Administration	(6,641,636)	(6,662,559)	(6,497,466)	165,093
Contributions	692,512	692,512	657,592	(34,920)
Other	488,000	173,000	173,637	637
Total Expenditures	52,335,775	54,797,279	51,903,767	(2,893,512)
Deficiency of Revenues Under Expenditures	(13,329,338)	(15,467,007)	(11,607,625)	3,859,382
Other Financing Sources (Uses)				
Sales of Capital Assets	10,000	10,000	10,981	981
Transfers In	11,166,898	12,201,898	11,591,668	(610,230)
Transfer Out	(588,784)	(956,096)	(942,224)	13,872
Total Other Financing Sources	10,588,114	11,255,802	10,660,425	(595,377)
Net Change in Fund Balances	(2,741,224)	(4,211,205)	(947,200)	\$ 3,264,005
Fund Balances, October 1	12,932,589	12,932,589	12,932,589	
Fund Balances, September 30	\$ 10,191,365	\$ 8,721,384	\$ 11,985,389	

Notes to Required Supplementary Information:

The City of College Station budgets using the modified accrual basis of accounting.

CITY OF COLLEGE STATION

SUPPLEMENTARY
INFORMATION

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 Occupancy 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.

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

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.

Red Light Camera – to account for the receipt and expenditure of funds from the operation of red light cameras.

Northgate 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 Northgate area.

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 & Recreation 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 Endowment Fund - to account for principal trust amounts received and related interest income for the College Station cemetery.

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



CITY OF COLLEGE STATION, TEXAS

Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2008

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets				
Equity in Cash and Cash Equivalents	\$ 8,408,117	\$ 12,923,114	\$ 1,182,547	\$ 22,513,778
Equity in Investments	4,013,389	6,168,501	564,457	10,746,347
Receivables				
Accrued Interest	50,493	80,328	7,315	138,136
Grants	428,270	-	-	428,270
Accounts	423,456	188,682	29,150	641,288
Less Allowance for Uncollectible Accounts	(57,293)	(24,023)	(4,906)	(86,222)
Inventories	-	-	636	636
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 13,266,432</u>	<u>\$ 19,336,602</u>	<u>\$ 1,779,199</u>	<u>\$ 34,382,233</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 96,772	\$ 978,842	\$ -	\$ 1,075,614
Retainage Payable	20,692	333,565	-	354,257
Interfund Payables	200,000	-	-	200,000
Accrued Liabilities	215,265	244	-	215,509
Other Deferred Revenue	374,363	-	23,032	397,395
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>907,092</u>	<u>1,312,651</u>	<u>23,032</u>	<u>2,242,775</u>
Fund Balances				
Reserved				
Reserved for Encumbrances	833,331	7,074,585	-	7,907,916
Reserved for Capital Projects	-	10,949,366	-	10,949,366
Reserved for Perpetual care - nonexpendable	-	-	1,756,167	1,756,167
Unreserved	11,526,009	-	-	11,526,009
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>12,359,340</u>	<u>18,023,951</u>	<u>1,756,167</u>	<u>32,139,458</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 13,266,432</u>	<u>\$ 19,336,602</u>	<u>\$ 1,779,199</u>	<u>\$ 34,382,233</u>

CITY OF COLLEGE STATION, TEXAS
Combining Balance Sheet
Nonmajor Governmental Funds - Special Revenue Funds
September 30, 2008

	Community Development	Convention Center	Hotel Occupancy Tax	Memorial Cemetery
Current Assets				
Equity in Cash and Cash Equivalents	\$ 239,880	\$ 230,029	\$ 5,244,083	\$ 196,960
Equity in Investments	114,500	109,798	2,503,122	94,014
Receivables				
Accrued Interest	-	1,424	32,441	1,218
Grants	428,270	-	-	-
Accounts	-	-	269,528	151,928
Less Allowance for Uncollectible Accounts	-	-	(57,293)	-
Total Assets	<u>\$ 782,650</u>	<u>\$ 341,251</u>	<u>\$ 7,991,881</u>	<u>\$ 444,120</u>
 Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 38,272	\$ -	\$ -	\$ 13,410
Retainage Payable	-	-	-	-
Interfund Payable	-	-	200,000	-
Accrued Liabilities	10,472	-	-	-
Other Deferred Revenues	-	-	212,235	162,128
Total Liabilities	<u>48,744</u>	<u>-</u>	<u>412,235</u>	<u>175,538</u>
 Fund Balances				
Reserved				
Reserved for Encumbrances	624,807	-	3,500	12,140
Unreserved				
Undesignated	109,099	341,251	7,576,146	256,442
Total Fund Balances	<u>733,906</u>	<u>341,251</u>	<u>7,579,646</u>	<u>268,582</u>
 Total Liabilities and Fund Balances	 <u>\$ 782,650</u>	 <u>\$ 341,251</u>	 <u>\$ 7,991,881</u>	 <u>\$ 444,120</u>

<u>Parks Escrow</u>	<u>Red Light Camera</u>	<u>Northgate Tax Increment Financing District</u>	<u>Wolf Pen Creek Tax Increment Financing District</u>	<u>Total</u>
\$ 1,129,992	\$ 261,043	\$ 36,748	\$ 1,069,382	\$ 8,408,117
539,371	124,602	17,541	510,441	4,013,389
6,953	1,615	227	6,615	50,493
-	-	-	-	428,270
-	2,000	-	-	423,456
-	-	-	-	(57,293)
<u>\$ 1,676,316</u>	<u>\$ 389,260</u>	<u>\$ 54,516</u>	<u>\$ 1,586,438</u>	<u>\$ 13,266,432</u>
\$ 45,090	\$ -	\$ -	\$ -	\$ 96,772
20,692	-	-	-	20,692
-	-	-	-	200,000
-	204,793	-	-	215,265
-	-	-	-	374,363
<u>65,782</u>	<u>204,793</u>	<u>-</u>	<u>-</u>	<u>907,092</u>
184,574	8,310	-	-	833,331
<u>1,425,960</u>	<u>176,157</u>	<u>54,516</u>	<u>1,586,438</u>	<u>11,526,009</u>
<u>1,610,534</u>	<u>184,467</u>	<u>54,516</u>	<u>1,586,438</u>	<u>12,359,340</u>
<u>\$ 1,676,316</u>	<u>\$ 389,260</u>	<u>\$ 54,516</u>	<u>\$ 1,586,438</u>	<u>\$ 13,266,432</u>

CITY OF COLLEGE STATION, TEXAS
Combining Balance Sheet
Nonmajor Governmental Funds- Capital Projects Funds
September 30, 2008

	Business Park	Drainage Projects	General Government Projects	Parks and Recreation Projects	Total
Assets					
Equity in Cash and Cash Equivalents	\$ 570,026	\$ 2,025,588	\$ 9,024,455	\$ 1,303,045	\$ 12,923,114
Equity in Investments	272,087	966,860	4,307,581	621,973	6,168,501
Receivables					
Accrued Interest	3,527	12,599	56,117	8,085	80,328
Accounts	-	163,667	19,803	5,212	188,682
Less Allowance for Uncollectible Accounts	-	(24,023)	-	-	(24,023)
Total Assets	<u>\$ 845,640</u>	<u>\$ 3,144,691</u>	<u>\$ 13,407,956</u>	<u>\$ 1,938,315</u>	<u>\$ 19,336,602</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$ -	\$ 81,637	\$ 839,681	\$ 57,524	\$ 978,842
Retainage Payable	-	8,857	259,417	65,291	333,565
Accrued Liabilities	-	-	-	244	244
Total Liabilities	<u>-</u>	<u>90,494</u>	<u>1,099,098</u>	<u>123,059</u>	<u>1,312,651</u>
Fund Balances					
Reserved					
Reserved for Encumbrances	23,945	345,612	6,597,215	107,813	7,074,585
Reserved for Capital Projects	821,695	2,708,585	5,711,643	1,707,443	10,949,366
Total Fund Balances	<u>845,640</u>	<u>3,054,197</u>	<u>12,308,858</u>	<u>1,815,256</u>	<u>18,023,951</u>
Total Liabilities and Fund Balances	<u>\$ 845,640</u>	<u>\$ 3,144,691</u>	<u>\$ 13,407,956</u>	<u>\$ 1,938,315</u>	<u>\$ 19,336,602</u>

CITY OF COLLEGE STATION, TEXAS
Combining Balance Sheet
Nonmajor Governmental Funds - Permanent Funds
September 30, 2008

	Cemetery Endowment Fund	Memorial Cemetery Endowment Fund	Total
Current Assets			
Equity in Cash and Cash Equivalents	\$ 1,047,079	\$ 135,468	\$ 1,182,547
Equity in Investments	499,795	64,662	564,457
Receivables			
Accrued Interest	6,477	838	7,315
Accounts	6,118	23,032	29,150
Less Allowance for Doubtful Accounts	(4,906)	-	(4,906)
Inventories	636	-	636
Total Assets	<u>\$ 1,555,199</u>	<u>\$ 224,000</u>	<u>\$ 1,779,199</u>
 Liabilities and Fund Balances			
Liabilities			
Other Deferred Revenue	\$ -	\$ 23,032	\$ 23,032
Total Liabilities	<u>-</u>	<u>23,032</u>	<u>23,032</u>
 Fund Balances			
Reserved			
Reserved for Perpetual Care	1,555,199	200,968	1,756,167
Total Fund Balances	<u>1,555,199</u>	<u>200,968</u>	<u>1,756,167</u>
 Total Liabilities and Fund Balances	 <u>\$ 1,555,199</u>	 <u>\$ 224,000</u>	 <u>\$ 1,779,199</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, 2008

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total
Revenues				
Taxes	\$ 4,591,195	\$ -	\$ -	\$ 4,591,195
Charges for Services	299,150	77,415	264,506	641,071
Intergovernmental	1,170,197	-	-	1,170,197
Special Assessment	-	1,254,611	-	1,254,611
Fines, Forfeits and Penalties	385,486	-	-	385,486
Investment Income	416,287	670,212	62,106	1,148,605
Contributions	-	-	2,167	2,167
Reimbursed Expenditures	-	6,680	-	6,680
Other	882,960	3,036	43	886,039
Total Revenues	<u>7,745,275</u>	<u>2,011,954</u>	<u>328,822</u>	<u>10,086,051</u>
Expenditures				
Current				
General Government	1,091,110	1,911	-	1,093,021
Fiscal Services	150,470	4,790	-	155,260
Public Works	25,069	253	-	25,322
Parks and Recreation	23,171	60,250	1,917	85,338
Reimbursed Administrative	549,839	1,369,598	-	1,919,437
Contributions	1,494,000	-	-	1,494,000
Other	785	29,278	638	30,701
Capital Outlay	613,957	11,043,086	-	11,657,043
Debt Issuance Cost	-	43,987	-	43,987
Total Expenditures	<u>3,948,401</u>	<u>12,553,153</u>	<u>2,555</u>	<u>16,504,109</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,796,874</u>	<u>(10,541,199)</u>	<u>326,267</u>	<u>(6,418,058)</u>
Other Financing Sources (Uses)				
Issuance of Debt	-	8,737,840	-	8,737,840
Transfers In	-	671,020	-	671,020
Transfers Out	(1,598,874)	(500,000)	-	(2,098,874)
Total Other Financing Sources (Uses)	<u>(1,598,874)</u>	<u>8,908,860</u>	<u>-</u>	<u>7,309,986</u>
Net Change in Fund Balances	2,198,000	(1,632,339)	326,267	891,928
Fund Balances, October 1	10,161,340	19,656,290	1,429,900	31,247,530
Fund Balances, September 30	<u>\$ 12,359,340</u>	<u>\$ 18,023,951</u>	<u>\$ 1,756,167</u>	<u>\$ 32,139,458</u>

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, 2008

	Community Development	Convention Center	Hotel Occupancy Tax	Memorial Cemetery
Revenues				
Taxes	\$ -	\$ -	\$ 3,585,512	\$ -
Charges for Services	-	-	-	299,150
Intergovernmental	1,170,197	-	-	-
Fines, Forfeits and Penalties	-	-	-	-
Investment Income	-	13,389	284,054	1,923
Other	281,095	-	2,025	-
Total Revenues	<u>1,451,292</u>	<u>13,389</u>	<u>3,871,591</u>	<u>301,073</u>
Expenditures				
Current				
General Governmnet	1,077,107	-	14,003	-
Fiscal Services	-	-	-	-
Parks and Recreation	-	-	-	23,171
Public Works	-	-	-	-
Reimbursed Administrative	111,343	-	428,696	9,800
Contributions	-	-	1,494,000	-
Other	-	-	-	-
Capital Outlay	-	326	-	-
Total Expenditures	<u>1,188,450</u>	<u>326</u>	<u>1,936,699</u>	<u>32,971</u>
Excess of Revenues Over Expenditures	<u>262,842</u>	<u>13,063</u>	<u>1,934,892</u>	<u>268,102</u>
Other Financing Uses				
Operating Transfer Out	<u>(528,166)</u>	-	-	-
Total Other Financing Uses	<u>(528,166)</u>	-	-	-
Net Changes in Fund Balances	(265,324)	13,063	1,934,892	268,102
Fund Balances, October 1	999,230	328,188	5,644,754	480
Fund Balances, September 30	<u>\$ 733,906</u>	<u>\$ 341,251</u>	<u>\$ 7,579,646</u>	<u>\$ 268,582</u>

Parks Escrow	Red Light Camera	Northgate Tax Increment Financing District	Wolf Pen Creek Tax Increment Financing District	Total
\$ -	\$ -	\$ 53,837	\$ 951,846	\$ 4,591,195
-	-	-	-	299,150
-	-	-	-	1,170,197
-	385,486	-	-	385,486
63,096	2,753	679	50,393	416,287
599,840	-	-	-	882,960
<u>662,936</u>	<u>388,239</u>	<u>54,516</u>	<u>1,002,239</u>	<u>7,745,275</u>
-	-	-	-	1,091,110
-	150,470	-	-	150,470
-	-	-	-	23,171
-	25,069	-	-	25,069
-	-	-	-	549,839
-	-	-	-	1,494,000
785	-	-	-	785
610,131	-	-	3,500	613,957
<u>610,916</u>	<u>175,539</u>	<u>-</u>	<u>3,500</u>	<u>3,948,401</u>
<u>52,020</u>	<u>212,700</u>	<u>54,516</u>	<u>998,739</u>	<u>3,796,874</u>
-	(28,233)	-	(1,042,475)	(1,598,874)
-	(28,233)	-	(1,042,475)	(1,598,874)
52,020	184,467	54,516	(43,736)	2,198,000
1,558,514	-	-	1,630,174	10,161,340
<u>\$ 1,610,534</u>	<u>\$ 184,467</u>	<u>\$ 54,516</u>	<u>\$ 1,586,438</u>	<u>\$ 12,359,340</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, 2008

	Business Park	Drainage Projects	General Government Projects	Parks and Recreation Projects	Total
Revenues					
Charges for Services	\$ -	\$ -	\$ -	\$ 77,415	\$ 77,415
Special Assessment	-	1,254,611	-	-	1,254,611
Investment Income	37,492	129,072	437,755	65,893	670,212
Reimbursed Expenditures	-	6,680	-	-	6,680
Other	-	648	2,388	-	3,036
Total Revenues	<u>37,492</u>	<u>1,391,011</u>	<u>440,143</u>	<u>143,308</u>	<u>2,011,954</u>
Expenditures					
Current					
General Government	-	-	1,911	-	1,911
Fiscal Services	-	449	2,641	1,700	4,790
Public Works	-	253	-	-	253
Parks and Recreation	-	-	60,250	-	60,250
Reimbursed Administrative	-	1,177,531	170,647	21,420	1,369,598
Other	-	10,098	19,180	-	29,278
Capital Outlay	81	643,009	7,696,730	2,703,266	11,043,086
Debt Issuance Cost	-	-	38,141	5,846	43,987
Total Expenditures	<u>81</u>	<u>1,831,340</u>	<u>7,989,500</u>	<u>2,732,232</u>	<u>12,553,153</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>37,411</u>	<u>(440,329)</u>	<u>(7,549,357)</u>	<u>(2,588,924)</u>	<u>(10,541,199)</u>
Other Financing Sources (Uses)					
Issuance of Debt	-	-	7,257,310	1,480,530	8,737,840
Transfers In	-	-	91,417	579,603	671,020
Transfers Out	(500,000)	-	-	-	(500,000)
Total Other Financing Sources (Uses)	<u>(500,000)</u>	<u>-</u>	<u>7,348,727</u>	<u>2,060,133</u>	<u>8,908,860</u>
Net Change in Fund Balances	(462,589)	(440,329)	(200,630)	(528,791)	(1,632,339)
Fund Balances, October 1	<u>1,308,229</u>	<u>3,494,526</u>	<u>12,509,488</u>	<u>2,344,047</u>	<u>19,656,290</u>
Fund Balances, September 30	<u>\$ 845,640</u>	<u>\$ 3,054,197</u>	<u>\$ 12,308,858</u>	<u>\$ 1,815,256</u>	<u>\$ 18,023,951</u>

CITY OF COLLEGE STATION, TEXAS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds - Permanent Funds
For the Fiscal Year Ended September 30, 2008

	Cemetery Endowment Fund	Memorial Cemetery Endowment Fund	Total
Revenues			
Sale of Cemetery Lots	\$ 64,965	\$ 199,541	\$ 264,506
Investment Income	60,679	1,427	62,106
Contributions	2,167	-	2,167
Other	43	-	43
Total Revenues	<u>127,854</u>	<u>200,968</u>	<u>328,822</u>
Operating Expenses			
Maintenance	1,917	-	1,917
Other	638	-	638
Total Operating Expenses	<u>2,555</u>	<u>-</u>	<u>2,555</u>
Net Income	<u>125,299</u>	<u>200,968</u>	<u>326,267</u>
Fund Balances, October 1	<u>1,429,900</u>	<u>-</u>	<u>1,429,900</u>
Fund Balances, September 30	<u>\$ 1,555,199</u>	<u>\$ 200,968</u>	<u>\$ 1,756,167</u>

CITY OF COLLEGE STATION, TEXAS
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Community Development Fund
For the Fiscal Year Ended September 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues				
Intergovernmental	\$ 3,628,748	\$ 3,628,748	\$ 1,170,197	\$ (2,458,551)
Other	10,000	10,000	281,095	271,095
Total Revenues	<u>3,638,748</u>	<u>3,638,748</u>	<u>1,451,292</u>	<u>(2,187,456)</u>
Expenditures				
Current				
General Government	3,730,481	3,731,645	1,077,107	(2,654,538)
Reimbursed Administrative	148,358	148,838	111,343	(37,495)
Total Expenditures	<u>3,878,839</u>	<u>3,880,483</u>	<u>1,188,450</u>	<u>(2,692,033)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(240,091)</u>	<u>(241,735)</u>	<u>262,842</u>	<u>504,577</u>
Other Financing Uses				
Operating Transfer Out	-	-	(528,166)	(528,166)
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>(528,166)</u>	<u>(528,166)</u>
Net Changes in Fund Balances	(240,091)	(241,735)	(265,324)	<u>\$ (23,589)</u>
Fund Balances, October 1	999,230	999,230	999,230	
Fund Balances, September 30	<u>\$ 759,139</u>	<u>\$ 757,495</u>	<u>\$ 733,906</u>	

CITY OF COLLEGE STATION, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Convention Center Fund
For the Fiscal Year Ended September 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues				
Investment Income	\$ 6,000	\$ 6,000	\$ 13,389	\$ 7,389
Total Revenues	<u>6,000</u>	<u>6,000</u>	<u>13,389</u>	<u>7,389</u>
Expenditures				
Capital Outlay	-	-	326	326
Total Expenditures	<u>-</u>	<u>-</u>	<u>326</u>	<u>326</u>
Net Changes in Fund Balances	6,000	6,000	13,063	<u>\$ 7,063</u>
Fund Balances, October 1	328,188	328,188	328,188	
Fund Balances, September 30	<u>\$ 334,188</u>	<u>\$ 334,188</u>	<u>\$ 341,251</u>	

CITY OF COLLEGE STATION, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Hotel Occupancy Tax Fund
For the Fiscal Year Ended September 30, 2008

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Taxes	\$ 3,080,000	\$ 3,080,000	\$ 3,585,512	\$ 505,512
Investment Income	227,325	227,325	284,054	56,729
Other	-	-	2,025	2,025
Total Revenues	<u>3,307,325</u>	<u>3,307,325</u>	<u>3,871,591</u>	<u>564,266</u>
Expenditures				
Current				
General Government	1,509,761	1,509,761	14,003	(1,495,758)
Reimbursed Administrative	452,751	452,751	428,696	(24,055)
Contributions	1,485,000	1,497,500	1,494,000	(3,500)
Capital Outlay	142,000	142,000	-	(142,000)
Total Expenditures	<u>3,589,512</u>	<u>3,602,012</u>	<u>1,936,699</u>	<u>(1,665,313)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(282,187)</u>	<u>(294,687)</u>	1,934,892	2,229,579
Other Financing Uses				
Operating Transfer Out	(1,840,000)	(1,840,000)	-	1,840,000
Total Other Financing Uses	<u>(1,840,000)</u>	<u>(1,840,000)</u>	<u>-</u>	<u>1,840,000</u>
Net Changes in Fund Balances	(2,122,187)	(2,134,687)	1,934,892	<u>\$ 4,069,579</u>
Fund Balances, October 1	5,644,754	5,644,754	5,644,754	
Fund Balances, September 30	<u>\$ 3,522,567</u>	<u>\$ 3,510,067</u>	<u>\$ 7,579,646</u>	

CITY OF COLLEGE STATION, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Memorial Cemetery Fund
For the Fiscal Year Ended September 30, 2008

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Charges for Services	\$ 1,385,000	\$ 1,385,000	\$ 299,150	\$ (1,085,850)
Investment Income	-	-	1,923	1,923
Total Revenues	<u>1,385,000</u>	<u>1,385,000</u>	<u>301,073</u>	<u>(1,083,927)</u>
Expenditures				
Current				
Parks and Recreation	75,000	75,000	23,171	(51,829)
Reimbursed Administrative	9,800	9,800	9,800	-
Total Expenditures	<u>84,800</u>	<u>84,800</u>	<u>32,971</u>	<u>(51,829)</u>
Net Changes in Fund Balances	1,300,200	1,300,200	268,102	<u>\$ (1,032,098)</u>
Fund Balances, October 1	480	480	480	
Fund Balances, September 30	<u>\$ 1,300,680</u>	<u>\$ 1,300,680</u>	<u>\$ 268,582</u>	

CITY OF COLLEGE STATION, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Parks Escrow Fund
For the Fiscal Year Ended September 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues				
Investment Income	\$ 20,000	\$ 20,000	\$ 63,096	\$ 43,096
Other	290,000	290,000	599,840	309,840
Total Revenues	<u>310,000</u>	<u>310,000</u>	<u>662,936</u>	<u>352,936</u>
Expenditures				
Current				
Other	-	-	785	785
Capital Outlay	710,963	788,682	610,131	(178,551)
Total Expenditures	<u>710,963</u>	<u>788,682</u>	<u>610,916</u>	<u>(177,766)</u>
Net Changes in Fund Balances	(400,963)	(478,682)	52,020	<u>\$ 530,702</u>
Fund Balances, October 1	1,558,514	1,558,514	1,558,514	
Fund Balances, September 30	<u>\$ 1,157,551</u>	<u>\$ 1,079,832</u>	<u>\$ 1,610,534</u>	

CITY OF COLLEGE STATION, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Red Light Camera Fund
For the Fiscal Year Ended September 30, 2008

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Fines, Forfeits and Penalties	\$ 654,687	\$ 654,687	\$ 385,486	\$ (269,201)
Investment Income	20,000	20,000	2,753	(17,247)
Total Revenues	<u>674,687</u>	<u>674,687</u>	<u>388,239</u>	<u>(286,448)</u>
Expenditures				
Current				
Fiscal Services	223,750	223,750	150,470	(73,280)
Public Works	-	-	25,069	25,069
Total Expenditures	<u>223,750</u>	<u>223,750</u>	<u>175,539</u>	<u>(48,211)</u>
Excess of Revenues Over Expenditures	<u>450,937</u>	<u>450,937</u>	<u>212,700</u>	<u>(238,237)</u>
Other Financing Uses				
Operating Transfer Out	-	(35,000)	(28,233)	6,767
Total Other Financing Uses	<u>-</u>	<u>(35,000)</u>	<u>(28,233)</u>	<u>6,767</u>
Net Changes in Fund Balances	450,937	415,937	184,467	<u>\$ (231,470)</u>
Fund Balances, October 1	-	-	-	
Fund Balances, September 30	<u>\$ 450,937</u>	<u>\$ 415,937</u>	<u>\$ 184,467</u>	

CITY OF COLLEGE STATION, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Northgate Tax Increment Financing District Fund
For the Fiscal Year Ended September 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues				
Taxes	\$ 55,227	\$ 55,227	\$ 53,837	\$ (1,390)
Investment Income	1,105	1,105	679	(426)
Total Revenues	<u>56,332</u>	<u>56,332</u>	<u>54,516</u>	<u>(1,816)</u>
Net Changes in Fund Balances	56,332	56,332	54,516	<u>\$ (1,816)</u>
Fund Balances, October 1	-	-	-	
Fund Balances, September 30	<u>\$ 56,332</u>	<u>\$ 56,332</u>	<u>\$ 54,516</u>	

CITY OF COLLEGE STATION, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Wolf Pen Creek Tax Increment Financing District Fund
For the Fiscal Year Ended September 30, 2008

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Taxes	\$ 839,000	\$ 839,000	\$ 951,846	\$ 112,846
Investment Income	10,000	10,000	50,393	40,393
Total Revenues	<u>849,000</u>	<u>849,000</u>	<u>1,002,239</u>	<u>153,239</u>
Expenditures				
Capital Outlay	1,199,615	1,199,615	3,500	(1,196,115)
Total Expenditures	<u>1,199,615</u>	<u>1,199,615</u>	<u>3,500</u>	<u>(1,196,115)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(350,615)</u>	<u>(350,615)</u>	<u>998,739</u>	<u>1,349,354</u>
Other Financing Uses				
Operating Transfer Out	(1,042,475)	(1,042,475)	(1,042,475)	-
Total Other Financing Uses	<u>(1,042,475)</u>	<u>(1,042,475)</u>	<u>(1,042,475)</u>	<u>-</u>
Net Changes in Fund Balances	(1,393,090)	(1,393,090)	(43,736)	<u>\$ 1,349,354</u>
Fund Balances, October 1	1,630,174	1,630,174	1,630,174	
Fund Balances, September 30	<u>\$ 237,084</u>	<u>\$ 237,084</u>	<u>\$ 1,586,438</u>	

CITY OF COLLEGE STATION, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Business Park Fund
For the Fiscal Year Ended September 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues				
Investment Income	\$ 33,000	\$ 33,000	\$ 37,492	\$ 4,492
Total Revenues	<u>33,000</u>	<u>33,000</u>	<u>37,492</u>	<u>4,492</u>
Expenditures				
Capital Outlay	-	-	81	81
Total Expenditures	<u>-</u>	<u>-</u>	<u>81</u>	<u>81</u>
Excess of Revenues Over Expenditures	<u>33,000</u>	<u>33,000</u>	<u>37,411</u>	<u>4,411</u>
Other Financing Uses				
Transfers Out	(500,000)	(500,000)	(500,000)	-
Total Other Financing Uses	<u>(500,000)</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>
Net Change in Fund Balances	(467,000)	(467,000)	(462,589)	<u>\$ 4,411</u>
Fund Balances, October 1	<u>1,308,229</u>	<u>1,308,229</u>	<u>1,308,229</u>	
Fund Balances, September 30	<u>\$ 841,229</u>	<u>\$ 841,229</u>	<u>\$ 845,640</u>	

CITY OF COLLEGE STATION, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Drainage Projects Fund
For the Fiscal Year Ended September 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues				
Special Assessment	\$ 1,236,800	\$ 1,236,800	\$ 1,254,611	\$ 17,811
Investment Income	60,000	60,000	129,072	69,072
Reimbursed Expenditures	-	-	6,680	6,680
Other	-	-	648	648
Total Revenues	<u>1,296,800</u>	<u>1,296,800</u>	<u>1,391,011</u>	<u>94,211</u>
Expenditures				
Current				
Fiscal Services	-	-	449	449
Public Works	7,200	7,200	253	(6,947)
Reimbursed Administrative	1,202,539	1,226,664	1,177,531	(49,133)
Other	-	-	10,098	10,098
Capital Outlay	855,000	855,000	643,009	(211,991)
Total Expenditures	<u>2,064,739</u>	<u>2,088,864</u>	<u>1,831,340</u>	<u>(257,524)</u>
Net Change in Fund Balances	(767,939)	(792,064)	(440,329)	<u>\$ 351,735</u>
Fund Balances, October 1	<u>3,494,526</u>	<u>3,494,526</u>	<u>3,494,526</u>	
Fund Balances, September 30	<u>\$ 2,726,587</u>	<u>\$ 2,702,462</u>	<u>\$ 3,054,197</u>	

CITY OF COLLEGE STATION, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
General Government Projects Fund
For the Fiscal Year Ended September 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues				
Investment Income	\$ 154,000	\$ 154,000	\$ 437,755	\$ 283,755
Other	-	-	2,388	2,388
Total Revenues	<u>154,000</u>	<u>154,000</u>	<u>440,143</u>	<u>286,143</u>
Expenditures				
Current				
General Government	-	-	1,911	1,911
Fiscal Services	-	-	2,641	2,641
Parks and Recreation	-	-	60,250	60,250
Reimbursed Administrative	170,647	170,647	170,647	-
Other	20,000	20,000	19,180	(820)
Capital Outlay	5,527,076	7,633,076	7,696,730	63,654
Debt Issuance Cost	66,000	66,000	38,141	(27,859)
Total Expenditures	<u>5,783,723</u>	<u>7,889,723</u>	<u>7,989,500</u>	<u>99,777</u>
Deficiency of Revenues Under Expenditures	<u>(5,629,723)</u>	<u>(7,735,723)</u>	<u>(7,549,357)</u>	<u>186,366</u>
Other Financing Sources				
Issuance of Debt	8,365,000	8,365,000	7,257,310	(1,107,690)
Transfers In	23,552	99,552	91,417	(8,135)
Total Other Financing Sources	<u>8,388,552</u>	<u>8,464,552</u>	<u>7,348,727</u>	<u>(1,115,825)</u>
Net Change in Fund Balances	2,758,829	728,829	(200,630)	<u>\$ (929,459)</u>
Fund Balances, October 1	12,509,488	12,509,488	12,509,488	
Fund Balances, September 30	<u>\$ 15,268,317</u>	<u>\$ 13,238,317</u>	<u>\$ 12,308,858</u>	

CITY OF COLLEGE STATION, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Parks and Recreation Projects Fund
For the Fiscal Year Ended September 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues				
Charges for Services	\$ 72,500	\$ 72,500	\$ 77,415	\$ 4,915
Investment Income	21,000	21,000	65,893	44,893
Total Revenues	<u>93,500</u>	<u>93,500</u>	<u>143,308</u>	<u>49,808</u>
Expenditures				
Current				
Fiscal Services	-	-	1,700	1,700
Reimbursed Administrative	21,420	21,420	21,420	-
Capital Outlay	1,430,000	1,788,500	2,703,266	914,766
Debt Issuance Cost	11,500	11,500	5,846	(5,654)
Total Expenditures	<u>1,462,920</u>	<u>1,821,420</u>	<u>2,732,232</u>	<u>910,812</u>
Deficiency of Revenues Under Expenditures	<u>(1,369,420)</u>	<u>(1,727,920)</u>	<u>(2,588,924)</u>	<u>(861,004)</u>
Other Financing Sources				
Issuance of Debt	1,215,000	1,215,000	1,480,530	265,530
Transfers In	225,000	225,000	579,603	354,603
Total Other Financing Sources	<u>1,440,000</u>	<u>1,440,000</u>	<u>2,060,133</u>	<u>620,133</u>
Net Change in Fund Balances	70,580	(287,920)	(528,791)	<u>\$ (240,871)</u>
Fund Balances, October 1	<u>2,344,047</u>	<u>2,344,047</u>	<u>2,344,047</u>	
Fund Balances, September 30	<u>\$ 2,414,627</u>	<u>\$ 2,056,127</u>	<u>\$ 1,815,256</u>	

CITY OF COLLEGE STATION, TEXAS
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Streets Projects Fund
For the Fiscal Year Ended September 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues				
Intergovernmental	\$ -	\$ -	\$ 1,545	\$ 1,545
Investment Income	257,000	257,000	793,773	536,773
Reimbursed Expenditures	-	-	38,932	38,932
Other	-	-	915	915
Total Revenues	<u>257,000</u>	<u>257,000</u>	<u>835,165</u>	<u>578,165</u>
Expenditures				
Current				
General Government	-	-	39,172	39,172
Fiscal Services	-	-	6,709	6,709
Reimbursed Administration	805,667	805,667	805,667	-
Capital Outlay	3,114,072	8,678,419	7,881,279	(797,140)
Debt Service				
Fiscal Charges	25,000	25,000	15,588	(9,412)
Intergovernmental	-	1,047,287	881,604	(165,683)
Total Expenditures	<u>3,944,739</u>	<u>10,556,373</u>	<u>9,630,019</u>	<u>(926,354)</u>
Deficiency of Revenues Under Expenditures	<u>(3,687,739)</u>	<u>(10,299,373)</u>	<u>(8,794,854)</u>	<u>1,504,519</u>
Other Financing Sources				
Insurance of Debt	5,604,000	5,604,000	11,232,160	5,628,160
Transfers In	-	-	143,563	143,563
Total Other Financing Sources	<u>5,604,000</u>	<u>5,604,000</u>	<u>11,375,723</u>	<u>5,771,723</u>
Net Change in Fund Balances	1,916,261	(4,695,373)	2,580,869	<u>\$ 7,276,242</u>
Fund Balances, October 1	<u>21,807,526</u>	<u>21,807,526</u>	<u>21,807,526</u>	
Fund Balances, September 30	<u>\$ 23,723,787</u>	<u>\$ 17,112,153</u>	<u>\$ 24,388,395</u>	

CITY OF COLLEGE STATION, TEXAS
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Debt Service Fund
For the Fiscal Year Ended September 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Over (Under)
Revenues				
Taxes	\$ 11,131,227	\$ 11,131,227	\$ 11,012,440	\$ (118,787)
Investment Income	<u>275,000</u>	<u>275,000</u>	<u>350,744</u>	<u>75,744</u>
Total Revenues	<u>11,406,227</u>	<u>11,406,227</u>	<u>11,363,184</u>	<u>(43,043)</u>
Expenditures				
Debt Service				
Principal Retirement	8,875,000	8,875,000	8,530,000	(345,000)
Interest Payments	4,237,740	4,237,740	3,892,490	(345,250)
Fiscal Charges	<u>16,000</u>	<u>16,000</u>	<u>11,221</u>	<u>(4,779)</u>
Total Expenditures	<u>13,128,740</u>	<u>13,128,740</u>	<u>12,433,711</u>	<u>(695,029)</u>
Deficiency of Revenues Under Expenditures	<u>(1,722,513)</u>	<u>(1,722,513)</u>	<u>(1,070,527)</u>	<u>651,986</u>
Other Financing Sources				
Transfers In	<u>2,112,411</u>	<u>2,112,411</u>	<u>1,422,163</u>	<u>(690,248)</u>
Total Other Financing Sources	<u>2,112,411</u>	<u>2,112,411</u>	<u>1,422,163</u>	<u>(690,248)</u>
Net Change in Fund Balances	389,898	389,898	351,636	<u>\$ (38,262)</u>
Fund Balances, October 1	<u>3,466,058</u>	<u>3,466,058</u>	<u>3,466,058</u>	
Fund Balances, September 30	<u>\$ 3,855,956</u>	<u>\$ 3,855,956</u>	<u>\$ 3,817,694</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

September 30, 2008

	<u>Sanitation</u>	<u>Northgate Parking Garage</u>	<u>Total Enterprise Funds</u>
Current Assets			
Equity in Cash and Cash Equivalents	\$ 185,552	\$ 778,339	\$ 963,891
Equity in Investments	88,568	371,519	460,087
Receivables			
Accrued Interest	1,440	4,766	6,206
Accounts	954,409	58,684	1,013,093
Less: Allowance for Uncollectible Accounts	(115,336)	(195)	(115,531)
Intergovernmental Receivable	17,792	-	17,792
Inventories	39,812	-	39,812
Total Current Assets	<u>1,172,237</u>	<u>1,213,113</u>	<u>2,385,350</u>
Noncurrent Assets			
Equity in Joint Venture	11,496,186	-	11,496,186
Property and Equipment			
Buildings	-	5,743,755	5,743,755
Machinery and Equipment	338,043	250,190	588,233
Accumulated Depreciation	(338,043)	(1,130,395)	(1,468,438)
Construction in Progress	-	4,330	4,330
Land	-	690,707	690,707
Total Property and Equipment	<u>-</u>	<u>5,558,587</u>	<u>5,558,587</u>
Total Noncurrent Assets	<u>11,496,186</u>	<u>5,558,587</u>	<u>17,054,773</u>
Total Assets	<u>12,668,423</u>	<u>6,771,700</u>	<u>19,440,123</u>
Liabilities			
Current Liabilities			
Accounts Payable	68,869	2,303	71,172
Accrued Liabilities	123,420	17,738	141,158
Other Deferred Revenues	17,792	81,574	99,366
Refundable Deposits	-	9,170	9,170
Total Current Liabilities	<u>210,081</u>	<u>110,785</u>	<u>320,866</u>
Noncurrent Liabilities			
Accrued Vacation	57,765	2,462	60,227
Total Noncurrent Liabilities	<u>57,765</u>	<u>2,462</u>	<u>60,227</u>
Total Liabilities	<u>267,846</u>	<u>113,247</u>	<u>381,093</u>
Net Assets			
Invested in Capital Assets, net of related debt	-	5,558,587	5,558,587
Unrestricted	12,400,577	1,099,866	13,500,443
Total Net Assets	<u>\$ 12,400,577</u>	<u>\$ 6,658,453</u>	<u>\$ 19,059,030</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, 2008

	Sanitation	Northgate Parking Garage	Total Enterprise Funds
Operating Revenues			
Charges for Services	\$ 6,694,054	\$ 673,768	\$ 7,367,822
Other	86,482	-	86,482
Total Operating Revenues	<u>6,780,536</u>	<u>673,768</u>	<u>7,454,304</u>
Operating Expenses			
Salaries and Benefits	1,742,471	281,460	2,023,931
Supplies	564,229	18,131	582,360
Maintenance	529,180	22,616	551,796
Purchased Professional Services	425,744	82,818	508,562
Purchased Property Services	1,590,765	47,227	1,637,992
Other Purchased Services	668,379	26,201	694,580
Reimbursed Administrative	621,732	33,692	655,424
Depreciation	8,690	157,805	166,495
Other	(8,895)	50	(8,845)
Total Operating Expenses	<u>6,142,295</u>	<u>670,000</u>	<u>6,812,295</u>
Operating Income	<u>638,241</u>	<u>3,768</u>	<u>642,009</u>
Nonoperating Revenues (Expenses)			
Investment Income	16,512	43,318	59,830
Reimbursed Expenses	85	50	135
Earnings in Joint Venture	2,848,177	-	2,848,177
Other, Net	(38,893)	3,293	(35,600)
Total Nonoperating Revenues	<u>2,825,881</u>	<u>46,661</u>	<u>2,872,542</u>
Income Before Capital Contributions and Transfers	<u>3,464,122</u>	<u>50,429</u>	<u>3,514,551</u>
Capital Contributions and Transfers			
Transfers Out	(515,500)	-	(515,500)
Total Capital Contributions and Transfers	<u>(515,500)</u>	<u>-</u>	<u>(515,500)</u>
Change in Net Assets	2,948,622	50,429	2,999,051
Beginning Net Assets	9,451,955	6,608,024	16,059,979
Ending Net Assets	<u>\$ 12,400,577</u>	<u>\$ 6,658,453</u>	<u>\$ 19,059,030</u>

CITY OF COLLEGE STATION, TEXAS
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ended September 30, 2008

	Sanitation	Northgate Parking Garage	Total
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 6,690,237	\$ 632,841	\$ 7,323,078
Cash Payments to Suppliers for Goods and Services	(4,408,423)	(232,612)	(4,641,035)
Cash Payments to Employees for Services	(1,722,468)	(279,641)	(2,002,109)
Customer Deposits Returned	-	(1,880)	(1,880)
Cash Received for Reimbursed Expenses	85	50	135
Cash Received for Miscellaneous Revenues	-	3,293	3,293
Cash Paid for Miscellaneous Expenses	(41,076)	-	(41,076)
Net Cash Provided by Operating Activities	518,355	122,051	640,406
Cash Flows from Noncapital Financing Activities:			
Transfers Out to Other Funds	(475,500)	-	(475,500)
Net Cash Used by Noncapital Financing Activities	(475,500)	-	(475,500)
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets	-	(79,224)	(79,224)
Net Cash Used by Capital and Related Financing Activities	-	(79,224)	(79,224)
Cash Flows from Investing Activities:			
Purchase of Investments	(200,168)	(1,089,543)	(1,289,711)
Proceeds from Sale and Maturities of Investment Securities	226,268	1,154,381	1,380,649
Investment Income	16,137	42,486	58,623
Net Cash Provided by Investing Activities	42,237	107,324	149,561
Net Increase in Cash and Cash Equivalents	85,092	150,151	235,243
Cash and Cash Equivalents, Oct. 1	100,460	628,188	728,648
Cash and Cash Equivalents, Sept. 30	\$ 185,552	\$ 778,339	\$ 963,891
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income	\$ 638,241	\$ 3,768	\$ 642,009
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation, Bad Debt Expense, Inventory Loss	8,690	157,805	166,495
Provision for Uncollectible Accounts	16,290	25	16,315
Miscellaneous Nonoperating Revenues	85	3,343	3,428
Miscellaneous Nonoperating Expenses	(41,076)	-	(41,076)
Changes in Assets and Liabilities:			
Change in Accounts Receivable	(108,091)	(27,896)	(135,987)
Change in Deferred Revenues	17,792	(13,031)	4,761
Change in Inventory	(34,738)	-	(34,738)
Change in Accounts Payable	5,225	416	5,641
Change in Accrued Liabilities	4,434	(1,098)	3,336
Change in Refundable Deposits	-	(1,880)	(1,880)
Change in Accrued Vacation	11,503	599	12,102
Total Adjustments	(119,886)	118,283	(1,603)
Net Cash Provided by Operating Activities	\$ 518,355	\$ 122,051	\$ 640,406

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

Combining Statement of Net Assets

Internal Service Funds

September 30, 2008

	<u>Communication Services</u>	<u>Employee Benefits</u>	<u>Equipment Replacement</u>	<u>Fleet Maintenance</u>
Current Assets				
Equity in Cash and Cash Equivalents	\$ 50,190	\$ 3,998,977	\$ 2,909,544	\$ 21,631
Equity in Investments	23,957	1,908,804	1,388,793	10,325
Receivables				
Accrued Interest	312	24,739	17,999	(711)
Accounts	-	4,676	-	-
Other	-	-	-	-
Less Allowance for Uncollectible Accounts	-	-	-	-
Intergovernmental receivable	-	-	-	-
Inventories	-	-	-	99,508
Total Current Assets	<u>74,459</u>	<u>5,937,196</u>	<u>4,316,336</u>	<u>130,753</u>
Property and Equipment				
Buildings	-	-	-	786,525
Machinery and Equipment	1,113,293	-	24,583,663	259,884
Accumulated Depreciation	(1,011,918)	-	(17,083,350)	(498,578)
Construction in Progress	-	-	892,738	-
Total Property and Equipment	<u>101,375</u>	<u>-</u>	<u>8,393,051</u>	<u>547,831</u>
Total Assets	<u>\$ 175,834</u>	<u>\$ 5,937,196</u>	<u>\$ 12,709,387</u>	<u>\$ 678,584</u>
Liabilities and Fund Equity				
Current Liabilities				
Accounts Payable	\$ 7,760	\$ 144,305	\$ 30,799	\$ 15,374
Claims Payable	-	565,189	-	-
Accrued Liabilities	15,587	-	-	29,933
Deferred Revenue	-	-	-	-
Total Current Liabilities	<u>23,347</u>	<u>709,494</u>	<u>30,799</u>	<u>45,307</u>
Noncurrent Liabilities				
Accrued Vacation	11,286	-	-	39,641
Total Noncurrent Liabilities	<u>11,286</u>	<u>-</u>	<u>-</u>	<u>39,641</u>
Total Liabilities	<u>34,633</u>	<u>709,494</u>	<u>30,799</u>	<u>84,948</u>
Net Assets				
Invested in Capital Assets	101,375	-	8,393,051	547,831
Unreserved Retained Earnings (Deficits)	39,826	5,227,702	4,285,537	45,805
Total Net Assets	<u>\$ 141,201</u>	<u>\$ 5,227,702</u>	<u>\$ 12,678,588</u>	<u>\$ 593,636</u>

Print/Mail Services	Property and Casualty	Unemployment	Utility Customer Service	Workers' Compensation	Total
\$ -	\$ 925,045	\$ 158,640	\$ 112,096	\$ 1,049,965	\$ 9,226,088
-	441,545	75,723	53,506	501,172	4,403,825
-	5,723	981	691	6,495	56,229
-	25,000	-	38,372	-	68,048
-	-	-	15,003	-	15,003
-	-	-	(24,811)	-	(24,811)
-	8,053	-	-	-	8,053
-	-	-	-	-	99,508
-	<u>1,405,366</u>	<u>235,344</u>	<u>194,857</u>	<u>1,557,632</u>	<u>13,851,943</u>
-	-	-	-	-	786,525
-	-	-	1,433,762	-	27,390,602
-	-	-	(925,790)	-	(19,519,636)
-	-	-	-	-	892,738
-	-	-	<u>507,972</u>	-	<u>9,550,229</u>
\$ -	\$ <u>1,405,366</u>	\$ <u>235,344</u>	\$ <u>702,829</u>	\$ <u>1,557,632</u>	\$ <u>23,402,172</u>
\$ -	\$ 28,950	\$ 1,261	\$ 21,735	\$ 189	\$ 250,373
-	373,830	-	-	466,936	1,405,955
-	-	-	51,432	-	96,952
-	8,053	-	-	-	8,053
-	<u>410,833</u>	<u>1,261</u>	<u>73,167</u>	<u>467,125</u>	<u>1,761,333</u>
-	-	-	59,419	-	110,346
-	-	-	59,419	-	110,346
-	<u>410,833</u>	<u>1,261</u>	<u>132,586</u>	<u>467,125</u>	<u>1,871,679</u>
-	-	-	507,972	-	9,550,229
-	994,533	234,083	62,271	1,090,507	11,980,264
\$ -	\$ <u>994,533</u>	\$ <u>234,083</u>	\$ <u>570,243</u>	\$ <u>1,090,507</u>	\$ <u>21,530,493</u>

CITY OF COLLEGE STATION, TEXAS
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Fiscal Year Ended September 30, 2008

	Communication Services	Employee Benefits	Equipment Replacement	Fleet Maintenance
Operating Revenues				
Charges for Services	\$ 784,630	\$ -	\$ 3,329,940	\$ 1,744,865
Premiums	-	5,987,246	-	-
Other	-	39,098	-	-
Total Operating Revenues	784,630	6,026,344	3,329,940	1,744,865
Operating Expenses				
Salaries and Benefits	404,408	-	-	763,061
Supplies	53,727	-	10,325	758,559
Maintenance	115,408	-	21,132	22,890
Purchased Professional Services	2,770	3,008	-	160
Purchased Property Services	20,124	-	-	17,146
Other Purchased Services	37,578	202	1,012	33,426
Claims	-	4,598,807	-	-
Administration Fees	-	497,773	-	-
Contributions	-	-	34,534	-
Premiums	-	599,607	-	-
Reimbursed Administrative	215,391	109,414	-	166,930
Depreciation	15,387	-	2,166,758	28,424
Other	-	2,842	-	2,264
Total Operating Expenses	864,793	5,811,653	2,233,761	1,792,860
Operating Income (Loss)	(80,163)	214,691	1,096,179	(47,995)
Nonoperating Revenues (Expenses)				
Investment Income	3,790	236,927	159,907	(2,521)
Reimbursed Expenses	12,462	-	-	-
Other, Net	102	14	238,769	36
Total Nonoperating Revenues (Expenses)	16,354	236,941	398,676	(2,485)
Income (Loss) Before Operating Transfers	(63,809)	451,632	1,494,855	(50,480)
Transfers				
Transfers In	-	-	-	-
Transfers Out	-	-	(3,345,029)	-
Total Operating Transfers	-	-	(3,345,029)	-
Change in Net Assets	(63,809)	451,632	(1,850,174)	(50,480)
Beginning Net Assets	205,010	4,776,070	14,528,762	644,116
Ending Net Assets	\$ 141,201	\$ 5,227,702	\$ 12,678,588	\$ 593,636

<u>Print/Mail</u>	<u>Property and Casualty</u>	<u>Unemployment</u>	<u>Utility Customer Service</u>	<u>Workers' Compensation</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 2,320,400	\$ -	\$ 8,179,835
-	943,200	30,847	-	848,619	7,809,912
632	-	-	213,825	4,172	257,727
<u>632</u>	<u>943,200</u>	<u>30,847</u>	<u>2,534,225</u>	<u>852,791</u>	<u>16,247,474</u>
-	-	-	1,365,181	-	2,532,650
-	51	-	63,969	28,500	915,131
-	-	-	45,701	-	205,131
-	-	-	59,156	12,000	77,094
-	-	-	34,195	-	71,465
-	-	-	565,924	-	638,142
-	246,130	8,405	-	146,486	4,999,828
-	51,974	-	-	50,000	599,747
-	-	-	-	-	34,534
-	247,287	-	-	130,622	977,516
-	52,223	-	442,553	52,223	1,038,734
-	-	-	55,339	-	2,265,908
-	62	-	9,891	-	15,059
-	<u>597,727</u>	<u>8,405</u>	<u>2,641,909</u>	<u>419,831</u>	<u>14,370,939</u>
<u>632</u>	<u>345,473</u>	<u>22,442</u>	<u>(107,684)</u>	<u>432,960</u>	<u>1,876,535</u>
-	39,263	8,852	7,826	52,990	507,034
-	8,286	-	-	-	20,748
-	103,340	-	(101)	-	342,160
-	<u>150,889</u>	<u>8,852</u>	<u>7,725</u>	<u>52,990</u>	<u>869,942</u>
<u>632</u>	<u>496,362</u>	<u>31,294</u>	<u>(99,959)</u>	<u>485,950</u>	<u>2,746,477</u>
116,878	-	-	-	-	116,878
-	-	-	(37,293)	-	(3,382,322)
<u>116,878</u>	<u>-</u>	<u>-</u>	<u>(37,293)</u>	<u>-</u>	<u>(3,265,444)</u>
117,510	496,362	31,294	(137,252)	485,950	(518,967)
(117,510)	498,171	202,789	707,495	604,557	22,049,460
<u>\$ -</u>	<u>\$ 994,533</u>	<u>\$ 234,083</u>	<u>\$ 570,243</u>	<u>\$ 1,090,507</u>	<u>\$ 21,530,493</u>

CITY OF COLLEGE STATION, TEXAS
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended September 30, 2008

	Communication Services	Employee Benefits	Equipment Replacement	Fleet Maintenance	Print/Mail Services
Cash Flows from Operating Activities:					
Cash Received from Customers	\$ 784,630	\$ 6,023,953	\$ 3,329,940	\$ 1,744,865	\$ 632
Cash Payments to Suppliers for Goods and Services	(496,174)	(5,502,719)	(474,648)	(1,028,282)	(20,485)
Cash Payments to Employees for Services	(404,016)	-	-	(777,804)	(29,951)
Customer Deposits Received	-	-	-	-	-
Cash Received for Reimbursed Expenses	12,462	-	-	-	-
Cash Received for Miscellaneous Revenues	102	14	238,769	36	-
Cash Paid to Other Funds	-	-	-	-	(81,459)
Cash Paid for Miscellaneous Expenses	-	-	-	-	-
Net Cash Provided (Used) by Operating Activities	(102,996)	521,248	3,094,061	(61,185)	(131,263)
Cash Flows from Noncapital Financing Activities:					
Transfers In from Other Funds	-	-	-	-	131,263
Transfers Out to Other Funds	-	-	(1,360,671)	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	-	-	(1,360,671)	-	131,263
Cash Flows from Capital and Related Financing Activities:					
Acquisition and Construction of Capital Assets	-	-	(1,963,943)	-	-
Proceeds from Sale of Assets	-	-	182,823	-	-
Net Cash Used by Capital and Related Financing Activities	-	-	(1,781,120)	-	-
Cash Flows from Investing Activities:					
Purchase of Investments	(91,699)	(5,542,625)	(4,109,650)	(39,660)	-
Proceeds from Sale and Maturities of Investment Securities	128,218	5,746,886	4,437,765	69,132	-
Investment Income	4,193	231,458	157,465	(1,443)	-
Net Cash Provided (Used) by Investing Activities	40,712	435,719	485,580	28,029	-
Net Increase in Cash and Cash Equivalents	(62,284)	956,967	437,850	(33,156)	-
Cash and Cash Equivalents, Oct. 1	112,474	3,042,010	2,471,694	54,787	-
Cash and Cash Equivalents, Sept. 30	\$ 50,190	\$ 3,998,977	\$ 2,909,544	\$ 21,631	\$ -
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Operating Income (Loss)	\$ (80,163)	\$ 214,691	\$ 1,096,179	\$ (47,995)	\$ 632
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation, Bad Debt Expense, Inventory Loss	15,387	-	2,166,758	28,424	-
Provision for Uncollectible Accounts	-	(14)	-	-	-
Miscellaneous Nonoperating Revenues	12,564	14	238,769	36	-
Miscellaneous Nonoperating Expenses	-	-	-	-	-
Changes in Assets and Liabilities:					
Change in Accounts Receivable	-	(2,391)	-	-	-
Change in Inventory	-	-	-	77,125	-
Change in Prepaid Costs	-	-	-	-	-
Change in Accounts Payable	(51,176)	28,759	(258,335)	(104,032)	(20,485)
Change in Due to Other Funds	-	-	-	-	(81,459)
Change in Claims Payable	-	280,189	-	-	-
Change in Accrued Liabilities	1	-	(149,310)	(2,997)	(14,340)
Change in Accrued Vacation	391	-	-	(11,746)	(15,611)
Total Adjustments	(22,833)	306,557	1,997,882	(13,190)	(131,895)
Net Cash Provided (Used) by Operating Activities	\$ (102,996)	\$ 521,248	\$ 3,094,061	\$ (61,185)	\$ (131,263)

Property and Casualty	Unemployment	Utility Customer Services	Workers' Compensation	Total
\$ 943,200	\$ 30,847	\$ 2,527,637	\$ 852,791	\$ 16,238,495
(674,069)	(7,144)	(1,230,102)	(387,483)	(9,821,106)
-	-	(1,366,909)	-	(2,578,680)
-	-	-	-	-
8,286	-	-	-	20,748
103,340	-	-	-	342,261
-	-	-	-	(81,459)
-	-	(101)	-	(101)
<u>380,757</u>	<u>23,703</u>	<u>(69,475)</u>	<u>465,308</u>	<u>4,120,158</u>
-	-	-	-	131,263
-	-	(37,293)	-	(1,397,964)
-	-	(37,293)	-	(1,266,701)
-	-	-	-	(1,963,943)
-	-	-	-	182,823
-	-	-	-	(1,781,120)
(1,239,270)	(219,444)	(177,326)	(1,399,345)	(12,819,019)
1,186,613	226,535	231,679	1,322,606	13,349,434
37,094	8,626	8,123	50,373	495,889
<u>(15,563)</u>	<u>15,717</u>	<u>62,476</u>	<u>(26,366)</u>	<u>1,026,304</u>
365,194	39,420	(44,292)	438,942	2,098,641
559,851	119,220	156,388	611,023	7,127,447
<u>\$ 925,045</u>	<u>\$ 158,640</u>	<u>\$ 112,096</u>	<u>\$ 1,049,965</u>	<u>\$ 9,226,088</u>
\$ 345,473	\$ 22,442	\$ (107,684)	\$ 432,960	\$ 1,876,535
-	-	55,339	-	2,265,908
-	-	557	-	543
111,626	-	-	-	363,009
-	-	(101)	-	(101)
-	-	(6,588)	-	(8,979)
-	-	-	-	77,125
-	-	-	-	-
26,977	1,261	(9,270)	(10,710)	(397,011)
-	-	-	-	(81,459)
(103,319)	-	-	43,058	219,928
-	-	111	-	(166,535)
-	-	(1,839)	-	(28,805)
<u>35,284</u>	<u>1,261</u>	<u>38,209</u>	<u>32,348</u>	<u>2,243,623</u>
<u>\$ 380,757</u>	<u>\$ 23,703</u>	<u>\$ (69,475)</u>	<u>\$ 465,308</u>	<u>\$ 4,120,158</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, 2008

Governmental funds capital assets:	
Buildings and Building Improvements	\$ 24,781,958
Improvements	24,122,568
Machinery and Equipment	7,656,863
Infrastructure	187,300,971
Construction in Progress	27,852,493
Land	29,957,616
	<u>\$ 301,672,469</u>
Investments in governmental funds capital assets by source:	
Capital Projects	\$ 284,513,746
General Fund Revenues	7,063,872
Special Revenue Funds	7,039,350
Contributions	3,055,501
	<u>\$ 301,672,469</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 Activity¹
For the Fiscal Year Ended September 30, 2008

Function and Activity	Total	Buildings	Land	Improvements Other than Bldg	Machine/Tool Equipment	Infrastructure
Development Services:						
Development Services Administration	\$ 38,499	\$ 15,500	\$ -	\$ -	\$ 22,999	\$ -
Inspection	-	-	-	-	-	-
	<u>38,499</u>	<u>15,500</u>	<u>-</u>	<u>-</u>	<u>22,999</u>	<u>-</u>
Fire:						
Emergency Management	15,887	-	-	-	15,887	-
Emergency Medical Services	376,934	-	-	-	376,934	-
Fire Administration	324,799	-	-	-	324,799	-
Fire Prevention	-	-	-	-	-	-
Fire Suppression	302,955	-	-	-	302,955	-
	<u>1,020,575</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,020,575</u>	<u>-</u>
Fiscal Services:						
Accounting	38,900	-	-	-	38,900	-
Budget/Research	-	-	-	-	-	-
Fiscal Administration	-	-	-	-	-	-
Municipal Court	292,349	-	-	134,308	158,041	-
Purchasing	-	-	-	-	-	-
Risk Management	-	-	-	-	-	-
	<u>331,249</u>	<u>-</u>	<u>-</u>	<u>134,308</u>	<u>196,941</u>	<u>-</u>
General Government:						
Community Development	26,054	-	20,840	-	5,214	-
City Manager	79,322	-	-	-	79,322	-
City Programs	1,437,504	-	1,437,504	-	-	-
City Secretary	-	-	-	-	-	-
Economic Development	27,065	-	14,470	-	12,595	-
Human Resources	-	-	-	-	-	-
Legal	-	-	-	-	-	-
Capital Projects	24,320,427	398,660	20,967,167	753,545	2,201,055	-
Public Relations	284,766	-	-	37,725	247,041	-
	<u>26,175,138</u>	<u>398,660</u>	<u>22,439,981</u>	<u>791,270</u>	<u>2,545,227</u>	<u>-</u>
Office of Technology and Information Services:						
Geographic Information Systems	32,292	-	-	-	32,292	-
Library Services	356,969	-	40,000	-	316,969	-
Management Information Systems	1,903,023	-	-	-	1,903,023	-
Mail	31,585	-	-	-	31,585	-
OTIS Administration	286,884	-	-	-	286,884	-
	<u>2,610,753</u>	<u>-</u>	<u>40,000</u>	<u>-</u>	<u>2,570,753</u>	<u>-</u>
Police:						
Criminal Investigation	36,620	-	-	-	36,620	-
Communications/Jail	-	-	-	-	-	-
Police Administration	334,006	-	-	-	334,006	-
Professional Standards	-	-	-	-	-	-
Quartermaster	71,716	-	-	-	71,716	-
Special Services	77,717	-	-	-	77,717	-
Technical Services	-	-	-	-	-	-
Uniform Patrol	177,648	-	-	-	177,648	-
	<u>697,707</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>697,707</u>	<u>-</u>

CITY OF COLLEGE STATION, TEXAS
Capital Assets used in the Operation of Governmental Funds
Schedule by Function and Activity ¹
For the Fiscal Year Ended September 30, 2008

Function and Activity	Total	Buildings	Land	Improvements Other than Bldg	Machine/Tool Equipment	Infrastructure
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	22,661,946	916,965	1,012,455	20,732,526	-	-
Recreation	5,199	-	-	-	5,199	-
Special Facilities	60,502	-	-	10,619	49,883	-
	<u>23,237,354</u>	<u>916,965</u>	<u>1,012,455</u>	<u>21,113,501</u>	<u>194,433</u>	<u>-</u>
Public Works:						
Drainage Maintenance	14,993	-	-	-	14,993	-
Engineering	17,987	-	-	-	17,987	-
Facilities Maintenance	117,858	70,238	32,900	-	14,720	-
Public Works Administration	20,517	-	-	-	20,517	-
Capital Projects	186,007,655	-	1,762,185	-	-	184,245,470
Streets Maintenance	212,323	-	-	-	212,323	-
Traffic Signs/Markings	5,689	-	-	-	5,689	-
Traffic Signals	47,853	-	-	-	47,853	-
	<u>186,444,875</u>	<u>70,238</u>	<u>1,795,085</u>	<u>-</u>	<u>334,082</u>	<u>184,245,470</u>
Other:						
Non-departmental	33,263,826	23,380,595	4,670,095	2,083,490	74,145	3,055,501
	<u>33,263,826</u>	<u>23,380,595</u>	<u>4,670,095</u>	<u>2,083,490</u>	<u>74,145</u>	<u>3,055,501</u>
Construction in Progress						
	27,852,493	3,047,502	-	11,954,755	304,882	12,545,354
	<u>27,852,493</u>	<u>3,047,502</u>	<u>-</u>	<u>11,954,755</u>	<u>304,882</u>	<u>12,545,354</u>
Total governmental funds capital assets	<u>\$ 301,672,469</u>	<u>\$ 27,829,460</u>	<u>\$ 29,957,616</u>	<u>\$ 36,077,324</u>	<u>\$ 7,961,744</u>	<u>\$ 199,846,325</u>

¹ 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
For the Fiscal Year Ended September 30, 2008

Function and Activity	Governmental Funds				Governmental Funds
	Capital Assets 9/30/07	Additions	Retirements	Transfers/Other	Capital Assets 9/30/08
Planning and Development Services:					
Development Services Administration	\$ 38,499	\$ -	\$ -	\$ -	\$ 38,499
Inspection	-	-	-	-	-
	<u>38,499</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,499</u>
Fire:					
Emergency Management	9,818	-	-	6,069	15,887
Emergency Medical Services	312,952	63,982	-	-	376,934
Fire Administration	310,024	14,775	-	-	324,799
Fire Prevention	-	-	-	-	-
Fire Suppression	302,955	-	-	-	302,955
	<u>935,749</u>	<u>78,757</u>	<u>-</u>	<u>6,069</u>	<u>1,020,575</u>
Fiscal Services:					
Accounting	-	38,900	-	-	38,900
Budget/Research	-	-	-	-	-
Fiscal Administration	-	-	-	-	-
Municipal Court	111,916	180,433	-	-	292,349
Purchasing	-	-	-	-	-
Risk Management	-	-	-	-	-
	<u>111,916</u>	<u>219,333</u>	<u>-</u>	<u>-</u>	<u>331,249</u>
General Government:					
Community Development	20,840	5,214	-	-	26,054
City Manager	79,322	-	-	-	79,322
City Programs	1,437,504	-	-	-	1,437,504
City Secretary	-	-	-	-	-
Economic Development	14,470	-	(8,000)	20,595	27,065
Human Resources	-	-	-	-	-
Legal	-	-	-	-	-
Capital Projects	24,916,613	55,760	(44,886)	(607,061)	24,320,427
Public Communications	189,665	89,945	-	5,157	284,766
	<u>26,658,414</u>	<u>150,919</u>	<u>(52,886)</u>	<u>(581,309)</u>	<u>26,175,138</u>
Information Services:					
Geographic Information Systems	32,292	-	-	-	32,292
Library Services	316,969	40,000	-	-	356,969
Management Information Systems	1,074,686	828,337	-	-	1,903,023
Mail	-	-	(26,573)	58,158	31,585
IS Administration	155,994	130,890	-	-	286,884
	<u>1,579,941</u>	<u>999,227</u>	<u>(26,573)</u>	<u>58,158</u>	<u>2,610,753</u>
Police:					
Criminal Investigation	36,620	-	-	-	36,620
Communications/Jail	-	-	-	-	-
Police Administration	324,006	-	-	10,000	334,006
Professional Standards	-	-	-	-	-
Quartermaster	55,256	16,460	-	-	71,716
Special Services	71,786	5,931	-	-	77,717
Technical Services	-	-	-	-	-
Uniform Patrol	177,648	-	-	-	177,648
	<u>665,316</u>	<u>22,391</u>	<u>-</u>	<u>10,000</u>	<u>697,707</u>

CITY OF COLLEGE STATION, TEXAS
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
For the Fiscal Year Ended September 30, 2008

Function and Activity	Governmental Funds				Governmental Funds
	Capital Assets 9/30/07	Additions	Retirements	Transfers/Other	Capital Assets 9/30/08
Parks and Recreation:					
Forestry	24,025	-	-	-	24,025
Parks Administration	207,050	-	-	-	207,050
Parks Maintenance/Operations	278,632	-	-	-	278,632
Capital Projects	21,382,921	1,280,389	-	(1,364)	22,661,946
Recreation	5,199	-	-	-	5,199
Special Facilities	60,502	-	-	-	60,502
	<u>21,958,329</u>	<u>1,280,389</u>	<u>-</u>	<u>(1,364)</u>	<u>23,237,354</u>
Public Works:					
Drainage Maintenance	14,993	-	-	-	14,993
Engineering	17,987	-	-	-	17,987
Facilities Maintenance	117,858	-	-	-	117,858
Public Works Administration	20,517	-	-	-	20,517
Capital Projects	51,749,183	13,163,686	-	121,094,786	186,007,655
Streets Maintenance	212,323	-	-	-	212,323
Traffic Signs/Markings	5,689	-	-	-	5,689
Traffic Signals	47,853	-	-	-	47,853
	<u>52,186,403</u>	<u>13,163,686</u>	<u>-</u>	<u>121,094,786</u>	<u>186,444,875</u>
Other:					
Non-departmental	145,829,801	7,920,385	-	(120,486,360)	33,263,826
	<u>145,829,801</u>	<u>7,920,385</u>	<u>-</u>	<u>(120,486,360)</u>	<u>33,263,826</u>
Construction in Progress					
	26,723,932	19,536,926	(18,408,365)	-	27,852,493
	<u>26,723,932</u>	<u>19,536,926</u>	<u>(18,408,365)</u>	<u>-</u>	<u>27,852,493</u>
Total Governmental Funds Capital Assets	<u>\$ 276,688,300</u>	<u>\$ 43,372,013</u>	<u>\$ (18,487,824)</u>	<u>\$ 99,980</u>	<u>\$ 301,672,469</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

STATISTICAL
SECTION

STATISTICAL SECTION - UNAUDITED

This section of the City of College Station's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial condition.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. (Pages 121-127)

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes. (Pages 128-135)

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. (Pages 136-140)

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments. (Pages 141-142)

Operating Information

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs. (Pages 143-146)

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



CITY OF COLLEGE STATION, TEXAS

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

	Fiscal Year					
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities						
Invested in capital assets, net of related debt	\$ 86,587,535	\$ 100,066,963	\$ 106,460,949	\$ 108,287,795	\$ 113,750,039	\$ 114,935,845
Restricted	12,031,989	4,289,623	4,289,531	4,564,184	5,089,422	6,357,013
Unrestricted	<u>28,076,989</u>	<u>25,962,837</u>	<u>27,897,090</u>	<u>39,602,065</u>	<u>45,967,901</u>	<u>59,703,654</u>
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>	<u>\$ 164,807,362</u>	<u>\$ 180,996,512</u>
Business-type activities						
Invested in capital assets, net of related debt	\$ 109,857,913	\$ 130,810,275	\$ 132,001,489	\$ 142,778,246	\$ 147,043,092	\$ 145,066,758
Restricted	2,466,731	2,651,325	2,797,735	2,920,980	3,056,356	1,590,977
Unrestricted	<u>31,766,395</u>	<u>29,665,429</u>	<u>30,830,640</u>	<u>32,980,043</u>	<u>37,474,945</u>	<u>43,957,844</u>
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>	<u>\$ 187,574,393</u>	<u>\$ 190,615,579</u>
Primary government						
Invested in capital assets, net of related debt	\$ 196,445,448	\$ 230,877,238	\$ 238,462,438	\$ 251,066,041	\$ 260,793,131	\$ 260,002,603
Restricted	14,498,720	6,940,948	7,087,266	7,485,164	8,145,778	7,947,990
Unrestricted	<u>59,843,384</u>	<u>55,628,266</u>	<u>58,727,730</u>	<u>72,582,108</u>	<u>83,442,846</u>	<u>103,661,498</u>
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>	<u>\$ 352,381,755</u>	<u>\$ 371,612,091</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 SIX FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year					
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Expenses						
Governmental activities:						
General government	\$ 7,857,618	\$ 7,536,427	\$ 6,457,556	\$ 7,755,725	\$ 7,654,393	\$ 8,551,304
Fiscal services	1,834,859	1,953,189	2,467,187	2,452,442	2,442,439	2,977,362
Police	9,374,251	9,654,447	10,666,318	11,214,413	12,299,698	13,395,874
Fire	7,102,089	7,189,495	7,853,876	8,280,257	9,472,331	11,359,260
Planning and development services	1,651,761	1,586,114	1,580,317	1,449,327	1,603,963	1,910,359
Public works	5,242,162	5,004,976	5,401,568	6,227,707	6,620,846	9,467,081
Capital projects	-	-	-	-	-	719,391
Parks and recreation	6,361,728	6,154,862	6,549,466	7,353,984	9,148,511	10,385,095
Information services	2,919,155	2,652,957	2,881,863	3,087,596	2,689,720	2,749,327
Interest on long-term debt	3,643,268	3,448,533	3,895,520	4,116,871	4,291,022	3,860,801
Unallocated depreciation	2,543,780	2,690,998	5,430,745	5,759,049	6,026,372	667,890
Total governmental activities expense	<u>48,530,671</u>	<u>47,871,998</u>	<u>53,184,416</u>	<u>57,697,371</u>	<u>62,249,295</u>	<u>66,043,744</u>
Business-type activities:						
Electric	43,299,695	41,120,750	47,815,339	51,250,110	60,242,408	70,485,984
Water	6,283,025	6,542,184	7,908,695	7,770,081	8,302,863	8,706,415
Sewer	7,347,315	7,214,296	7,262,208	7,973,677	8,179,813	9,159,176
Sanitation	4,419,352	4,848,591	4,931,079	5,421,624	5,916,431	6,244,639
Cedar Creek Condominiums	-	61,150	-	-	-	-
Northgate parking	461,394	550,544	591,944	621,593	591,980	668,237
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>	<u>83,233,495</u>	<u>95,264,451</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>	<u>\$ 145,482,790</u>	<u>\$ 161,308,195</u>
Program Revenues						
Governmental activities:						
Charges for services:						
Fines, forfeitures and penalties	\$ 3,215,162	\$ 3,563,970	\$ 4,008,637	\$ 3,798,807	\$ 3,618,236	\$ 3,798,313
Licenses and permits	1,104,793	1,215,924	1,043,672	1,091,848	1,306,690	1,154,902
Public works	1,237,447	1,784,694	1,110,686	1,290,935	1,199,565	1,255,525
Parks and recreation	1,399,390	1,346,580	1,044,134	1,244,476	1,420,284	1,911,789
Other activities	1,480,889	1,614,408	2,002,338	2,656,136	3,210,563	3,548,309
Operating grants and contributions	1,891,808	3,208,957	2,629,494	3,144,254	2,038,535	1,735,170
Capital grants and contributions	6,399,178	5,266,837	4,489,883	7,477,874	5,271,090	3,055,501
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>	<u>18,064,963</u>	<u>16,459,509</u>
Business-type activities:						
Charges for services:						
Electric sales	46,592,459	47,431,497	51,467,169	60,217,421	67,462,075	76,787,412
Water sales	8,861,195	8,319,779	9,519,714	10,852,660	10,060,398	12,025,086
Sewer service	9,159,142	9,334,778	9,697,314	10,363,603	10,590,688	11,184,565
Garbage collection fees	5,986,207	4,829,150	5,151,204	6,419,446	7,512,194	9,628,798
Parking garage fees	545,566	603,465	480,627	576,892	620,124	673,818
Other activities	4,341	-	-	-	-	-
Operating grants and contributions	50,700	-	-	-	-	-
Capital grants and contributions	3,887,629	5,179,221	1,937,320	4,677,465	4,041,105	5,349,125
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>	<u>100,286,584</u>	<u>115,648,804</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>	<u>\$ 118,351,547</u>	<u>\$ 132,108,313</u>

CITY OF COLLEGE STATION, TEXAS

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

	Fiscal Year					
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Net (Expense)/Revenue						
Governmental activities	\$ (31,802,004)	\$ (29,870,628)	\$ (36,855,572)	\$ (36,993,041)	\$ (44,184,332)	\$ (49,584,235)
Business-type activities	13,276,458	15,360,375	9,744,083	20,070,402	17,053,089	20,384,355
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>	<u>\$ (27,131,243)</u>	<u>\$ (29,199,880)</u>
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Taxes						
Property taxes	\$ 13,441,000	\$ 14,668,641	\$ 15,888,475	\$ 16,646,519	\$ 18,573,309	\$ 20,670,112
Sales and mixed beverage taxes	14,027,489	15,238,995	15,705,090	17,082,936	18,449,731	20,241,973
Franchise taxes	1,688,947	1,974,587	1,718,491	2,132,341	1,931,196	2,090,779
Hotel taxes	2,120,015	2,191,429	2,306,928	2,671,417	2,980,250	3,585,512
Unrestricted investment earnings	1,739,929	1,224,546	1,487,926	3,415,849	4,512,575	3,385,844
Gain (Loss) on sale of capital assets	19,563	4,386	(111,916)	-	-	-
Correction to value of capital assets	7,795,715	-	-	-	-	-
Adjustment to claims payable	-	(904,263)	-	-	-	-
Transfers	6,856,352	(904,783)	8,188,725	8,850,453	10,090,589	7,559,165
Total governmental activities	<u>47,689,010</u>	<u>33,493,538</u>	<u>45,183,719</u>	<u>50,799,515</u>	<u>56,537,650</u>	<u>57,533,385</u>
Business-type activities:						
Unrestricted investment earnings	1,126,900	662,359	947,477	1,829,456	1,932,624	1,330,785
Correction to value of capital assets	-	2,108,473	-	-	-	-
Transfers	(6,856,352)	904,783	(8,188,725)	(8,850,453)	(10,090,589)	(10,433,954)
Total business-type activities	<u>(5,729,452)</u>	<u>3,675,615</u>	<u>(7,241,248)</u>	<u>(7,020,997)</u>	<u>(8,157,965)</u>	<u>(9,103,169)</u>
Total primary government	<u>\$ 41,959,558</u>	<u>\$ 37,169,153</u>	<u>\$ 37,942,471</u>	<u>\$ 43,778,518</u>	<u>\$ 48,379,685</u>	<u>\$ 48,430,216</u>
Change in net assets						
Governmental activities	\$ 15,887,006	\$ 3,622,910	\$ 8,328,147	\$ 13,806,474	\$ 12,353,318	\$ 7,949,150
Business-type activities	7,547,006	19,035,990	2,502,835	13,049,405	8,895,124	11,281,186
Total primary government	<u>\$ 23,434,012</u>	<u>\$ 22,658,900</u>	<u>\$ 10,830,982</u>	<u>\$ 26,855,879</u>	<u>\$ 21,248,442</u>	<u>\$ 19,230,336</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 SIX FISCAL YEARS (*accrual basis of accounting*)

	Program Revenues					
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Function/Program						
Governmental activities:						
General government	\$ 1,979,207	\$ 3,618,878	\$ 3,121,430	\$ 4,357,597	\$ 3,343,904	\$ 2,501,778
Fiscal services	327,188	333,043	508,810	547,790	409,100	684,666
Police	3,364,991	3,677,391	4,093,425	3,875,900	3,713,866	4,533,697
Fire	916,473	724,278	916,804	817,910	1,400,464	1,137,759
Planning and development services	1,104,793	1,215,924	1,043,672	1,091,848	1,306,690	1,357,037
Public works	7,636,625	7,051,531	5,600,569	8,768,809	6,470,655	4,312,571
Parks and recreation	1,399,390	1,380,325	1,044,134	1,244,476	1,420,284	1,932,001
Subtotal governmental activities	<u>16,728,667</u>	<u>18,001,370</u>	<u>16,328,844</u>	<u>20,704,330</u>	<u>18,064,963</u>	<u>16,459,509</u>
Business-type activities:						
Electric	47,018,072	48,032,185	52,780,914	62,284,935	69,033,816	77,419,441
Water	10,957,066	10,260,307	9,826,360	12,409,728	11,314,888	14,115,391
Sewer	10,575,987	11,972,783	10,014,243	11,416,486	11,805,562	13,811,356
Sanitation	5,986,207	4,829,150	5,151,204	6,419,446	7,512,194	9,628,798
Cedar Creek Condominiums	4,341	-	-	-	-	-
Northgate parking	545,566	603,465	480,627	576,892	620,124	673,818
Subtotal business-type activities	<u>75,087,239</u>	<u>75,697,890</u>	<u>78,253,348</u>	<u>93,107,487</u>	<u>100,286,584</u>	<u>115,648,804</u>
Total primary government	<u>\$ 91,815,906</u>	<u>\$ 93,699,260</u>	<u>\$ 94,582,192</u>	<u>\$ 113,811,817</u>	<u>\$ 118,351,547</u>	<u>\$ 132,108,313</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									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Fund										
Reserved	\$ 346,038	\$ 543,396	\$ 660,488	\$ 989,028	\$ 1,728,294	\$ 1,089,510	\$ 1,132,180	\$ 1,523,619	\$ 1,108,449	\$ 2,305,476
Unreserved	7,463,493	7,884,787	8,772,212	9,122,197	9,522,041	9,613,442	9,038,345	9,448,389	11,824,140	9,679,913
Total general fund	\$ 7,809,531	\$ 8,428,183	\$ 9,432,700	\$ 10,111,225	\$ 11,250,335	\$ 10,702,952	\$ 10,170,525	\$ 10,972,008	\$ 12,932,589	\$ 11,985,389
All Other Governmental Funds										
Reserved	\$ 8,289,966	\$ 28,691,651	\$ 9,395,621	\$ 10,685,338	\$ 41,119,894	\$ 42,522,379	\$ 42,999,111	\$ 49,111,974	\$ 46,372,274	\$ 48,819,538
Unreserved, reported in:										
Special revenue funds	7,356,274	7,655,383	12,749,505	12,460,155	10,851,935	6,085,255	6,244,225	7,462,140	10,148,840	11,526,009
Capital projects funds	10,244,405	-	25,443,167	33,275,222	-	-	-	-	-	-
Total all other governmental funds	\$ 25,890,645	\$ 36,347,034	\$ 47,588,293	\$ 56,420,715	\$ 51,971,829	\$ 48,607,634	\$ 49,243,336	\$ 56,574,114	\$ 56,521,114	\$ 60,345,547

Source: City of College Station

Note: Fiscal years 1998 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									
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Revenues										
Taxes	\$ 23,465,240	\$ 25,429,183	\$ 27,254,701	\$ 29,499,644	\$ 31,277,451	\$ 34,073,652	\$ 35,618,984	\$ 38,533,213	\$ 41,934,486	\$ 46,588,376
Licenses and permits	643,968	680,776	779,159	870,636	1,012,960	1,112,766	1,025,013	945,593	1,191,105	1,154,902
Intergovernmental	2,153,853	1,607,155	3,221,851	2,572,428	1,950,883	3,208,957	2,592,312	3,144,254	2,038,535	1,707,957
Charges for services	1,546,912	1,819,069	2,038,422	2,251,297	2,610,056	2,538,583	2,634,683	2,925,281	3,339,352	3,790,147
Fines, forfeitures and penalties	1,208,499	1,393,566	1,798,870	2,225,354	2,657,643	2,966,278	3,518,940	3,285,907	3,256,488	3,798,313
Special assessments	875,353	911,415	944,636	982,760	1,035,023	1,062,179	1,110,686	1,290,935	1,199,565	1,255,525
Investment income	1,522,837	2,642,328	3,487,814	2,615,798	1,543,026	1,062,069	1,269,201	3,066,642	3,864,797	2,886,636
Rents and royalties	166,723	167,927	213,832	228,392	233,026	256,023	243,831	244,864	261,225	279,004
Loan repayments	122,198	6,879	9,979	9,626	11,322	5,418	2,541	-	-	-
Contributions	231,131	166,975	448,949	356,369	475,913	784,402	37,182	12,281	31,605	27,213
Reimbursed expenditures	-	-	531,307	32,803	7,258	28,393	-	145,749	479,675	46,038
Other revenues	340,669	546,935	551,280	437,359	335,405	679,349	631,192	447,432	738,415	1,046,431
Total revenues	32,277,383	35,372,208	41,280,800	42,082,466	43,149,966	47,778,069	48,684,565	54,042,151	58,335,248	62,580,542
Expenditures										
General government	1,735,592	1,775,494	2,909,436	3,801,250	3,765,079	4,187,972	4,480,075	4,216,582	4,699,159	7,319,662
Fiscal services	1,783,602	1,967,135	1,889,611	2,112,936	2,319,008	2,479,082	3,038,145	3,050,533	3,013,548	3,573,686
Police	6,903,838	7,567,620	8,273,632	8,829,060	9,143,331	9,803,577	10,829,081	11,559,669	12,556,678	13,219,117
Fire	4,844,031	5,179,104	5,702,804	6,340,775	6,989,125	7,275,289	7,964,785	8,493,228	9,622,195	11,251,400
Planning and development services	1,445,172	1,558,036	1,887,378	1,883,224	1,935,277	1,964,001	1,962,603	1,877,732	2,008,901	2,281,747
Public works	3,923,009	4,353,073	4,583,796	5,207,101	5,292,243	5,534,404	6,117,241	7,116,329	7,440,854	7,182,443
Capital projects	-	-	-	-	-	-	-	-	-	715,707
Economic and community development	594,417	773,703	41,623	122,074	6,369	16,886	11,281	-	-	-
Parks and recreation	4,592,990	5,185,392	5,200,809	5,862,938	6,279,342	6,388,099	6,778,196	7,520,189	8,167,857	9,071,198
Information systems	1,498,635	1,760,191	2,229,600	2,243,844	2,320,950	2,346,534	2,500,518	2,596,591	3,070,524	3,366,764
Library	571,742	600,778	581,768	670,818	681,350	665,291	694,445	870,203	912,527	993,102
Reimbursed administrative	(2,769,942)	(2,878,132)	(3,538,877)	(3,559,556)	(3,703,529)	(3,328,431)	(3,485,807)	(3,335,264)	(3,305,040)	(3,772,362)
Contributions	1,528,615	1,829,125	1,541,173	1,348,885	1,573,651	2,504,589	1,895,742	1,995,564	1,855,961	2,151,592
Community development block grant	-	-	-	538,901	222,169	201,099	275,775	340,399	215,707	-
Home grant	-	-	-	626,848	408,779	304,580	439,243	840,211	323,811	-
Community development grant	1,110,610	480,865	763,303	-	-	-	-	-	-	-
Claim settlements	270,000	-	-	-	-	-	-	-	-	-
Other expenditures	95,648	269,786	577,606	183,450	624,837	253,270	296,344	108,527	147,860	204,338
Capital outlay	5,452,034	11,778,585	9,885,474	13,702,819	11,286,448	12,775,413	15,435,376	11,610,189	14,213,574	19,538,322

CITY OF COLLEGE STATION, TEXAS

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

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt service										
Principal	2,845,000	3,463,614	4,475,000	5,950,000	5,820,000	10,110,000	6,190,000	7,285,000	7,820,000	8,530,000
Interest	2,147,653	2,117,480	3,213,770	3,425,390	3,647,529	3,376,538	3,885,075	4,078,635	4,212,245	3,892,490
Issuance costs	80,947	107,057	77,244	115,500	118,335	352,114	118,261	-	-	-
Fiscal charges	7,839	8,016	8,926	8,752	12,500	15,332	13,871	152,729	527,806	70,796
Intergovernmental	70,000	405,660	-	-	223,608	221,902	97,621	743,117	342,630	881,604
Total expenditures	38,731,432	48,302,582	50,304,076	59,415,009	58,966,401	67,447,541	69,537,871	71,120,163	77,846,797	90,471,606
Deficiency of revenues under expenditures	(6,454,049)	(12,930,374)	(9,023,276)	(17,332,543)	(15,816,435)	(19,669,472)	(20,853,306)	(17,078,012)	(19,511,549)	(27,891,064)

Other Financing Sources (Uses)

Proceeds from long-term debt	7,080,000	14,113,000	7,292,870	20,056,200	6,570,000	16,375,000	13,347,581	15,700,000	7,890,000	19,970,000
Proceeds from refunding bonds	-	-	-	-	-	5,980,000	-	-	10,255,000	-
Payment to bond escrow agent	-	-	-	-	-	(6,260,371)	-	-	(10,451,378)	-
Premium on bonds issued	-	-	-	-	-	280,371	-	-	373,648	-
Sale of capital assets	307,267	55,403	580,909	30,106	19,563	4,386	12,182	17,500	318,103	10,981
Transfers in	6,724,409	11,724,310	14,945,966	8,764,250	7,910,690	10,945,210	11,476,019	11,864,435	15,054,935	13,828,414
Transfers out	(1,324,234)	(1,887,298)	(1,550,693)	(2,007,066)	(1,993,594)	(11,566,702)	(3,879,201)	(2,371,662)	(2,021,178)	(3,041,098)
Total other financing sources	12,767,442	24,005,415	21,269,052	26,843,490	12,506,659	15,757,894	20,956,581	25,210,273	21,419,130	30,768,297
Net change in fund balances	\$ 6,333,393	\$ 11,075,041	\$ 12,245,776	\$ 9,510,947	\$ (3,309,776)	\$ (3,911,578)	\$ 103,275	\$ 8,132,261	\$ 1,907,581	\$ 2,877,233

Debt services as a percentage of noncapital expenditures

	15.3%	15.6%	19.2%	20.8%	20.1%	25.3%	18.9%	19.4%	19.7%	17.6%
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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 1998 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 1998 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
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
2007	18,573,309	18,077,973	2,980,250	1,931,196	371,758	41,934,486
2008	20,670,112	19,822,906	3,585,512	2,090,779	419,067	46,588,376
Change						
1999-2008	142.4%	72.5%	104.9%	37.2%	142.5%	98.5%

Source: City of College Station

Note: Property taxes include general fund, debt service fund, Melrose Apartment TIF (2000-2002), Northgate TIF(2008-present) and Wolf Pen Creek TIF (1996 - Present).

CITY OF COLLEGE STATION, TEXAS

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

Fiscal Year	Residential Property	Commercial and Industrial Property	Personal, Inventory and Other Property	Less Exemptions and Abatements	Less TIF (1) Captured Value	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
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	596,567,968	552,036,938	380,950,901	39,379,860	2,450,180,223	0.4777	2,450,180,223	100.00%
2003	1,910,284,888	634,030,921	607,645,557	428,395,713	30,625,663	2,692,939,790	0.4777	2,674,807,515	99.33%
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	45,182,585	3,245,948,857	0.4640	3,250,329,407	100.13%
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%
2007	2,849,558,106	1,020,242,352	828,757,366	643,387,278	50,131,743	4,005,038,803	0.4394	4,005,038,803	100.00%
2008	3,200,809,497	1,141,458,255	881,095,548	677,645,852	68,644,309	4,477,073,139	0.4394	4,477,073,139	100.00%

Source: Brazos County Appraisal District

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

(1) Tax increment financing district (TIF).

CITY OF COLLEGE STATION, TEXAS

DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS

(rate per \$100 of assessed value)

Fiscal Year	City Direct Rates			Overlapping Rates	
	Basic Rate	General Obligation Debt Service	Total Direct Rate	College Station ISD	Brazos County
1999	0.1618	0.2675	0.4293	1.7500	0.4170
2000	0.1631	0.2662	0.4293	1.7500	0.4170
2001	0.1662	0.2631	0.4293	1.7500	0.4100
2002	0.1846	0.2931	0.4777	1.7900	0.4200
2003	0.1946	0.2831	0.4777	1.7900	0.4146
2004	0.1921	0.2732	0.4653	1.7700	0.4350
2005	0.1942	0.2698	0.4640	1.7700	0.4726
2006	0.1896	0.2498	0.4394	1.6750	0.4650
2007	0.1910	0.2484	0.4394	1.4800	0.4550
2008	0.1910	0.2484	0.4394	1.2411	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	2008			1999		
	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value
College Station Hospital LP	\$ 61,308,070	1	1.24%	\$ 15,907,526	8	0.83%
C.B.L. & Associates (Post Oak Mall)	55,651,375	2	1.12%	50,059,180	1	2.62%
Weinberg, Israel & David Alkossar	42,388,230	3	0.86%	23,349,060	4	1.22%
Woodland of College Station LP	36,846,840	4	0.74%			
ACC OP (Callaway Villas) LP	30,736,980	5	0.62%			
Commonwealth Austin CH LP	30,628,460	6	0.62%			
Walmart/Sam's	28,803,300	7	0.58%	18,456,600	6	0.97%
University Heights - College Station LP	28,789,920	8	0.58%			
Verizon Communications, Inc.	28,277,520	9	0.57%	34,424,740	2	1.80%
SCI Gateway at CS Fund LLC Etal	27,246,180	10	0.55%			
Scott & White Hospital/Clinic				21,756,530	5	1.14%
W9/JP-M Real Estate Ltd				24,417,115	3	1.28%
WHG Treehouse L.P.				11,850,000	10	0.62%
Lane College Station Ltd.				12,500,000	9	0.65%
University Commons				16,279,705	7	0.85%
	<u>\$ 370,676,875</u>		<u>7.48%</u>	<u>\$ 229,000,456</u>		<u>11.98%</u>

Source: Brazos County Appraisal District

Notes: Verizon Communications was called GTE Southwest in fiscal year 1999.
Weinberg, Israel & David Alkossar was called Alkossar, David Etal in fiscal year 1999.
College Station Hospital, LP was called Columbia BVMC/BVMC, Inc. in fiscal year 1999.

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
1999	\$ 8,292,212	\$ 8,235,356	99.31%	\$ 51,642	\$ 8,286,998	99.94%
2000	9,068,352	9,000,090	99.25%	59,062	9,059,152	99.90%
2001	9,939,852	9,835,960	98.95%	93,658	9,929,618	99.90%
2002	11,892,629	11,735,174	98.68%	147,652	11,882,826	99.92%
2003	13,010,508	12,740,869	97.93%	257,029	12,997,898	99.90%
2004	14,092,814	13,974,666	99.16%	103,884	14,078,550	99.90%
2005	15,270,852	15,160,102	99.27%	96,924	15,257,026	99.91%
2006	16,162,073	15,938,981	98.62%	122,602	16,061,583	99.38%
2007	17,818,419	17,697,220	99.32%	7,345	17,704,565	99.36%
2008	19,973,882	19,773,036	98.99%	-	19,773,036	98.99%

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									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Utilities	\$ 13,770	\$ 11,191	\$ 12,319	\$ 13,645	\$ 15,169	\$ 14,929	\$ 14,943	\$ 16,684	\$ 19,336	\$ 22,403
Construction	5,821	5,338	4,465	5,805	6,240	5,500	6,510	12,095	13,908	15,816
Manufacturing	4,271	6,306	6,602	6,656	7,950	7,921	9,323	13,311	13,985	13,200
Wholesale Trade	4,728	4,460	5,419	7,069	18,918	12,332	11,078	13,062	28,686	30,387
Retail Trade	453,352	485,847	482,261	482,859	486,828	510,727	543,582	576,915	596,791	664,649
Information	3,338	2,464	2,613	2,330	10,755	15,312	16,102	14,409	14,079	12,148
Finance and Insurance	234	227	65	67	60	55	119	130	216	541
Real Estate and Rental/Leasing	-	-	-	-	10,462	11,032	12,258	12,034	15,689	16,249
Professional, Scientific and Tech Services	-	-	-	-	7,627	7,660	8,652	8,697	9,530	11,070
Administrative, Support, Waste Mgmt, Remediation	-	-	-	-	12,866	14,703	14,667	15,134	16,462	15,054
Educational Services	-	-	-	-	98	93	22,981	26,252	29,592	32,502
Health Care and Social Assistance	-	-	-	-	986	1,721	1,951	2,547	2,873	4,042
Arts, Entertainment and Recreation	3,511	3,034	3,071	3,588	5,382	5,480	6,174	6,781	6,949	7,399
Accommodation and Food Services	92,728	105,493	113,010	116,051	129,054	137,440	146,017	157,217	169,714	185,724
Other Services	74,518	80,432	88,939	90,845	19,312	20,774	16,690	14,024	12,877	13,651
Total	\$ 656,271	\$ 684,792	\$ 718,764	\$ 728,915	\$ 731,707	\$ 765,679	\$ 831,047	\$ 889,292	\$ 950,687	\$ 1,044,835
City direct sales tax rate	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%

Source: Texas State Comptroller of Public Accounts

Notes: Taxable sales information is not available on a fiscal-year basis. The state converted from reporting SICs classification of industries to NAICS classification of industries effective with the reporting year 2002. Data reported for the years 1998 through 2001 is classified under the old SICs codes and every effort was made to compare like industries. The categories listed with no sales for 1997 through 2001 are included in Other Services for those years. This report includes data only from holders of sales tax permits. If fewer than four outlets reported in a quarter, the data is omitted as required by state disclosure laws.

CITY OF COLLEGE STATION, TEXAS

DIRECT AND OVERLAPPING SALES TAX RATES LAST TEN FISCAL YEARS

Fiscal Year	City		Brazos		State of	
	Direct Rate	County	County	County	County	County
1999	1.50%	0.50%	0.50%	0.50%	6.25%	6.25%
2000	1.50%	0.50%	0.50%	0.50%	6.25%	6.25%
2001	1.50%	0.50%	0.50%	0.50%	6.25%	6.25%
2002	1.50%	0.50%	0.50%	0.50%	6.25%	6.25%
2003	1.50%	0.50%	0.50%	0.50%	6.25%	6.25%
2004	1.50%	0.50%	0.50%	0.50%	6.25%	6.25%
2005	1.50%	0.50%	0.50%	0.50%	6.25%	6.25%
2006	1.50%	0.50%	0.50%	0.50%	6.25%	6.25%
2007	1.50%	0.50%	0.50%	0.50%	6.25%	6.25%
2008	1.50%	0.50%	0.50%	0.50%	6.25%	6.25%

Source: Texas State Comptroller of Public Accounts

CITY OF COLLEGE STATION, TEXAS

SALES TAX REVENUE PAYERS BY INDUSTRY
CALENDAR YEARS 1998 AND 2007
(dollars are in thousands)

	Calendar Year 1998			Calendar Year 2007		
	Number of Outlets	Percentage of Total	Tax Liability	Number of Outlets	Percentage of Total	Tax Liability
Retail trade	941	57.57%	\$ 8,191	1,188	55.67%	\$ 12,756
Services	477	29.17%	732	406	19.03%	1,032
Wholesale trade	36	2.20%	454	62	2.91%	456
Utilities, transportation, communications	19	1.16%	257	19	0.89%	337
Manufacturing	47	2.87%	64	64	3.00%	198
Construction	52	3.18%	87	101	4.73%	237
Agriculture, forestry, and fishing	43	2.63%	53	37	1.73%	114
Finance, insurance, real estate	11	0.67%	4	56	2.62%	252
All other outlets	9	0.55%	1	201	9.42%	291
Total	1,635	100.00%	\$ 9,843	2,134	100.00%	\$ 15,673

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 2007 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 2007 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".

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 Contractual Obligations	Utility Revenue Bonds	Capital Leases	Utility Revenue Certificates of Obligation	Utility Revenue General Obligation Bonds				
1999	\$ 32,750,000	\$ 6,350,000	\$ 405,000	\$ 35,965,000	\$ -	\$ -	\$ -	\$ 75,470,000	-	\$ 1,147	
2000	38,700,000	17,955,000	-	42,870,000	-	-	-	99,525,000	-	1,466	
2001	39,375,000	20,595,000	-	63,185,000	-	-	-	123,165,000	11.96%	1,710	
2002	41,665,000	33,280,000	-	78,235,000	-	-	-	153,180,000	-	2,022	
2003	43,170,000	32,525,000	-	79,680,000	-	-	-	155,375,000	-	1,984	
2004	47,085,000	34,705,000	-	75,655,000	-	-	-	157,445,000	-	1,963	
2005	49,800,000	30,195,000	-	79,215,000	-	8,910,000	-	168,120,000	-	2,052	
2006	53,835,000	34,905,000	-	91,460,000	-	8,580,000	-	188,780,000	15.39%	2,244	
2007	55,720,000	33,500,000	-	105,215,000	-	8,240,000	-	202,675,000	15.49%	2,330	
2008	60,695,000	39,965,000	-	99,560,000	-	23,820,000	-	224,040,000	12.90%	2,481	

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, 2005 - 2008.

A portion of the Governmental Certificates of Obligation are related to electric and sewer utility projects as follows: FY04 original issue \$9,415,000; outstanding FY 08 - \$7,895,000; FY08 original issue \$15,925,000

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
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	
2007	55,720,000	2,060,709		53,659,291	1.35%	617	
2008	60,695,000	2,573,421		58,121,579	1.17%	644	

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, 2008

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.	\$ 110,435,000	96.31%	\$ 106,359,949
Brazos County	97,680,000	49.26%	\$ 48,117,168
Bryan I.S.D.	136,595,000	5.39%	\$ 7,362,471
Other debt			
College Station I.S.D.	543,410	96.31%	\$ 523,358
Brazos County	-	49.26%	\$ -
Bryan I.S.D. Capital Lease	1,510,000	5.39%	\$ <u>81,389</u>
Subtotal, overlapping debt			\$ 162,444,335
City direct debt			\$ <u>100,660,000</u>
Total direct and overlapping debt			\$ <u><u>263,104,335</u></u>

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

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

^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, 2008

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

CITY OF COLLEGE STATION, TEXAS

PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS

Fiscal Year	Utility Revenue Bonds									
	Utility Service Charges		Less: Operating Expenses		Net Available Revenue		Average Debt Service		Maximum Debt Service	
	\$		\$		\$		\$		\$	
1999	49,101,104	30,080,145	19,020,959	2,844,899	5,502,384	6.69	5,502,384	3.46		
2000	52,932,584	41,925,412	11,007,172	3,472,421	5,687,161	3.17	5,687,161	1.94		
2001	59,143,896	45,465,778	13,678,118	4,688,518	6,395,244	2.92	6,395,244	2.14		
2002	62,141,066	46,274,555	15,866,511	5,825,064	8,048,707	2.72	8,048,707	1.97		
2003	64,046,246	47,785,550	16,260,696	5,773,582	8,084,285	2.81	8,084,285	2.01		
2004	64,785,122	44,719,241	20,065,881	5,651,966	7,998,465	3.55	7,998,465	2.51		
2005	70,636,853	51,125,745	19,511,108	5,522,447	8,364,747	3.53	8,364,747	2.33		
2006	80,787,029	54,432,847	26,354,182	6,423,582	9,163,574	4.10	9,163,574	2.88		
2007	87,911,120	63,514,543	24,396,577	7,389,770	10,408,958	3.30	10,408,958	2.34		
2008	99,610,432	73,195,783	26,414,649	8,620,759	12,245,949	3.06	12,245,949	2.16		

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 (<i>thousands of dollars</i>)	Per Capita Personal Income	Unemployment Rate
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
2006	84,116	1,308,384	15,555	3.9
2007	86,982	1,736,221	19,961	3.8

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, 2005, 2006, and 2007.

CITY OF COLLEGE STATION, TEXAS

PRINCIPAL EMPLOYERS CURRENT YEAR AND EIGHT YEARS AGO

<u>2008</u>	<u>2000</u>
<u>Employer</u>	<u>Employer</u>
Brazos County	Brazos County
Bryan ISD	Bryan ISD
City of Bryan	City of Bryan
City of College Station	City of College Station
College Station ISD	College Station ISD
Reynolds & Reynolds ⁽¹⁾	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, Research Valley Partnership

(1) Recent name change from Universal Computer Systems

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									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government	33.9	33.2	37.2	39.7	36.8	38.5	41.9	37.8	58.5	71.0
Police	118.5	132.3	139.4	140.3	143.4	146.0	144.4	155.1	163.5	168.5
Fire	87.0	91.3	98.1	103.9	105.9	108.5	111.4	110.6	119.0	125.0
Public Works	87.1	88.3	95.0	104.4	104.5	106.8	112.2	112.6	114.5	106.5
Parks and Recreation	103.8	106.8	111.3	115.4	120.1	116.2	120.0	119.8	123.5	131.0
Planning and Development Services	27.4	29.2	27.8	29.0	28.3	28.5	25.8	27.1	24.5	34.0
Information Services	40.3	41.5	39.2	39.1	40.0	40.3	37.5	36.6	28.5	33.0
Fiscal Services	51.0	53.2	54.3	53.1	61.1	59.8	64.2	70.1	71.0	72.5
Electric	44.1	48.8	57.1	57.5	56.9	53.4	56.6	56.0	56.5	58.0
Water / Sewer Services	66.0	65.4	64.6	66.2	66.0	64.0	69.1	71.8	71.0	67.5
BVSWMA	26.3	29.3	27.8	28.8	28.3	27.3	24.4	24.0	22.0	25.5
Capital Project		n/a	10.0							
Total	685.4	719.3	751.8	777.4	791.3	789.3	807.5	821.5	852.5	902.5

Source: City of College Station

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

Capital Projects added in FY 2008.

CITY OF COLLEGE STATION, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	FISCAL YEAR									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government										
Open records requests	350	250	250	147	62	103	72	199	199	155
Economic development prospects	*	29	17	15	29	17	20	31	19	18
Code enforcement cases processed	*	3,503	4,209	4,525	6,280	9,341	2,848	5,984	4,838	5,148
Non-profit agencies/contracts monitored	11	8	8	12	11	10	9	13	7	10
Applicants receiving homebuyers assistance	7	22	12	25	14	16	2	9	6	3
Police										
DUI/DWI arrests	551	522	351	311	341	418	387	414	493	458
Citations processed	35,752	40,712	44,305	36,945	43,407	42,957	39,416	34,134	38,046	10,384
Uniform patrol calls handled	47,662	50,459	50,034	56,388	61,821	60,405	57,605	60,159	58,303	57,661
Average response time on high priority calls	5:52 mins	6:10 mins	5:53 mins	6:01 mins	6:28 mins	5:58 mins	6:09 mins	6:15 mins	6:17 mins	6:06 mins
Criminal investigation new cases assigned	2,010	2,041	1,810	1,970	2,292	2,259	2,300	2,368	2,256	2,635
Note: In FY08 an e-citation program was implemented thus reducing the number of paper citations processed.										
Fire										
Fire incidents (fire, rescue, and haz mat)	*	1,607	1,603	1,653	1,455	1,554	1,792	1,743	1,832	1,992
Business safety inspections	973	777	1,128	900	1,014	1,410	1,138	828	1,018	947
Parking citations issued	26,790	*	12,324	18,500	18,034	16,587	11,900	8,452	7,238	9,460
Community enhancement cases	7,352	9,224	12,077	12,550	11,637	15,086	7,016	7,384	8,631	11,885
EMS incidents	*	2,495	2,704	2,554	2,754	2,800	3,241	3,048	3,773	4,718
EMS unit responses	*	4,556	4,428	4,568	4,687	4,900	4,930	5,276	5,476	5,369
Notes: FY99 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	23	21	12	1	20	18	19	19	19	15
Potholes repaired	*	*	*	*	*	*	24,696	24,778	21,506	20,546
Curb miles swept	*	*	*	*	*	*	6,338	7,235	6,040	6,955
Sign, marking, signal work orders	1,894	3,008	2,562	2,709	3,472	3,270	2,898	2,557	2,617	2,880
Parks and Recreation										
Pavilion rentals	398	355	340	353	342	314	221	399	338	395
Adult participants in City leagues	9,787	12,574	9,480	10,642	8,529	8,307	10,774	822	611	786
Youth participants in City leagues	2,347	2,060	1,887	2,684	1,977	2,690	2,520	2,842	2,946	4,183
Special event participants	185,630	159,457	22,718	123,743	188,980	188,429	201,256	197,805	185,002	170,193
Instructional participants	3,987	2,912	3,148	3,546	3,447	3,581	3,579	3,075	3,432	3,538
Pool customers	98,958	114,319	119,329	130,113	142,154	145,879	132,549	146,805	128,206	142,605
Conference center customers	85,240	87,372	88,239	74,320	70,728	81,289	85,720	70,494	66,950	79,360
Lincoln center participants	51,947	49,071	67,665	68,919	72,794	81,629	82,624	98,869	100,952	93,501
Teen center participants	4,812	17,219	11,178	12,465	13,446	14,582	17,500	9,958	15,798	15,259

Notes: 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									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Planning and Development Services										
Permits processed	*	*	*	6,728	6,604	6,685	6,500	6,575	7,583	6,647
Building inspections performed	9,266	10,045	11,046	14,671	13,364	13,435	13,297	13,069	13,398	13,814
Electric										
Number of connections	28,433	26,169	27,113	33,386	35,421	35,307	36,284	37,590	38,519	37,777
Residential job orders	*	1,740	1,825	1,942	2,505	2,134	1,904	1,422	1,714	2,342
Customer service job orders	*	2,022	2,079	2,144	2,078	2,496	1,561	1,678	1,717	1,928
Average monthly consumption (KWH)	47,217,068	51,604,230	51,409,703	52,466,218	54,820,470	55,673,526	60,413,524	61,910,063	60,766,805	64,724,128
Avg number of outages per customer	1.40	1.64	1.22	1.00	1.33	0.72	0.92	0.31	0.12	0.27
Water										
Number of connections	20,165	21,017	15,524	23,210	29,358	31,038	32,266	33,491	34,763	37,075
New services completed	*	*	1,289	1,440	1,560	1,217	773	931	1,027	1,235
Average monthly consumption (MGW)	316,005	292,000	295,875	262,541	253,259	236,355	283,429	317,438	293,246	324,012
Water meters tested	*	*	893	950	1,025	768	732	1,254	1,174	732
Avg number of outages per customer	*	*	*	0.190	0.003	0.160	0.016	0.039	0.013	0.007
Sewer										
Number of connections	*	*	*	28,399	27,977	28,594	29,694	31,051	32,034	34,743
Average daily sewage treatment (thousands of gallons)	5,498	5,881	6,158	6,669	6,807	6,808	6,220	5,911	6,502	6,626
New services completed	*	*	1,139	1,400	1,540	890	571	646	521	781
Avg number of stoppages per customer	*	*	*	0.015	0.0001	0.003	0.003	0.003	0.003	0.002
Sanitation										
Number of users (units)	23,200	24,360	28,894	23,947	28,215	28,594	28,399	27,181	28,112	29,533
Residential tons collected	14,693	14,999	15,614	17,710	18,057	20,353	23,535	24,964	27,556	22,191
Residential tons recycled	925	1,129	978	941	826	1,082	923	983	1,060	1,199
Commercial tons collected	26,730	30,951	31,376	32,364	33,402	35,355	35,114	35,122	38,402	38,709
Parking garage										
Active contract customers	*	*	*	*	*	*	449	432	472	464
Hourly cash customers	*	*	*	65,612	106,935	97,904	127,608	108,893	109,028	107,584
Notes: Parking garage opened to customers in February 2002.										
Utility Customer Service										
Payments processed	326,166	369,001	379,439	388,579	404,742	408,348	401,891	413,088	423,299	443,766
Incoming calls	85,583	79,741	79,747	79,514	82,018	82,536	82,234	85,728	85,842	97,121
Meters read	459,270	482,920	501,175	525,412	552,949	577,773	598,660	618,676	640,554	670,913

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									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Police										
Patrol units	24	25	25	25	25	25	26	26	29	29
Jail capacity	17	17	17	17	17	17	17	17	17	17
Note: The patrol units figure includes 1 K-9 unit.										
Fire stations	4	4	4	4	4	4	4	4	4	4
Note: The Fire Department operates an additional fire station located at the airport.										
Public Works										
Streets (linear miles)	711	711	711	711	733	353	385	395	429	438
Sidewalks (miles)	30	91	89	89	89	89	97	100	100	100
Traffic signals	49	53	55	57	60	62	62	62	65	66
Storm sewers (miles)	*	*	*	*	*	*	*	72	72	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	1,106	1,127	1,146	1,134	1,214	1,217	1,248	1,274	1,289	1,306
Playunits	35	35	35	35	35	35	35	46	48	47
Softball/baseball fields	19	16	19	19	19	19	25	32	32	35
Soccer fields	22	13	13	19	19	19	26	31	31	29
Jogging/walking trails	19	20	20	20	22	22	26	27	28	29
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	6	6	7	7
Notes: Some parks have multiple playunits. Softball/baseball fields include practice fields.										
Electric										
Maximum capacity (megawatts)	230	250	255	255	255	255	280	260	355	355
Number of substations	3	4	4	4	4	4	4	5	5	5
Distribution lines (miles)	285	290	333	400	414	414	450	394	411	411
Water										
Water mains (miles)	245	262	280	294	311	317	341	365	367	381
Fire hydrants	*	*	*	*	*	2,070	2,165	2,232	2,380	2,453
Number of wells	5	5	5	6	6	6	6	8	8	8
Wells storage capacity (thousands of gallons per day)	19,500	19,500	20,000	19,000	26,000	26,000	28,000	23,000	23,000	23,000
Sewer										
Sanitary sewer lines (miles)	220	232	243	252	262	264	271	279	285	301
Treatment capacity (thousands of gallons per day)	9,500	9,500	9,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500
Sanitation										
Collection trucks	21	21	21	22	23	24	24	24	25	25
Residential collection containers	*	*	*	*	14,413	15,207	15,958	16,647	18,135	19,549
Commercial collection containers	1,132	1,205	1,230	1,383	1,407	1,511	1,545	1,569	1,594	1,619
Fleet number of vehicles	*	*	*	*	585	600	613	627	651	643

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





CITY OF COLLEGE STATION

City Of College Station
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