



# **CITY OF COLUMBUS, TEXAS**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2014**

**Prepared by:  
City's Finance Department**



**CITY OF COLUMBUS, TEXAS**  
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# **INTRODUCTORY SECTION**

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## **The City of Columbus**

P. O. Box 87 · Columbus, Texas 78934 · 979-732-2366 · FAX 979-732-8213

March 19, 2015

To the Honorable Mayor, Members of City Council, and  
Citizens of the City of Columbus, Texas:

State law requires that every general-purpose local government publish at the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended September 30, 2014.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that is established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Pattillo, Brown, & Hill L.L.P., has issued an unmodified (“clean”) opinion on the City of Columbus’ financial statements for the year ended September 30, 2014. The independent auditors’ report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditors’ report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

### ***Profile of the Government***

The City of Columbus was established in 1835, and first incorporated on June 5, 1837. Current incorporation occurred on January 10, 1927. It is located in Colorado County at the intersection of Interstate Highway 10 and State Highway 71, in south central Texas, approximately 70 miles west of Houston, 120 miles east of San Antonio, and 80 miles southeast of Austin. The City currently has a land area of 2 square miles and a population of 3,655. The City of Columbus is a Type A, General Law City and utilizes the Council-Manager form of government organized under Chapter 25 of the Texas Local Government Code. Policy-making and legislative authority are vested in a governing council consisting of a Mayor and five Council members elected by position. The City Council is responsible, among other things, for passing ordinances, adopting the budget, and appointing the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the City and for appointing the heads of the various departments. Council members serve two-year terms, with the Mayor and two Council members elected in odd years and three Council

members elected in even numbered years. The Mayor appoints the Municipal Court Judge, and members of various City committees with the approval of City Council.

The City of Columbus provides a full range of services, including police and fire protection, the construction and maintenance of streets and other infrastructure, a public library and governmental activities. The City of Columbus operates water, sewer, garbage service, and gas utilities. In addition, the City is financially accountable for the activities of the Columbus Community and Industrial Development Corporation, a legally separate entity, which is reported separately within the City of Columbus' financial statements.

The City Council is required to adopt a final budget by no later than the close of the fiscal year. This annual budget serves as the foundation for the City of Columbus' financial planning and control. The budget is prepared by fund, function, department, and object. The City Manager may transfer resources within a fund during a fiscal year. To amend the total expenditures, a budget amendment must be approved by City Council.

### ***Local Economy***

As measured by the City's sales tax, Columbus has experienced economic growth over the past ten years. With sales tax revenues for fiscal year end 2005 of \$634,052 and for the current year of \$865,689, the growth for the period was 37%. The last four years have seen healthy annual increases in the City's sales tax revenue, with an average annual increase of 6.5%. No single large new business has arrived to drive up the City's sales tax revenue. Instead steady, sound growth is being experienced throughout the business sectors. Because of the volatility in the national economy, the City carefully monitors sales tax revenues on a monthly basis, with a goal of identifying new trends.

2013 saw the completion of a new \$14.5 million oil and gas fabricating facility in the City's industrial park. This facility is currently employing 80, with expected expansion to 150. Because of increased demand on the City's natural gas supply made by this facility, the City has obtained a Texas Capital Fund grant to install a new transmission line to the industrial park. This line will not only provide needed volumes to the current facility, but will also be available for future expansion at the park. Construction on this new gas line is expected to begin in 2015. A cable manufacturing company also acquired land in the industrial park in late 2012. They have committed to building a \$1.4 million facility, but have not yet started construction.

The City's advantage lies in the fact that markets will grow to the City from at least three different directions. As this Sun Belt region grows, as the energy sector expands, and as the City's fundamentals improve, Columbus has the potential to be a leading small town in this area for years to come.

### ***Long-term Financial Planning***

The City of Columbus maintains sufficient cash reserves and unreserved fund balances/unrestricted net assets in its general and utility fund to avoid borrowing for general operating purposes and to handle emergency situations, while providing quality service levels to the public.

During fiscal year 2005, the City was successful in obtaining certificates of obligation for \$4.75 million to fund a major Water and Sewer Improvement Project. These funds allowed the City to drill a new water well, install new water and sewer lines throughout the City, and renovate the water and sewer plants. This major project was completed in 2009.

During fiscal year 2013, the City refunded the 2005 certificates of obligation by obtaining general obligation refunding bonds. This advance refunding was undertaken to reduce debt service payments over the next 12 years by \$418,623 and resulted in an economic gain of \$365,887.

During fiscal year 2008, the City obtained certificates of obligation for \$4 million. \$1.2 million of these funds were used for a major renovation of City Hall facilities and the Fire Station. The remaining \$2.8 million of the proceeds from the 2008 certificates of obligation are being utilized to continue improvements to the Water system and to enhance the Gas delivery system. Planned gas system improvements include boosting gas delivery to the City's industrial park, with major funding being provided through a Texas Capital Fund Grant.

During fiscal year 2010, the City refunded the 2008 certificates of obligation by obtaining general obligation refunding bonds. This advance refunding was undertaken to reduce total debt service payments over the next 18 years by \$375,075 and resulted in an economic gain of \$273,381.

During fiscal year 2014, the City entered into a lease agreement in the amount of \$900,000 to finance the purchase of a Automated Meter Reading system, along with updated water and gas meters. This system will provide a means for the City to more effectively monitor and manage the distribution and use of water and gas to its customers, and will also increase billing efficiency.

### ***Relevant Financial Policies***

The City awards its depository contract through official bidding procedures for a two-year period with an option to extend for a year. Industry State Bank was awarded the depository contract which expired September 30, 2014, with a one-year option to renew. The City exercised its option to renew the depository contract with the extension expiring on September 30, 2015.

The City's bank depository agreement requires that all demand deposits and time deposits are secured by pledged collateral with a market value equal to 102 percent of the deposits, less \$250,000, which is insured by the Federal Deposit Insurance Corporation. Evidence of the pledged collateral is maintained by a third party financial institution.

During 2014, the City Council renewed the existing Investment Policy as required by state law and no significant changes were made to the policy.

### ***Major Initiatives***

Technology improvement continues to be a major area of change in the City. The City has implemented technology enhancements with new utility billing, building projects, court, and

financial software systems since 2007. In 2009, a SCADA (Supervisory Control and Data Acquisition) system was installed which allows the City to remotely monitor the water and sewer plants from two selected locations. In 2010, the City purchased Mobile Data Terminals which were placed in the Police patrol units to allow officers to compile reports in the field and to have improved access to information. In 2012, the City installed an automated fuel control management system at its vehicle fueling station. In 2014, as mentioned previously, the City is installing an Automated Meter Reading system for metering customer gas and water usage. Also in 2014, the City's Police Department is updating its records management system to allow integration between the reporting, mobile, and other local agency software. This update will be funded largely with grant moneys.

The Water and Gas Improvement Project, as mentioned earlier, saw the completion of a project to replace water distribution lines in part of the City, and an elevated water tank, which could no longer be used, was demolished. The City has also received a grant to fund the replacement of aerators at its water plants and another to build a dedicated gas line to the industrial park to accommodate increased gas demands there. Construction on both projects will take place in 2015. The water department also saw one of the City's two elevated water storage tanks go through a complete rehabilitation in 2013.

### *Awards and Acknowledgements*

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 Columbus for its comprehensive annual financial report for the fiscal year ended September 30, 2013. This was the eighth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the finance department staff. We wish to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and City Council members for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Columbus' finances.

Respectively submitted,



Donald Warschak, PE  
City Manager



Linda Lakich, CPA  
Finance Director/City Secretary



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Columbus  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2013**

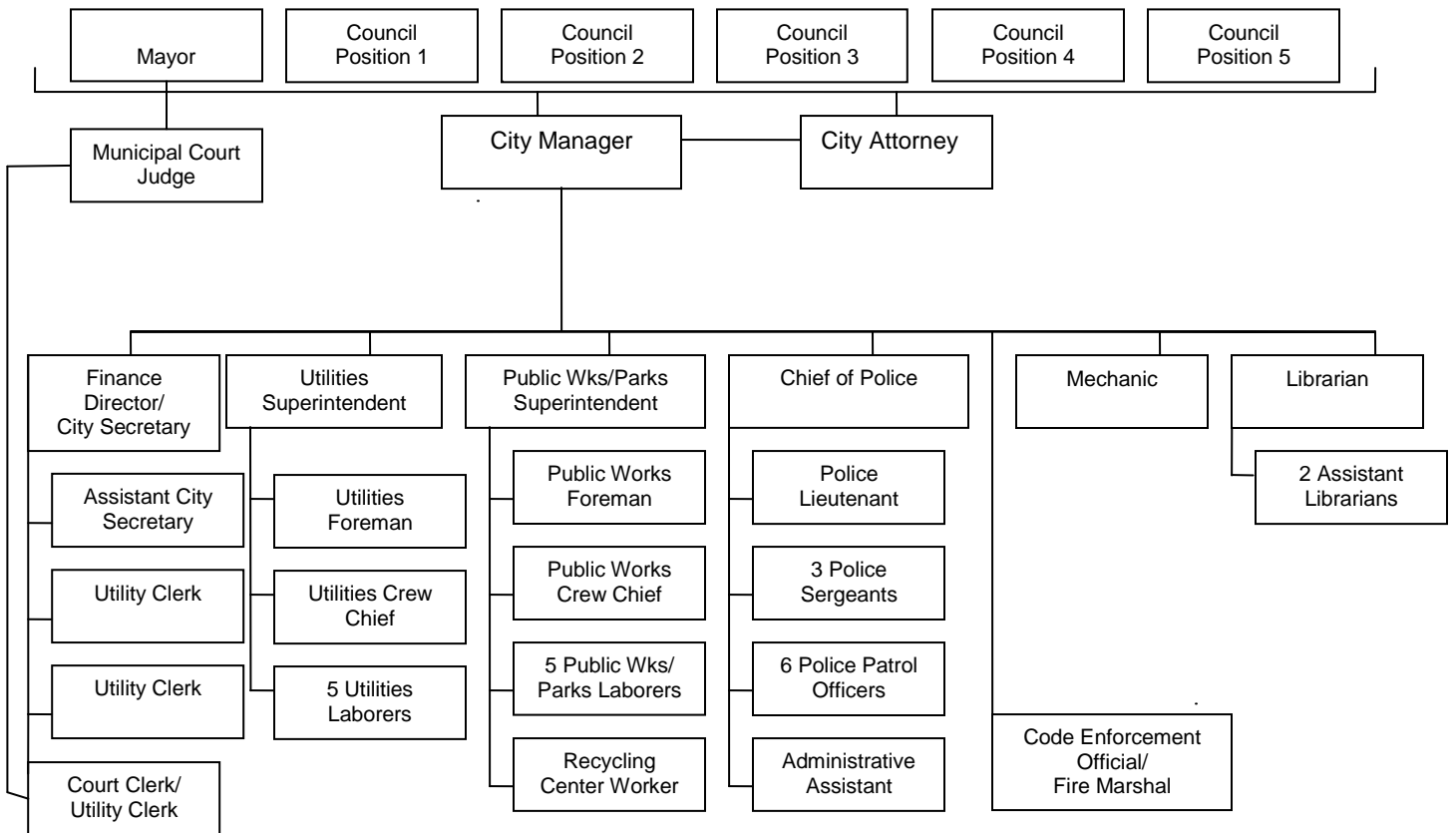
Executive Director/CEO

# CITY OF COLUMBUS, TEXAS

## ORGANIZATIONAL CHART

SEPTEMBER 30, 2014

### City Council



# CITY OF COLUMBUS, TEXAS

## LIST OF PRINCIPAL OFFICIALS

SEPTEMBER 30, 2014

Title	Name
Mayor	Dwain Dungen
Councilman (Mayor Pro-Tem)	Curtiss Schonenberg
Councilman	Steve Woodall
Councilwoman	Lori An Gobert
Councilman	Eduardo Hernandez
Councilman	Chuck Rankin
City Manager	Donald Warschak
City Secretary/Finance Director	Linda Lakich
Police Chief	William Lattimore
Fire Chief	Doyle "Dusty" Dittmar
Parks/Public Works Supervisor	Michael Poncik
Utility Supervisor	Jody Ripper
Fire Marshall/Building Inspector	Ford Stein
Library Director	Susan Chandler
Municipal Court Judge	Leonard Peters

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# **FINANCIAL SECTION**

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P A T T I L L O , B R O W N & H I L L , L . L . P .  
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

## INDEPENDENT AUDITORS' REPORT

The Honorable Mayor  
and Members of City Council  
City of Columbus, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Columbus, Texas, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Columbus, Texas, as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principle***

As discussed in Note I to the financial statements, in 2014 the City adopted new accounting guidance, GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the TMRS schedule of funding progress on pages 4–12 and 39–42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Columbus, Texas' basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2015, on our consideration of the City of Columbus, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Columbus, Texas' internal control over financial reporting and compliance.

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

Waco, Texas  
March 19, 2015

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**MANAGEMENT'S  
DISCUSSION AND ANALYSIS**

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# **CITY OF COLUMBUS, TEXAS**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**SEPTEMBER 30, 2014**

As management of the City of Columbus, Texas (the "City"), we offer readers of the City financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2014. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this section.

### **FINANCIAL HIGHLIGHTS**

- The assets of the City for its governmental and business-type activities exceeded its deferred outflows of resources and liabilities at the close of the fiscal year by \$8,272,751. Of this amount, \$4,436,109 are capital assets, net of related debt, \$497,101 was restricted for Economic Development. \$3,339,541 is unrestricted and to be used in accordance with finance related legal requirements reflected in the City's fund structure.
- The City's total net position increased by \$150,799. A major contributing factor in this increase is attributable to the increase in grant funds and sales tax. Grant funds increased \$124,023 and sales tax increased \$39,037.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,720,698, an increase of \$270,223 in comparison with the prior year. Approximately 51% of this total, or \$878,471 is available for spending at the City's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$878,471 or 34% percent of total General Fund expenditures for the fiscal year.
- The City's total governmental long-term debt decreased by \$63,228 (6%) during the current fiscal year due to scheduled payments of the 2010 General Obligation Bonds.

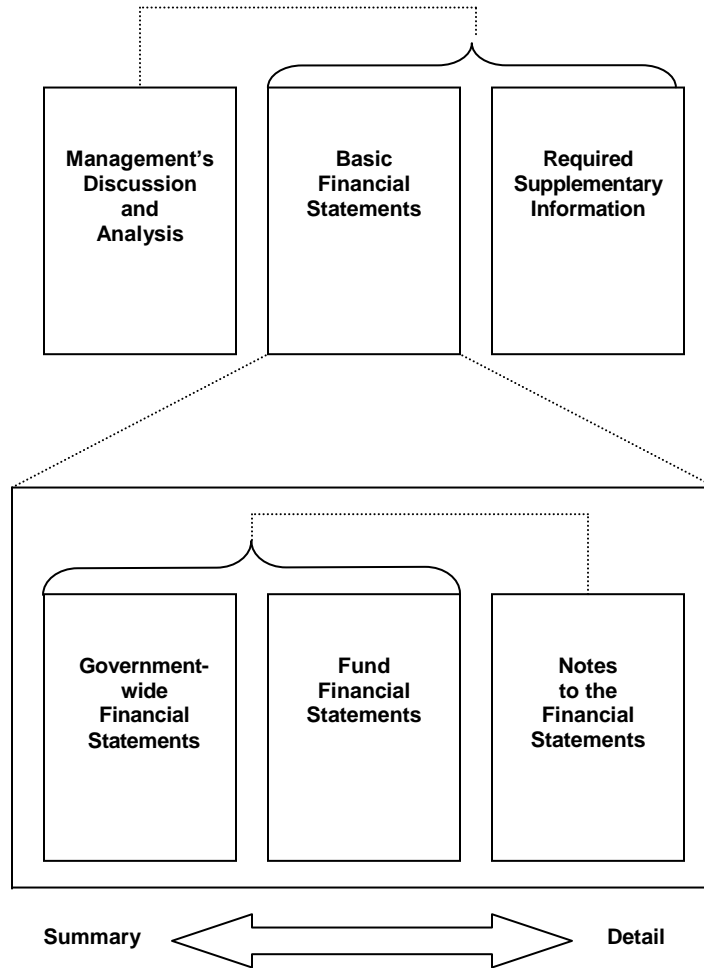
### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the City of Columbus' basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City of Columbus.

# REQUIRED COMPONENTS OF ANNUAL FINANCIAL REPORT

**Figure 1**

Figure A-1, Required Components of the City's Annual Financial Report



## Basic Financial Statements

The first two statements in the basic financial statements are the *government-wide financial statements*. They provide both short and long-term information about the City's financial status.

The next statements are *fund financial statements*. These statements focus on the activities of the individual parts of city government. These statements provide more detail than the government-wide statements. There are two parts to the fund financial statements: 1) the governmental funds statements; and 2) the proprietary fund statements.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the City's individual funds. Budgetary information can be found in the required supplementary section of the report.

## **Government-wide Financial Statements**

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The two government-wide statements report the City's net position and how they have changed. Net position is the difference between the City's total assets, deferred outflows/inflows of resources and total liabilities. Measuring net position is one way to gauge the City's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) discretely presented component unit. The governmental activities encompass most of the City's basic services such as public safety, public health, parks and recreation, and general administration. Property taxes, sales taxes and state and federal grant funds finance most of these activities. The business-type activities are those in which the City charges customers to provide services. These include the water, sewer, garbage service, and gas offered by the City. The final category is the component unit. The City of Columbus has one component unit. Although legally separate from the City, the Columbus Community and Industrial Development Corporation is fiscally dependent upon the City and the City exercises control over the organization by appointing its members.

## **Fund Financial Statements**

The fund financial statements (see Figure 2) provide a more detailed look at the City's most significant activities. 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 all other governmental entities, uses fund accounting to ensure and reflect compliance with finance-related legal requirements, such as the general statutes or the City's budget ordinance. All of the funds of the City can be divided into two categories: 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 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 evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental 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.

The City maintains seven individual governmental funds. 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, which is considered to be a major fund. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

***Proprietary Funds.*** The City has one kind of proprietary fund. Its Enterprise Fund is used to report the same programs presented as business-type activities in the government-wide financial statements. The City uses its Enterprise Fund (the Utility Fund) to account for its water, sewer, garbage and gas operations. This fund is the same as those programs shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Unrestricted net position of the water, sewer, garbage and gas departments at the end of the fiscal year amounted to \$2,115,984. The total increase in unrestricted net position was \$72,946. Other factors concerning the finances of this fund are addressed later in the discussion of the City's business-type activities.

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

***Other Information.*** In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information (RSI) concerning the City's progress in funding its obligation to provide pension benefits to its employees. Schedules comparing actual results with the original budget and the final amended budget for the City's General Fund are also presented in the RSI section. RSI can be found after the notes on pages 39 – 42 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 43 – 50 of this report.

**City of Columbus' Net Position**  
**Figure 2**

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 1,994,847	\$ 1,615,433	\$ 3,507,588	\$ 2,886,897	\$ 5,502,435	\$ 4,502,330
Capital assets	<u>2,409,522</u>	<u>2,379,561</u>	<u>7,911,783</u>	<u>8,269,131</u>	<u>10,321,305</u>	<u>10,648,692</u>
Total assets	<u>4,404,369</u>	<u>3,994,994</u>	<u>11,419,371</u>	<u>11,156,028</u>	<u>15,823,740</u>	<u>15,151,022</u>
Deferred outflows of resources	-	-	173,910	189,636	173,910	189,636
Current and other liabilities	251,063	116,004	301,063	386,001	552,126	502,005
Long-term liabilities	<u>949,128</u>	<u>1,012,356</u>	<u>6,223,645</u>	<u>5,704,345</u>	<u>7,172,773</u>	<u>6,716,701</u>
Total liabilities	<u>1,200,191</u>	<u>1,128,360</u>	<u>6,524,708</u>	<u>6,090,346</u>	<u>7,724,899</u>	<u>7,218,706</u>
Net position:						
Net investment						
in capital assets	1,483,520	1,395,779	2,952,589	3,212,280	4,436,109	4,608,059
Restricted	497,101	285,550	-	-	497,101	285,550
Unrestricted	<u>1,223,557</u>	<u>1,185,305</u>	<u>2,115,984</u>	<u>2,043,038</u>	<u>3,339,541</u>	<u>3,228,343</u>
Total net position	<u>\$ 3,204,178</u>	<u>\$ 2,866,634</u>	<u>\$ 5,068,573</u>	<u>\$ 5,255,318</u>	<u>\$ 8,272,751</u>	<u>\$ 8,121,952</u>

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the City of Columbus exceeded liabilities by \$8,272,751 as of September 30, 2014. The City's net position increased by \$150,799 for the fiscal year ended September 30, 2014. Net investment in capital assets of \$4,436,109 accounts for the greatest portion (54%) of net position.

An additional portion of the City's net position (6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$3,339,541 is unrestricted and may be used to meet the government's ongoing obligations.

Several particular aspects of the City's financial operations positively influenced the total unrestricted governmental net position:

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 98%.
- Recovering City sales tax revenues mirrored those of the State of Texas and national economic trends.

**City of Columbus' Changes in Net Position**  
**Figure 3**

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 133,308	\$ 154,370	\$ 3,439,585	\$ 3,062,613	\$ 3,572,893	\$ 3,216,983
Operating grants and contributions	211,482	123,134	-	-	211,482	123,134
Capital grants and contributions	-	-	125,675	90,000	125,675	90,000
<b>General revenues:</b>						
Property taxes	712,022	687,308	-	-	712,022	687,308
Other taxes	1,398,670	1,359,633	-	-	1,398,670	1,359,633
Other	32,915	44,297	26,523	36,628	59,438	80,925
<b>Total revenues</b>	<b>2,488,397</b>	<b>2,368,742</b>	<b>3,591,783</b>	<b>3,189,241</b>	<b>6,080,180</b>	<b>5,557,983</b>
<b>Expenses:</b>						
General government	419,265	453,776	-	-	419,265	453,776
Public safety	1,148,463	1,133,864	-	-	1,148,463	1,133,864
Public health	72,318	82,154	-	-	72,318	82,154
Public works	436,314	486,505	-	-	436,314	486,505
Culture and recreation	503,013	497,033	-	-	503,013	497,033
Economic development	66,034	257,954	-	-	66,034	257,954
Interest on long-term debt	37,896	37,951	-	-	37,896	37,951
Water	-	-	869,803	1,123,341	869,803	1,123,341
Sewer	-	-	585,847	559,944	585,847	559,944
Garbage	-	-	768,391	723,904	768,391	723,904
Gas	-	-	868,726	643,572	868,726	643,572
<b>Total expenses</b>	<b>2,683,303</b>	<b>2,949,237</b>	<b>3,092,767</b>	<b>3,050,761</b>	<b>5,776,070</b>	<b>5,999,998</b>
Increase (decrease) in net position before transfers	( 194,906)	( 580,495)	499,016	138,480	304,110	( 442,015)
Transfers	563,228	539,745	( 563,228)	( 539,745)	-	-
Change in net position	368,322	( 40,750)	( 64,212)	( 401,265)	304,110	( 442,015)
Net position, beginning	2,866,634	2,907,384	5,255,318	5,656,583	8,121,952	8,563,967
Prior period adjustment	( 30,778)	-	( 122,533)	-	( 153,311)	-
Net position, beginning, restated	2,835,856	2,907,384	5,132,785	5,656,583	7,968,641	8,563,967
Net position, ending	\$ 3,204,178	\$ 2,866,634	\$ 5,068,573	\$ 5,255,318	\$ 8,272,751	\$ 8,121,952

**Governmental Activities.** Governmental activities increased the City's net position by \$337,544.

Key elements of this increase are as follows:

- Public Works expenses decreased \$50,191 (10%). This decrease was largely due to the level of street repair and maintenance that was performed in the prior year, and a reduction in labor costs due to employee turnover in the current year.
- Economic Development expenses decreased \$191,920 (74%) due to the purchase of property located adjacent to the County Courthouse square using Hotel Occupancy Tax funds in the prior year. The City has plans to develop this property into a Visitors Center with public restrooms.

**Business-type Activities.** Business-type activities decreased the City of Columbus' net position by \$186,745.

Key elements of this decrease are as follows:

- The decrease in net position was largely attributable to a prior period adjustment due to a change in accounting policy relating to reporting of bond issuance by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 65, Items Previously Reported as Assets and Liabilities, in 2014. The amount was \$122,533.

### **Financial Analysis of the City's Funds**

As noted earlier, 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 usable resources. Such information is useful in assessing the City's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$878,471. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 34% percent of total General Fund expenditures.

The fund balance of the City's General Fund increased by \$33,943 during the current fiscal year. This increase is a result of the City's intention to budget appropriations equal to revenues to maintain the City's fund balance.

The fund balance of the Hotel/Motel Tax Fund increased by \$212,171 or 74% during the current fiscal year. This increase is a result of the City not committing as much funds for grants to entities for economic development in the current year.

**Proprietary Fund.** The City's Utility Fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Utility Fund at the end of the year amounted to \$2,115,984. The total decrease in net position was \$64,212. Other factors concerning the finances of the Utility Fund have already been addressed in the discussion of the City's business-type activities.

**General Fund Budgetary Highlights.** During the fiscal year, the City revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as federal and state grants; and 3) increases in appropriations that become necessary to maintain services.

Budgeted revenues increased due to funding from library grants (\$13,000), library donations (\$1,267), and grant revenue (\$72,500).

Budgeted expenditures increased \$86,767 as supplemental appropriations were needed for the following: \$13,000 for library books, audio visuals, and supplies, \$72,500 for sidewalk improvements in the downtown area.

**Capital Asset and Debt Administration**

**Capital Assets.** The City of Columbus’ investment in capital assets for its governmental and business-type activities as of September 30, 2014, totals \$10,321,305 (net of accumulated depreciation). These assets include land, buildings and improvements, distribution and collection systems, machinery and equipment, and construction in progress.

**City of Columbus’ Capital Assets  
Figure 4**

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 461,086	\$ 461,086	\$ 24,183	\$ 24,183	\$ 485,269	\$ 485,269
Buildings and improvements	2,720,943	2,720,943	581,700	581,700	3,302,643	3,302,643
Distribution and collection systems	-	-	14,425,044	14,461,319	14,425,044	14,461,319
Machinery and equipment	2,785,483	2,755,413	777,682	713,816	3,563,165	3,469,229
Construction in progress	180,073	9,584	136,228	84,526	316,301	94,110
Accumulated depreciation	( 3,738,063)	( 3,567,465)	( 8,033,054)	( 7,596,413)	(11,771,117)	( 11,163,878)
	<u>\$ 2,409,522</u>	<u>\$ 2,379,561</u>	<u>\$ 7,911,783</u>	<u>\$ 8,269,131</u>	<u>\$ 10,321,305</u>	<u>\$ 10,648,692</u>

Major capital asset events during the year included the following:

- Purchase of a new police vehicle for \$39,719.
- Aerators for \$41,148.
- Circulation pump for the pool for \$5,344.
- Improvements to the visitor’s center for \$8,810
- Downtown sidewalk improvements for \$161,679.
- John Deere Tractor for \$25,383.
- Gas line additions for \$10,553.

Additional information on the City’s capital assets can be found in the notes to the basic financial statements.

**Long-term Debt.** As of September 30, 2014, the City of Columbus had total long-term certificates of obligation outstanding of \$6,054,999. This debt is backed by the full faith and credit of the City.



**City of Columbus' Outstanding Debt**  
**Figure 5**

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Certificates of obligation	\$ -	\$ -	\$ -	\$ 220,000	\$ -	\$ 220,000
Refunding general obligation bonds	<u>926,002</u>	<u>983,782</u>	<u>5,128,997</u>	<u>5,276,217</u>	<u>6,054,999</u>	<u>6,259,999</u>
	<u>\$ 926,002</u>	<u>\$ 983,782</u>	<u>\$ 5,128,997</u>	<u>\$ 5,496,217</u>	<u>\$ 6,054,999</u>	<u>\$ 6,479,999</u>

The City's total debt decreased by \$425,000 (6.6%) during the current fiscal year. The key factor in this decrease was scheduled bond payments were made.

Additional information regarding the City of Columbus' long-term debt can be found in the notes to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- The unemployment rate for Colorado County is currently 4.0 percent (Columbus is the largest of the three incorporated cities in the county), which is a small decrease from a rate of 5.2 percent a year ago. This compares favorably to the state's average unemployment rate of 4.1 percent and the national average rate of 5.9 percent.
- Inflationary trends in the region compare favorably to national indices.
- The State Comptroller reported an increase of 5.4 percent in taxable sales for the City. Sales tax revenue has increased 36.5 percent since 2005. The City expects sales tax revenue growth to continue to remain strong with an increase of 3% budgeted for 2015.
- Property tax values continue to climb in Colorado County and the region in general. Real property values in the City of Columbus increased \$2,116,423 from the prior year. Values have increased 48.5 percent from 2005. The City's overall property tax rate remained the same for the 2015 budget.
- For the 2015 Budget, the City did not increase water, sewer and gas rates. With the coming installation of new water and gas meters, it was decided that improved measurement would give the City an effective increase in billing. Additionally, there was an increase in all rates during the prior budget year. The City's utility rates continue to remain low in comparison to cities of comparable size.

All of these factors were considered in preparing the City's budget for the 2015 fiscal year.

**REQUESTS FOR INFORMATION**

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director/City Secretary, P. O. Box 87, Columbus, Texas 78934, 979/732-2366, [www.columbus-texas.net](http://www.columbus-texas.net).

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**BASIC  
FINANCIAL STATEMENTS**

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**CITY OF COLUMBUS, TEXAS**

**STATEMENT OF NET POSITION**

**SEPTEMBER 30, 2014**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Unit Columbus Industrial Development Corporation</u>
<b>ASSETS</b>				
Cash and investments	\$ 1,534,772	\$ 1,919,441	\$ 3,454,213	\$ 926,134
Receivable (net of allowances for estimated uncollectibles)				
Taxes	347,229	-	347,229	79,770
Other	9,390	356,796	366,186	-
Due from other governments	66,216	19,380	85,596	
Internal balances	37,240	( 37,240)	-	-
Investment in land	-	-	-	283,950
Restricted assets:				
Cash and investments	-	1,249,211	1,249,211	-
Capital assets:				
Non-depreciable	641,159	160,411	801,570	-
Depreciable, net	<u>1,768,363</u>	<u>7,751,372</u>	<u>9,519,735</u>	<u>-</u>
Total assets	<u>4,404,369</u>	<u>11,419,371</u>	<u>15,823,740</u>	<u>1,289,854</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Deferred charge on refunding	<u>-</u>	<u>173,910</u>	<u>173,910</u>	<u>32,940</u>
Total deferred outflow of resources	<u>-</u>	<u>173,910</u>	<u>173,910</u>	<u>32,940</u>
<b>LIABILITIES</b>				
Accounts payable	193,756	124,559	318,315	11,806
Accrued payroll	34,044	13,111	47,155	-
Unearned revenue	19,250	-	19,250	-
Accrued interest	4,013	19,048	23,061	17,572
Customer deposits	-	144,345	144,345	-
Noncurrent liabilities:				
Due within one year	63,562	563,199	626,761	105,591
Due in more than one year	<u>885,566</u>	<u>5,660,446</u>	<u>6,546,012</u>	<u>1,154,235</u>
Total liabilities	<u>1,200,191</u>	<u>6,524,708</u>	<u>7,724,899</u>	<u>1,289,204</u>
<b>NET POSITION</b>				
Net investment in capital assets	1,483,520	2,952,589	4,436,109	-
Restricted for:				
Economic development	497,101	-	497,101	-
Debt service	-	-	-	131,040
Unrestricted	<u>1,223,557</u>	<u>2,115,984</u>	<u>3,339,541</u>	<u>( 97,450)</u>
Total net position	<u>\$ 3,204,178</u>	<u>\$ 5,068,573</u>	<u>\$ 8,272,751</u>	<u>\$ 33,590</u>

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

**CITY OF COLUMBUS, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 419,265	\$ 20,217	\$ 66,216	\$ -
Public safety	1,148,463	92,136	7,991	-
Public health	72,318	-	-	-
Public works	436,314	-	-	-
Culture and recreation	503,013	20,955	18,457	-
Economic development	66,034	-	118,818	-
Interest on long-term debt	37,896	-	-	-
Total governmental activities	<u>2,683,303</u>	<u>133,308</u>	<u>211,482</u>	<u>-</u>
Business-type activities:				
Water	869,803	838,031	-	125,675
Sewer	585,847	721,118	-	-
Garbage	768,391	856,312	-	-
Gas	868,726	1,024,124	-	-
Total business-type activities	<u>3,092,767</u>	<u>3,439,585</u>	<u>-</u>	<u>125,675</u>
Total primary government	<u>\$ 5,776,070</u>	<u>\$ 3,572,893</u>	<u>\$ 211,482</u>	<u>\$ 125,675</u>
Component unit:				
Columbus Community Industrial Development Corporation	<u>\$ 292,419</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:  
Property taxes  
Sales taxes  
Hotel occupancy tax  
Franchise taxes  
Alcoholic beverage taxes  
Interest revenue  
Gain on sale of capital assets  
Miscellaneous

Transfers  
Total general revenues and transfers

Change in net position

Net position, beginning

Prior period adjustment

Net position, beginning, as restated

Net position, ending

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

Net (Expenses) Revenues and Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Columbus Industrial Development Corporation
\$( 332,832)	\$ -	\$( 332,832)	\$ -
( 1,048,336)	-	( 1,048,336)	-
( 72,318)	-	( 72,318)	-
( 436,314)	-	( 436,314)	-
( 463,601)	-	( 463,601)	-
52,784	-	52,784	-
( 37,896)	-	( 37,896)	-
<u>( 2,338,513)</u>	<u>-</u>	<u>( 2,338,513)</u>	<u>-</u>
-	93,903	93,903	-
-	135,271	135,271	-
-	87,921	87,921	-
<u>-</u>	<u>155,398</u>	<u>155,398</u>	<u>-</u>
<u>-</u>	<u>472,493</u>	<u>472,493</u>	<u>-</u>
<u>( 2,338,513)</u>	<u>472,493</u>	<u>( 1,866,020)</u>	<u>-</u>
			<u>( 292,419)</u>
712,022	-	712,022	-
865,689	-	865,689	432,845
274,796	-	274,796	-
247,048	-	247,048	-
11,137	-	11,137	-
15,493	26,382	41,875	1,304
329	-	329	-
17,093	141	17,234	800
<u>563,228</u>	<u>( 563,228)</u>	<u>-</u>	<u>-</u>
<u>2,706,835</u>	<u>( 536,705)</u>	<u>2,170,130</u>	<u>434,949</u>
368,322	( 64,212)	304,110	142,530
<u>2,866,634</u>	<u>5,255,318</u>	<u>8,121,952</u>	<u>( 48,746)</u>
<u>( 30,778)</u>	<u>( 122,533)</u>	<u>( 153,311)</u>	<u>( 60,194)</u>
<u>2,835,856</u>	<u>5,132,785</u>	<u>7,968,641</u>	<u>( 108,940)</u>
<u>\$ 3,204,178</u>	<u>\$ 5,068,573</u>	<u>\$ 8,272,751</u>	<u>\$ 33,590</u>

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**CITY OF COLUMBUS, TEXAS**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2014**

	<u>General</u>	<u>Hotel/Motel Tax</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and investments	\$ 759,830	\$ 429,816	\$ 345,126	\$ 1,534,772
Receivables, net				
Taxes	274,923	69,959	2,347	347,229
Accounts	9,390	-	-	9,390
Due from other governments	66,216	-	-	66,216
Due from other funds	<u>37,240</u>	<u>-</u>	<u>-</u>	<u>37,240</u>
Total assets	<u>1,147,599</u>	<u>499,775</u>	<u>347,473</u>	<u>1,994,847</u>
<b>LIABILITIES</b>				
Accounts payable	191,082	2,674	-	193,756
Accrued payroll	34,044	-	-	34,044
Unearned revenue	<u>19,250</u>	<u>-</u>	<u>-</u>	<u>19,250</u>
Total liabilities	<u>244,376</u>	<u>2,674</u>	<u>-</u>	<u>247,050</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	15,362	-	2,347	17,709
Unavailable revenue - court fines	<u>9,390</u>	<u>-</u>	<u>-</u>	<u>9,390</u>
Total deferred inflows of resources	<u>24,752</u>	<u>-</u>	<u>2,347</u>	<u>27,099</u>
<b>FUND BALANCES:</b>				
Restricted for:				
Economic development	-	497,101	-	497,101
Debt service	-	-	666	666
Assigned for equipment	-	-	344,460	344,460
Unassigned	<u>878,471</u>	<u>-</u>	<u>-</u>	<u>878,471</u>
Total fund balances	<u>878,471</u>	<u>497,101</u>	<u>345,126</u>	1,720,698
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,147,599</u>	<u>\$ 499,775</u>	<u>\$ 347,473</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,409,522
Other long-term assets are not available to pay for current period expenditures and, therefore are deferred in the funds.	
Unavailable property tax revenue	17,709
Unavailable municipal court revenue	9,390
Long-term liabilities such as certificates of obligation and compensated absences are not due and payable in the current period and therefore are not reported in the funds.	
Interest payable	( 4,013)
Compensated absences	( 23,126)
Certificates of obligation	<u>( 926,002)</u>
Net position of governmental activities	<u>\$ 3,204,178</u>

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

**CITY OF COLUMBUS, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	General	Hotel/Motel Tax	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Property taxes	\$ 616,034	\$ -	\$ 94,293	\$ 710,327
Sales taxes	876,826	-	-	876,826
Franchise taxes	247,048	-	-	247,048
Hotel occupancy tax	-	274,796	-	274,796
Licenses and permits	17,175	-	-	17,175
Fines and forfeitures	94,229	-	-	94,229
Charges for services	17,886	-	-	17,886
Intergovernmental	210,025	-	-	210,025
Investment earnings	6,950	3,409	5,134	15,493
Miscellaneous	19,640	-	-	19,640
Total revenues	2,105,813	278,205	99,427	2,483,445
<b>EXPENDITURES</b>				
Current:				
General government	394,178	-	-	394,178
Public safety	1,051,456	-	-	1,051,456
Public health	72,282	-	-	72,282
Public works	415,204	-	-	415,204
Culture and recreation	474,920	-	-	474,920
Economic development	-	66,034	-	66,034
Debt service:				
Principal	-	-	57,780	57,780
Interest and other charges	-	-	38,183	38,183
Capital outlay	206,742	-	-	206,742
Total expenditures	2,614,782	66,034	95,963	2,776,779
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>( 508,969)</b>	<b>212,171</b>	<b>3,464</b>	<b>( 293,334)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	565,233	-	49,150	614,383
Transfers out	( 22,650)	-	( 28,505)	( 51,155)
Sale of capital assets	329	-	-	329
Total other financing sources (uses)	542,912	-	20,645	563,557
<b>NET CHANGE IN FUND BALANCES</b>	33,943	212,171	24,109	270,223
<b>FUND BALANCES, BEGINNING</b>	844,528	284,930	321,017	1,450,475
<b>FUND BALANCES, ENDING</b>	\$ 878,471	\$ 497,101	\$ 345,126	\$ 1,720,698

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

**CITY OF COLUMBUS, TEXAS**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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

Net change in fund balances - total governmental funds	\$ 270,223
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital outlay	215,552
Depreciation	( 185,591)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Unavailable tax revenue	1,695
Unavailable municipal court revenue	2,928
<p>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 position. Also, governmental funds report the effect of issuance costs, premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>	
Bond principal payments	57,780
<p>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.</p>	
Compensated absences	5,448
Accrued interest	<u>287</u>
Change in net position of governmental activities.	<u>\$ 368,322</u>

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

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**CITY OF COLUMBUS, TEXAS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**SEPTEMBER 30, 2014**

	<u>Utility Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 1,919,441
Investments	
Due from other funds	
Accounts receivable, net	356,796
Due from other governments	19,380
Restricted assets:	
Cash and cash equivalents	<u>1,249,211</u>
Total current assets	3,544,828
Noncurrent assets:	
Capital assets:	
Non-depreciable	160,411
Depreciable, net	<u>7,751,372</u>
Total noncurrent assets	<u>7,911,783</u>
Total assets	<u>11,456,611</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on refunding	<u>173,910</u>
Total deferred outflows of resources	<u>173,910</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	124,559
Accrued payroll	13,111
Due to other funds	37,240
Accrued interest	19,048
Customer deposits	144,345
Bonds payable - current	388,572
Notes payable - current	170,817
Compensated absences	<u>3,810</u>
Total current liabilities	901,502
Noncurrent liabilities:	
Bonds payable	4,919,833
Notes payable	729,183
Compensated absences	<u>11,430</u>
Total noncurrent liabilities	<u>5,660,446</u>
Total liabilities	<u>6,561,948</u>
<b>NET POSITION</b>	
Net investment in capital assets	2,952,589
Unrestricted	<u>2,115,984</u>
Total net position	<u>\$ 5,068,573</u>

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

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**CITY OF COLUMBUS, TEXAS**

**STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION**

**PROPRIETARY FUND**

**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Utility Fund</u>
<b>OPERATING REVENUES</b>	
Charges for sales and services:	
Water sales	\$ 838,031
Sewer charges	721,118
Garbage fees	856,312
Gas sales	1,024,124
Other	<u>141</u>
Total operating revenues	<u>3,439,726</u>
<b>OPERATING EXPENSES</b>	
Personnel	648,405
Maintenance and operations	1,773,962
Depreciation	<u>487,337</u>
Total operating expenses	<u>2,909,704</u>
<b>OPERATING INCOME</b>	<u>530,022</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest income	26,382
Gain (loss) on the sale of assets	( 26,958)
Interest and other charges	<u>( 156,105)</u>
Total nonoperating revenues (expenses)	<u>( 156,681)</u>
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	373,341
Capital contributions	125,675
Transfers in	505
Transfers out	<u>( 563,733)</u>
<b>CHANGE IN NET POSITION</b>	( 64,212)
<b>NET POSITION, BEGINNING</b>	<u>5,255,318</u>
<b>PRIOR PERIOD ADJUSTMENT</b>	<u>( 122,533)</u>
<b>NET POSITION, BEGINNING, AS RESTATED</b>	<u>5,132,785</u>
<b>NET POSITION, ENDING</b>	<u>\$ 5,068,573</u>

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

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**CITY OF COLUMBUS, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Utility Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 3,446,507
Cash paid to suppliers	( 1,866,179)
Cash paid to employees	( 643,602)
Net cash provided by operating activities	936,726
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfer from other funds	505
Transfer to other funds	( 563,733)
Net cash used by noncapital financing activities	( 563,228)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Capital contributions - intergovernmental	125,675
Proceeds from issuance of long-term debt	900,000
Purchase of capital assets	( 156,947)
Principal paid on capital debt	( 362,220)
Interest and other charges paid on debt	( 163,043)
Net cash provided by capital and related financing activities	343,465
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received	26,382
Net cash provided by investing activities	26,382
<b>NET INCREASE IN CASH AND EQUIVALENTS</b>	743,345
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	2,425,307
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	\$ 3,168,652
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Net operating income	\$ 530,022
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	487,337
(Increase) decrease in accounts receivable	( 8,658)
(Increase) decrease in due from other governments	( 19,380)
Increase (decrease) in accounts payable	( 92,217)
Increase (decrease) in accrued payroll	1,931
Increase (decrease) in due to other funds	28,159
Increase (decrease) in compensated absences	2,872
Increase (decrease) in customer deposits	6,660
Net cash provided by operations	\$ 936,726

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

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# CITY OF COLUMBUS, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Columbus have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below:

#### A. The Reporting Entity

The City of Columbus was incorporated under the laws of the State of Texas in 1927 and operates under a Manager-Council form of government. The following services are provided by the City: public safety (police and fire), public works (streets and drainage), parks and recreation, and utilities (water, sewer, garbage, and natural gas).

The accompanying financial statements present the City and its component unit, an entity for which the City is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statement to emphasize that it is legally separate from the City.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB). The more significant accounting policies of the City are described below:

The following component unit is discretely presented:

*The Columbus Community Industrial and Development Corporation* (the "Corporation") is a nonprofit corporation organized pursuant to the provisions of the Development Corporation Act of 1979, and is responsible for promoting, assisting and enhancing economic development activities within the City's jurisdiction. The members of the Corporation's governing board are appointed by the Mayor and approved by the City Council. The Corporation is fiscally dependent upon the City as the City levied a ½ cent sales and use tax for the benefit of the Corporation.

Financial statements for the individual component unit may be obtained at the entity's administrative offices:

Columbus Community and Industrial  
Development Corporation  
P. O. Box 87  
Columbus, Texas 78934

**B. Government-wide Financial Statements**

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the City. The effect of interfund activity, within the governmental and business-type activities columns, 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 of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given program; and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The City segregates transactions related to certain functions or activities into separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all nonmajor funds are aggregated and presented in a single column.

**C. Measurement Focus/Basis of Accounting**

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 imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, licenses, charges for service, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year-end on behalf of the government are also recognized as revenue. All other governmental fund revenues are considered to be measurable and available only when cash is received by the City.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources.

The City reports the following major governmental funds:

The **General Fund** is the operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. 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 **Hotel Occupancy Tax Fund** is used to collect Hotel/Motel taxes which are used to support trade and tourism in the City. Revenue derived from hotel occupancy taxes is legally restricted to certain expenditures such as those expenditures associated with promotion of tourism.

The City has presented the following major proprietary fund:

The **Utility Fund** is used to account for the provision of water, sewer, natural gas services, and garbage collection to the residents of the City. Activities of the fund include administration, operations and maintenance of the water, sewer, and natural gas systems and billing and collection activities for garbage collection. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary's principal ongoing operations. Operating expenses for the proprietary fund include the cost of sales and services, administrative services, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. The City has selected the option to not follow private sector standards of accounting and financial reporting issued subsequent to November 30, 1989, for its propriety activities.

#### **D. Cash and Investments**

The City pools cash resources of its Governmental and Utility Funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing deposits and disclosed as part of the City's deposits and investments.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the City, as well as for its component unit, the Corporation, are reported at fair value. The Texas Cooperative Liquid Assets Securities System (Texas CLASS) and the Texas Local Government Investment Cooperative (LOGIC) pools operate in accordance with state laws and regulations. The reported value of the pools is the same as the fair value of the pool shares.

#### **E. Investment in Land**

The City's component unit reports land for resale at historical cost.

#### **F. Interfund Receivables and Payables**

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

#### **G. Interfund Services Provided and Used**

Interfund services provided and used are sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are recognized as revenues and expenditures (or expenses) in the funds involved just as they would be recognized if the transactions involved organizations outside the governmental unit.

#### **H. Restricted Assets**

Certain assets of the City are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by debt covenants.

## I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. General infrastructure assets acquired prior to October 1, 2003, are not reported in the basic financial statements.

Assets capitalized, not including infrastructure assets, have an original cost of \$1,000 or more and a useful life of over one year.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

<u>Assets</u>	<u>Years</u>
Buildings	20-50
Improvements	10-50
Machinery and equipment	5-20

## J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has only one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in both the government-wide Statement of Net Position and the Statement of Net Position – Proprietary Funds. A deferred charge on bond refunding results when the reacquisition price of the refunded debt exceeds the carrying value. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet.

## **K. Compensated Absences**

Fulltime permanent employees are granted vacation benefits in increasing amounts depending on their years of service with the City. Generally, vacation leave may not be accumulated or carried over. Earned vacation leave not used by the employee's anniversary hire date will be lost as vacation leave and converted to sick leave. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Accumulated sick leave is for the sole purpose of permitting an employee to be relieved of his duties during actual illness and may not be used under any other circumstances. There is no liability for unpaid accumulated sick leave since the City does not pay any amounts when employees separate from service.

## **L. Long-term Obligations**

In the government-wide financial statements and the proprietary fund in the fund financial statements, the long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount and deferred amount on refunding.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

## **M. Fund Balance**

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Assigned:** This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council.



- **Unassigned:** This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

#### **N. Net Position**

Net position represents the difference between assets, deferred outflows/inflows of resources and liabilities. Net position investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

#### **O. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

#### **P. Prior Period Adjustment**

As the result of implementing GASB Statement 65, the City has decreased beginning net position as of October 1, 2013, by \$30,778 and \$122,533 for the governmental activities and business-type activities respectively. This decrease results from no longer deferring and amortizing bond issuance costs.

Further, the City has reclassified its deferred loss on bond refunding, previously reported as a component of long-term debt, to deferred outflows of resources in the government-wide statements in accordance with GASB Statement 65. The effect of this change increases the long-term liabilities of the business-type activities by \$42,145, and corresponds to an increase in deferred outflows of resources as of October 1, 2013.

## **2. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS**

### **A. Cash, Cash Equivalents and Investments**

The City's deposits and investments are permitted by The Public Funds Investment Act and the City of Columbus' adopted Investment Policy.

**Credit Risk.** The City’s investment policy, in an effort to control credit risk, requires depositories to provide 102% of the fair value of the City’s time or demand deposits as collateral. The City also only invests in governmental investment pools which maintain a constant dollar value.

At year-end, the City’s investments were in the Texas Cooperative Liquid Assets Securities System (Texas CLASS). The carrying amount and fair value of the investments was \$902,331. Texas CLASS is a local government investment pool supervised by a Board of Trustees who is elected by its participants. Texas CLASS invests solely in securities permitted under the Public Funds Investment Act. Texas CLASS is not registered with the SEC. As an intergovernmental trust comprised solely of governmental entities, it is statutorily exempt from registration. The Program Administrator/Investment Advisor to Texas CLASS, MBIA Municipal Investors Service Corp., is registered with the SEC as a Registered Investment Advisor. The Texas CLASS program is rated AAAM by Standard & Poor’s, and operates in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940. Texas CLASS uses amortized cost rather than market value to report net position to compute share prices. Accordingly, the fair value is the same as the value of shares.

**Custodial Credit Risk – Deposits.** In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The bank balance was covered by federal depository insurance or by collateral held in the pledging financial institution’s trust department in the City’s name.

**Interest Rate Risk.** Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. In accordance with its investment policy, the City manages its exposure to interest rate risk by allowing no more than 20% of its investments to have maturities greater than one year. The City’s funds in Texas CLASS have a dollar weighted average maturity of 43 days.

**B. Receivables**

Receivables at September 30, 2014, were as follows:

	<u>General</u>	<u>Hotel/ Motel Tax</u>	<u>Nonmajor Governmental</u>	<u>Utility</u>	<u>Total Receivables</u>
Property taxes	\$ 26,799	\$ -	\$ 3,763	\$ -	\$ 30,562
Sales taxes	159,540	-	-	-	159,540
Hotel/motel taxes	-	69,959	-	-	69,959
Franchise taxes	97,035	-	-	-	97,035
Mixed beverage taxes	2,986	-	-	-	2,986
Intergovernmental	66,216	-	-	19,380	85,596
Utility accounts	-	-	-	381,687	381,687
Municipal court	<u>60,913</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,913</u>
Less: allowance for doubtful accounts	<u>( 62,960)</u>	<u>-</u>	<u>( 1,416)</u>	<u>( 24,891)</u>	<u>( 89,267)</u>
	<u>\$ 350,529</u>	<u>\$ 69,959</u>	<u>\$ 2,347</u>	<u>\$ 376,176</u>	<u>\$ 799,011</u>

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are payable by February 1, at which time they become delinquent. The Colorado County Central Appraisal District assesses bills and collects property taxes for the City.

## C. Capital Assets

Capital asset activity for the year ended September 30, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 461,086	\$ -	\$ -	\$ 461,086
Construction in progress	9,584	170,489	-	180,073
Total capital assets not being depreciated	<u>470,670</u>	<u>170,489</u>	<u>-</u>	<u>641,159</u>
Capital assets being depreciated:				
Buildings and improvements	2,720,943	-	-	2,720,943
Machinery and equipment	2,755,413	45,063	14,993	2,785,483
Total capital assets being depreciated	<u>5,476,356</u>	<u>45,063</u>	<u>14,993</u>	<u>5,506,426</u>
Less accumulated depreciation for:				
Buildings and improvements	1,256,557	50,331	-	1,306,888
Machinery and equipment	2,310,908	135,260	14,993	2,431,175
Total accumulated depreciation	<u>3,567,465</u>	<u>185,591</u>	<u>14,993</u>	<u>3,738,063</u>
Total capital assets depreciated, net	<u>1,908,891</u>	<u>(140,528)</u>	<u>-</u>	<u>1,768,363</u>
Governmental activities, capital assets, net	<u>\$ 2,379,561</u>	<u>\$ 29,961</u>	<u>\$ -</u>	<u>\$ 2,409,522</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 24,183	\$ -	\$ -	\$ 24,183
Construction in progress	84,526	51,702	-	136,228
Total capital assets not being depreciated	<u>108,709</u>	<u>51,702</u>	<u>-</u>	<u>160,411</u>
Capital assets being depreciated:				
Buildings and improvements	581,700	-	-	581,700
Distribution and collection systems	14,461,319	14,420	50,695	14,425,044
Machinery and equipment	713,816	63,866	-	777,682
Total capital assets being depreciated	<u>15,756,835</u>	<u>78,286</u>	<u>50,695</u>	<u>15,784,426</u>
Less accumulated depreciation for:				
Buildings and improvements	579,759	1,327	-	581,086
Distribution and collection systems	6,397,694	464,328	50,695	6,811,327
Machinery and equipment	618,960	21,681	-	640,641
Total accumulated depreciation	<u>7,596,413</u>	<u>487,336</u>	<u>50,695</u>	<u>8,033,054</u>
Total capital assets depreciated, net	<u>8,160,422</u>	<u>( 409,050)</u>	<u>-</u>	<u>7,751,372</u>
Business-type activities, capital assets, net	<u>\$ 8,269,131</u>	<u>\$ ( 357,348)</u>	<u>\$ -</u>	<u>\$ 7,911,783</u>

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

Governmental activities:		
General government		\$ 25,959
Public safety		108,214
Public health		199
Public works		22,036
Culture and recreation		<u>29,183</u>
Total governmental activities		\$ <u>185,591</u>
Business-type activities:		
Water		\$ 302,225
Sewer		173,000
Garbage		690
Gas		<u>11,421</u>
Total business-type activities		\$ <u>487,336</u>

**D. Interfund Receivables, Payables, and Transfers**

**Due to/Due from**

The composition of the interfund balances as of September 30, 2014, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Utility	\$ <u>37,240</u>

The outstanding balances between funds result mainly from the time lag between the dates that a) reimbursable expenditures occur; b) transactions are recorded in the accounting system; and c) payments between funds are made. All balances are expected to be repaid within one year.

**Transfers In/Transfers Out**

Interfund activity for the year ended September 30, 2014, is as follows:

<u>Transfer in Fund</u>	<u>Transfer Out Fund</u>	<u>Amount</u>
General	Utility	\$ 537,233
General	Nonmajor governmental	28,000
Nonmajor governmental	General	22,650
Nonmajor governmental	Utility	26,500
Utility	Nonmajor governmental	<u>505</u>
		\$ <u>614,888</u>

The General Fund transferred \$10,000 and \$12,650 to the Equipment and Fire Equipment Fund, respectively to cover future capital purchases. The Equipment Fund transferred \$28,000 to the General Fund for the purchase of equipment. The Utility Fund transferred \$369,999 to the General Fund to cover budgeted indirect costs. The Utility Fund transferred payments in lieu of taxes of \$167,234 to the General Fund. The Utility Fund transferred \$16,500 to the Fire Equipment Fund and \$10,000 to the Equipment Fund to cover future capital purchases. The 2005 Certificates of Obligation fund transferred \$505 to the Utility Fund to aid in reducing the outstanding certificates of obligation debt.

### E. Long-term Debt

The following is a summary of changes in long-term liabilities for the year ended September 30, 2014.

#### Primary Government

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
Refunding GO bonds	\$ 983,782	\$ -	\$ 57,780	\$ 926,002	\$ 57,780
Compensated absences	<u>28,574</u>	<u>44,647</u>	<u>50,095</u>	<u>23,126</u>	<u>5,782</u>
Total governmental activities	<u>\$ 1,012,356</u>	<u>\$ 44,647</u>	<u>\$ 107,875</u>	<u>\$ 949,128</u>	<u>\$ 63,562</u>
Business-type activities:					
Certificates of obligation	\$ 220,000	\$ -	\$ 220,000	\$ -	\$ -
Refunding GO bonds	5,276,217	-	147,220	5,128,997	372,220
Premium on bonds	195,760	-	16,352	179,408	16,352
Notes payable	-	900,000	-	900,000	170,817
Compensated absences	<u>12,368</u>	<u>19,571</u>	<u>16,699</u>	<u>15,240</u>	<u>3,810</u>
Total business-type activities	<u>\$ 5,704,345</u>	<u>\$ 919,571</u>	<u>\$ 400,271</u>	<u>\$ 6,223,645</u>	<u>\$ 563,199</u>

The compensated absences liability for governmental activities is generally liquidated by the General Fund.

#### Component Unit

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Columbus Community Industrial and Development Corporation:					
Sales tax revenue bonds	\$ 1,360,000	\$ -	\$ 105,000	\$ 1,255,000	\$ 105,000
Premium on bonds	<u>5,417</u>	<u>-</u>	<u>591</u>	<u>4,826</u>	<u>591</u>
Total Columbus Community and Development Corporation:	<u>\$ 1,365,417</u>	<u>\$ -</u>	<u>\$ 105,591</u>	<u>\$ 1,259,826</u>	<u>\$ 105,591</u>

### **Certificates of Obligation**

The City has issued certificates of obligation to provide funds for the acquisition and construction of major capital facilities. The original amount of Certificates of Obligation issued in 2005 was \$4,750,000 for water and sewer improvements. These bonds were refunded in by the 2013 Refunding General Obligation Bonds at annual interest rates from 1.00% to 3.00% with a maturity date of August 2025.

### **General Obligation Bonds**

Certificates of obligation were issued in 2008 in the amount of \$4,000,000 for water and gas improvements and remodeling City Hall. These bonds were refunded in by the 2010 Refunding General Obligation Bonds at annual interest rates from 2.00% to 4.00% with a maturity date of August 2027. The City issued \$3,065,000 of General Obligation Refunding Bonds, Series 2013 with interest rates ranging from 1.0%-3.0%. The proceeds were used to refund \$3,055,000 of outstanding Series 2005 certificates of obligation which had interest rates ranging from 3.0%-4.85%.

### **Sales Tax Revenue Bonds**

The Columbus Community Industrial Development Corporation component unit has issued sales tax revenue bonds for the acquisition and construction of major capital facilities. The original amount of the bonds issued in prior years was \$2,170,000 for water and sewer lines and street and drainage improvements at the Texas Crossroads Industrial Park. These bonds were refunded in by the 2010 Sales Tax Refunding Bonds at annual interest rates from 2.00% to 4.00% with a maturity date of November 2023.

### **Defeased Bonds**

In prior years, the City and component unit defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide all future debt service payments on the old bonds. Accordingly, the trust accounts and the defeased bonds are not included in the financial statements. At September 30, 2014, the City and component unit did not have bonds considered defeased.

### **Lease Obligations**

This year, the City entered into a lease agreement as lessee for financing the acquisition of automatic meter readers in the amount of \$900,000. The annual interest rate is 2.695%.

The annual debt service requirements on long-term debt are as follows for the City and its component unit.

	Primary Government				Component Unit	
	Governmental Activities		Business-type Activities		Sales Tax Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 57,780	\$ 32,102	\$ 372,220	\$ 152,385	\$ 105,000	\$ 41,494
2016	60,821	30,946	384,179	144,941	105,000	38,869
2017	62,342	29,426	397,658	136,561	115,000	35,569
2018	63,862	27,556	406,138	127,181	115,000	32,119
2019	66,903	25,640	418,097	116,297	125,000	28,363
2020-2024	361,886	93,566	2,258,114	391,408	690,000	70,479
2025-2027	<u>252,408</u>	<u>20,436</u>	<u>892,591</u>	<u>56,214</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 926,002</u>	<u>\$ 259,672</u>	<u>\$ 5,128,997</u>	<u>\$ 1,124,987</u>	<u>\$ 1,255,000</u>	<u>\$ 246,893</u>

Primary Government	
Notes Payable	
Principal	Interest
2015	\$ 22,705
2016	18,480
2017	13,731
2018	8,853
2019	<u>3,842</u>
	<u>\$ 67,611</u>

### 3. OTHER INFORMATION

#### A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For its liability, property and workers' compensation insurance, the City is a participant in the Texas Municipal League Intergovernmental Risk Pool (TML), a public entity risk pool operated by The Texas Municipal League for the benefit of political subdivisions of the State of Texas. The City pays an annual premium to TML for this coverage.

TML is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1 million per occurrence for property damage, \$1 million per occurrence for general liability and \$1 million per occurrence for workers' compensation. TML obtains independent coverage for insured events in excess of the amounts listed above. There have been no significant reductions in insurance coverage and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**B. Contingent Liabilities**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined by this time although the City expects such amounts, if any, to be immaterial.

The City is defendant in several pending lawsuits. City management estimates, based on the advice of legal counsel, that the potential claims against the City, in excess of insurance coverage, would not materially affect the basic financial statements of the City.

**C. Employee Retirement Systems**

**Plan Description**

The City provides pension benefits for all of its eligible employees through a non-traditional, joint contributory, hybrid defined benefit plan in the statewide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The City of Columbus Volunteer Firemen are covered by a separate pension plan, therefore they are not included in the Texas Municipal Retirement System plan. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P. O. Box 149153, Austin, Texas 78714-9153; in addition, the report is available on TMRS' website at [www.TMRS.com](http://www.TMRS.com).

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

	<u>Plan Year 2013</u>	<u>Plan Year 2014</u>
Employee deposit rate	6.0%	6.0%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/25	60/5, 0/25
Updated service credit	100% repeating, transfers	100% repeating, transfers
Annuity increase (to retirees)	70% of CPI repeating	70% of CPI repeating



## Contributions

Under the state law governing the TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) cost method (EAN was first used in the December 31, 2013 valuation; previously, the Projected Unit Credit actuarial cost method has been used). This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate for an employee is the contribution rate which, if applied to a member's compensation throughout their period of anticipated covered service with the municipality, would be sufficient to meet all benefits payable on their behalf. The salary-weighted average of the individual rates is the total normal cost rate. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City contributes to the TMRS Plan at an actuarially determined 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 serves as the basis for the rate and the calendar year when the rate goes into effect. Three-year trend information for annual pension cost and net pension obligation/(asset) are as follows:

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Annual Contribution Made</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
09/30/12	\$ 210,687	\$ 210,687	100%	\$ -
09/30/13	222,387	222,387	100%	-
09/30/14	234,237	234,237	100%	-

The required contribution rates for fiscal year 2014 were determined as part of the December 31, 2011 and 2012 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2013, also follows:

<u>Valuation date</u>	<u>12/31/11</u>	<u>12/31/12</u>	<u>12/31/13</u>
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Entry Age Normal
Amortization method	Level percent of payroll	Level percent of payroll	Level percent of payroll
Single amortization period	25.8 years; closed period	25.0 years; closed period	21.0 years; closed period
Amortization period for new gains/losses	30 years	30 years	30 years
Asset valuation method	10-yr smoothed market	10-yr smoothed market	10-yr smoothed market
Actuarial assumptions:			
Investment rate of return*	7.0%	7.0%	7.0%
Projected salary increases*	Varies by age and service	Varies by age and service	Varies by age and service
*Includes inflation at Cost of living adjustments	3.0% 2.1%	3.0% 2.1%	3.0% 2.1%

## Funded Status and Funding Progress

In October 2013, the TMRS Board approved actuarial changes in (a) the funding method from Projected Unit Credit to Entry Age Normal, (b) the post-retirement mortality assumptions used in calculating liabilities and contribution rates and in the development of the Annuity Purchase Rate factors, and (c) the amortization policy. These actuarial changes were effective with the December 31, 2013 actuarial valuation. For a complete description of the new actuarial cost method and assumptions, please see December 31, 2013, *TMRS Comprehensive Annual Financial Report (CAFR)*.

The funded status as of December 31, 2013, the most recent actuarial valuation date, is presented as follows:

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)
12/31/2013	\$ 5,365,837	\$ 6,680,154	\$ 1,314,317	80.3%	\$ 1,626,016	80.8%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

## Other Postemployment Benefits

The City also participates in the cost sharing multiple-employer defined benefit group term life insurance plan operated by TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected by ordinance, to provide group term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The City's contributions to the TMRS SDBF for the years ended 2014, 2013, and 2012, were \$4,024, \$3,983, and \$4,181, respectively, which equaled the required contributions each year.

### **Texas Statewide Emergency Services Retirement System**

**Plan Description.** The City of Columbus, Texas contributes to the Texas Emergency Services Retirement System (TESRS), a cost-sharing multiple employer defined benefit pension system. The State of Texas established and administers the plan to provide benefits for emergency services personnel who serve without significant monetary remuneration. Eligible participants include volunteer emergency services personnel who are in good standing with their department. The benefit provisions of the plan includes retirement benefits as well as death and disability benefits. Senate Bill 411, 65<sup>th</sup> Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 79<sup>th</sup> Legislature, Regular Session (2005), re-codified the provisions and gave the TESRS Board of Trustees authority to establish vesting requirements, contribution levels, benefit formulas, and eligibility requirements by board rule.

Members are 50% vested after the tenth year of service, with the vesting percent increasing 10% for each of the next five years of service so that a member becomes 100% vested with 15 years of service. Upon reaching age 55, each vested member may retire and receive a monthly pension equal to his vested percent multiplied by six times the City's average monthly contribution over the member's years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 6.2% compounded annually. There is no provision for automatic postretirement benefit increases. On and off-duty death benefits and on-duty disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump sum amount or continuing monthly payments to a member's surviving spouse and dependent children.

TESRS issues a publicly available financial report that includes financial statements and required supplementary information for the pension system. That report may be obtained from the TESRS Internet website, [www.tesrs.org](http://www.tesrs.org).

**Funding Policy and Contributions.** Contributions are made by the City on-behalf of the participants. No contributions are required from the individuals who are members of the System, nor are they allowed. The City is required to make contributions each month a member performs emergency services for the voluntary fire department (this minimum contribution is \$36 per member and the City may make a higher contribution for its members). This is referred to as a Part One contribution, which is the legacy portion of the System contribution that directly impacts future retiree annuities.

The State is required to contribute an amount necessary to make the System "actuarially sound" each year, which may not exceed one-third of the total of all contributions made by participating governing bodies in a particular year.

The board rule defining contributions was amended effective July 27, 2014, to add the potential for actuarially determined Part Two contributions that would be required only if the expected future annual contributions from the State are not enough with the Part One contributions to provide an adequate contribution arrangement. The Part Two portion is to be actuarially adjusted near the end of each even-numbered calendar year. The Part Two contribution rate was determined to be 0%.

The City's contributions for fiscal year 2014, 2013 and 2012, are \$42,976, \$42,117, and \$40,158, respectively.

#### **D. Economic Development Agreements**

The City has entered into a tax abatement agreement dated October 11, 2012 with a developer to reduce property taxes for constructing, equipping, and operating an oil and gas production equipment manufacturing facility. The City agrees to abate 100% of ad valorem taxation of the Certified Appraised Value of all Eligible Property for the first two years, 75% in year three, 50% in year four, and 25% in year 5.

#### **E. Subsequent Pronouncement**

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement 27*. This Statement requires governments providing defined benefit pension plans to recognize their long-term obligations for pension benefits as a liability on the statement of net position and to more comprehensively and comparably measure the annual cost of pension benefits. This Statement will require the City to record a liability and expense equal to their proportionate share of the collective net pension liability and expense for the TMRS plan. This Statement requires that use of the entry age normal method to be used with each period's service cost determined as a level percentage of pay and require certain other changes to compute the pension liability and expense. This Statement also requires revised and new note disclosures and required supplementary information (RSI) to be reported by employers. The provisions of this Statement are effective for periods beginning after June 15, 2014.

The City will fully analyze the impact of this new Statement prior to the effective date.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

**CITY OF COLUMBUS, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS FOR TMRS**  
**SEPTEMBER 30, 2014**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/11	\$ 4,402,710	\$ 5,428,129	\$ 1,025,419	81.11%	\$ 1,453,320	70.56%
12/31/12	4,840,400	5,891,424	1,051,024	82.16%	1,503,333	69.91%
12/31/13	5,365,837	6,680,154	1,314,317	80.33%	1,626,016	80.83%

**CITY OF COLUMBUS, TEXAS**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property	\$ 608,552	\$ 608,552	\$ 616,034	7,482
Sales	877,300	877,300	876,826	\$( 474)
Franchise	255,000	255,000	247,048	( 7,952)
Licenses and permits	32,900	32,900	17,175	( 15,725)
Fines and forfeitures	74,850	74,850	94,229	19,379
Charges for services	16,760	16,760	17,886	1,126
Intergovernmental	185,000	299,000	210,025	( 88,975)
Investment earnings	8,500	8,500	6,950	( 1,550)
Miscellaneous	26,550	27,817	19,640	( 8,177)
Total revenues	<u>2,085,412</u>	<u>2,200,679</u>	<u>2,105,813</u>	<u>( 94,866)</u>
<b>EXPENDITURES</b>				
General government:				
Personnel	273,680	273,680	271,263	2,417
Supplies and maintenance	18,800	18,800	17,853	947
Other services	110,740	110,740	105,062	5,678
Total general government	<u>403,220</u>	<u>403,220</u>	<u>394,178</u>	<u>9,042</u>
Public safety:				
Police department:				
Personnel	791,707	791,707	774,175	17,532
Supplies and maintenance	85,620	85,620	95,869	( 10,249)
Other services	50,242	50,242	57,937	( 7,695)
Capital outlay	38,833	38,833	39,719	( 886)
Total police department	<u>966,402</u>	<u>966,402</u>	<u>967,700</u>	<u>( 1,298)</u>

**CITY OF COLUMBUS, TEXAS**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
Public safety:				
Fire department:				
Personnel	\$ 55,100	\$ 55,100	\$ 48,774	\$ 6,326
Supplies and maintenance	45,900	45,900	49,885	( 3,985)
Other services	34,914	34,914	24,816	10,098
Capital outlay	10,000	10,000	-	10,000
Total fire department	<u>145,914</u>	<u>145,914</u>	<u>123,475</u>	<u>22,439</u>
Total public safety	<u>1,112,316</u>	<u>1,112,316</u>	<u>1,091,175</u>	<u>21,141</u>
Public health:				
Personnel	61,859	61,859	62,439	( 580)
Supplies and maintenance	7,525	7,525	6,214	1,311
Other services	17,937	17,937	3,629	14,308
Total public health	<u>87,321</u>	<u>87,321</u>	<u>72,282</u>	<u>15,039</u>
Public works:				
Personnel	259,157	259,157	217,938	41,219
Supplies and maintenance	156,150	156,150	107,855	48,295
Other services	82,870	82,870	89,411	( 6,541)
Capital outlay	177,333	249,833	161,679	88,154
Total public works	<u>675,510</u>	<u>748,010</u>	<u>576,883</u>	<u>171,127</u>
Culture and recreation:				
Personnel	346,172	346,172	325,455	20,717
Supplies and maintenance	60,875	74,942	63,827	11,115
Other services	81,484	81,684	85,638	( 3,954)
Capital outlay	6,000	6,000	5,344	656
Total culture and recreation	<u>494,531</u>	<u>508,798</u>	<u>480,264</u>	<u>28,534</u>
Total expenditures	<u>2,772,898</u>	<u>2,859,665</u>	<u>2,614,782</u>	<u>244,883</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	578,830	578,830	565,233	( 13,597)
Transfers out	( 22,650)	( 22,650)	( 22,650)	-
Sale of capital assets	-	-	329	329
Total other financing sources (uses)	<u>556,180</u>	<u>556,180</u>	<u>542,912</u>	<u>( 13,268)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>( 131,306)</u>	<u>( 102,806)</u>	<u>33,943</u>	<u>136,749</u>
<b>FUND BALANCES, BEGINNING</b>	<u>844,528</u>	<u>844,528</u>	<u>844,528</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 713,222</u>	<u>\$ 741,722</u>	<u>\$ 878,471</u>	<u>\$ 136,749</u>



**CITY OF COLUMBUS, TEXAS**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**SEPTEMBER 30, 2014**

**BUDGETARY INFORMATION**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the Capital Projects Fund, which adopted a project-length budget. All annual appropriations lapse at fiscal year-end.

The City’s fiscal year is the 12-month period beginning October 1. The departments submit to the City Manager a budget of estimated expenditures for the ensuing fiscal year after which the City Manager subsequently submits a budget of estimated expenditures and revenues to the City Council by September 1. The City Manager also files this proposed budget with the municipal clerk before the 30<sup>th</sup> day before the date the City Council makes its tax levy for the fiscal year. Upon receipt of the budget estimates, the Council holds public hearings on the proposed budget. On final approval of the budget by the City Council, the budget is filed with the municipal clerk and posted on the City’s website.

The City Manager is authorized to transfer budgeted amounts between line items and departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.

Budgeted amounts are as originally adopted or as amended by the City Council. The Council made several supplemental budgetary appropriations throughout the year which increased total budgeted expenditures by \$86,767. These amendments were as follows:

<u>Date Budget Amended</u>	<u>Purpose</u>	<u>Amount</u>
March 13, 2014	Library Books	\$ 4,500
March 13, 2014	Library Supplies	1,425
March 13, 2014	Library Audio/Visual	532
March 27, 2014	Library Supplies	6,543
September 11, 2014	Library Books	500
September 11, 2014	Library Audio/Visual	500
September 11, 2014	Library Dues, Subscriptions	200
September 11, 2014	Library Supplies	67
September 25, 2014	Sidewalk Improvements	<u>72,500</u>
		<u>\$ 86,767</u>

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**COMBINING AND INDIVIDUAL  
FUND STATEMENTS AND SCHEDULES**

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## **NONMAJOR GOVERNMENTAL FUNDS**

### **CAPITAL PROJECTS FUNDS**

*Equipment Fund* – This fund is used to maintain funds set aside for the purposes of financing purchases of long-lived equipment.

*Fire Equipment Fund* – This fund is used to account for funds set aside for the future purchase of fire department equipment.

### **DEBT SERVICE FUNDS**

*Debt Service Fund 2005* – This fund is used to account for resources accumulated and transferred to the Proprietary Fund. These resources supplement Utility Fund resources used to make payments on the principal and interest of the City's 2005 Combination Tax and Revenue Certificates of Obligation.

*Debt Service Fund 2008* – This fund is used to account for resources accumulated and payments made for principal and interest on the City's 2008 Combination Tax and Revenue Certificates of Obligation.

**CITY OF COLUMBUS, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2014**

	Capital Projects		
	Equipment	Fire Equipment	Total
<b>ASSETS</b>			
Cash and investments	\$ 42,972	\$ 301,488	\$ 344,460
Taxes receivable, net	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 42,972</u>	<u>\$ 301,488</u>	<u>\$ 344,460</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Restricted for:			
Debt service	-	-	-
Assigned for equipment	<u>42,972</u>	<u>301,488</u>	<u>344,460</u>
Total fund balances	<u>42,972</u>	<u>301,488</u>	<u>344,460</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 42,972</u>	<u>\$ 301,488</u>	<u>\$ 344,460</u>

Debt Service			Total Nonmajor Governmental Funds
2005 C of O	2008 C of O	Total	
\$ 7	\$ 659	\$ 666	\$ 345,126
<u>-</u>	<u>2,347</u>	<u>2,347</u>	<u>2,347</u>
<u>\$ 7</u>	<u>\$ 3,006</u>	<u>\$ 3,013</u>	<u>\$ 347,473</u>
\$ -	\$ 2,347	\$ 2,347	\$ 2,347
<u>-</u>	<u>2,347</u>	<u>2,347</u>	<u>2,347</u>
7	659	666	666
<u>-</u>	<u>-</u>	<u>-</u>	<u>344,460</u>
<u>7</u>	<u>659</u>	<u>666</u>	<u>345,126</u>
<u>\$ 7</u>	<u>\$ 3,006</u>	<u>\$ 3,013</u>	<u>\$ 347,473</u>

**CITY OF COLUMBUS, TEXAS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES**

**NONMAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Capital Projects		
	Equipment	Fire Equipment	Total
<b>REVENUES</b>			
Property taxes	\$ -	\$ -	\$ -
Investment earnings	<u>591</u>	<u>4,462</u>	<u>5,053</u>
Total revenues	<u>591</u>	<u>4,462</u>	<u>5,053</u>
<b>EXPENDITURES</b>			
Debt service:			
Principal	-	-	-
Interest and other charges	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>591</u>	<u>4,462</u>	<u>5,053</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	20,000	29,150	49,150
Transfers out	<u>( 28,000)</u>	<u>-</u>	<u>( 28,000)</u>
Total other financing sources (uses)	<u>( 8,000)</u>	<u>29,150</u>	<u>21,150</u>
<b>NET CHANGE IN FUND BALANCES</b>	( 7,409)	33,612	26,203
<b>FUND BALANCES, BEGINNING</b>	<u>50,381</u>	<u>267,876</u>	<u>318,257</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 42,972</u>	<u>\$ 301,488</u>	<u>\$ 344,460</u>



		Debt Service		
2005	2008	Total	Total	Nonmajor
C of O	C of O		Governmental	Funds
\$ 419	\$ 93,874	\$ 94,293	\$ 94,293	
<u>-</u>	<u>81</u>	<u>81</u>	<u>5,134</u>	
<u>419</u>	<u>93,955</u>	<u>94,374</u>	<u>99,427</u>	
-	57,780	57,780	57,780	
<u>-</u>	<u>38,183</u>	<u>38,183</u>	<u>38,183</u>	
<u>-</u>	<u>95,963</u>	<u>95,963</u>	<u>95,963</u>	
<u>419</u>	<u>( 2,008)</u>	<u>( 1,589)</u>	<u>3,464</u>	
-	-	-	49,150	
<u>( 505)</u>	<u>-</u>	<u>( 505)</u>	<u>( 28,505)</u>	
<u>( 505)</u>	<u>-</u>	<u>( 505)</u>	<u>20,645</u>	
<u>( 86)</u>	<u>( 2,008)</u>	<u>( 2,094)</u>	<u>24,109</u>	
<u>93</u>	<u>2,667</u>	<u>2,760</u>	<u>321,017</u>	
<u>\$ 7</u>	<u>\$ 659</u>	<u>\$ 666</u>	<u>\$ 345,126</u>	

**CITY OF COLUMBUS, TEXAS**

**EQUIPMENT CAPITAL PROJECTS FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment earnings	\$ 700	\$ 700	\$ 591	\$( 109)
Total revenues	700	700	591	( 109)
<b>EXPENDITURES</b>	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	20,000	20,000	20,000	-
Transfers out	( 28,000)	( 28,000)	( 28,000)	-
Total other financing sources (uses)	( 8,000)	( 8,000)	( 8,000)	-
<b>NET CHANGE IN FUND BALANCES</b>	( 7,300)	( 7,300)	( 7,409)	( 109)
<b>FUND BALANCES, BEGINNING</b>	50,381	50,381	50,381	-
<b>FUND BALANCES, ENDING</b>	\$ 43,081	\$ 43,081	\$ 42,972	\$( 109)

**CITY OF COLUMBUS, TEXAS**

**FIRE EQUIPMENT CAPITAL PROJECTS FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget Positive (Negative)
<b>REVENUES</b>				
Investment earnings	\$ 4,300	\$ 4,300	\$ 4,462	\$ 162
Total revenues	4,300	4,300	4,462	162
<b>EXPENDITURES</b>	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	29,150	29,150	29,150	-
Total other financing sources (uses)	29,150	29,150	29,150	-
<b>NET CHANGE IN FUND BALANCES</b>	33,450	33,450	33,612	162
<b>FUND BALANCES, BEGINNING</b>	267,876	267,876	267,876	-
<b>FUND BALANCES, ENDING</b>	\$ 301,326	\$ 301,326	\$ 301,488	\$ 162

**CITY OF COLUMBUS, TEXAS**

**DEBT SERVICE FUND 2005**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 750	\$ 750	\$ 419	\$ ( 331)
Total revenues	<u>750</u>	<u>750</u>	<u>419</u>	<u>( 331)</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	235,000	235,000	-	235,000
Interest and other charges	<u>86,775</u>	<u>86,775</u>	<u>-</u>	<u>86,775</u>
Total expenditures	<u>321,775</u>	<u>321,775</u>	<u>-</u>	<u>321,775</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 321,025)</u>	<u>( 321,025)</u>	<u>419</u>	<u>321,444</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	321,775	321,775	-	( 321,775)
Transfers out	<u>-</u>	<u>-</u>	<u>( 505)</u>	<u>( 505)</u>
Total other financing sources (uses)	<u>321,775</u>	<u>321,775</u>	<u>( 505)</u>	<u>( 322,280)</u>
<b>NET CHANGE IN FUND BALANCES</b>	750	750	( 86)	( 836)
<b>FUND BALANCES, BEGINNING</b>	<u>93</u>	<u>93</u>	<u>93</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 843</u>	<u>\$ 843</u>	<u>\$ 7</u>	<u>\$ ( 836)</u>

**CITY OF COLUMBUS, TEXAS**

**DEBT SERVICE FUND 2008**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 90,903	\$ 90,903	\$ 93,874	\$ 2,971
Investment earnings	<u>100</u>	<u>100</u>	<u>81</u>	<u>( 19)</u>
Total revenues	<u>91,003</u>	<u>91,003</u>	<u>93,955</u>	<u>2,952</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	190,000	190,000	57,780	132,220
Interest and other charges	<u>109,363</u>	<u>109,363</u>	<u>38,183</u>	<u>71,180</u>
Total expenditures	<u>299,363</u>	<u>299,363</u>	<u>95,963</u>	<u>203,400</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 208,360)</u>	<u>( 208,360)</u>	<u>( 2,008)</u>	<u>206,352</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>208,325</u>	<u>208,325</u>	<u>-</u>	<u>( 208,325)</u>
Total other financing sources (uses)	<u>208,325</u>	<u>208,325</u>	<u>-</u>	<u>( 208,325)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>( 35)</u>	<u>( 35)</u>	<u>( 2,008)</u>	<u>( 1,973)</u>
<b>FUND BALANCES, BEGINNING</b>	<u>2,667</u>	<u>2,667</u>	<u>2,667</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 2,632</u>	<u>\$ 2,632</u>	<u>\$ 659</u>	<u>\$( 1,973)</u>

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# **STATISTICAL SECTION**

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# Statistical Section

(Unaudited)

This part of the City of Columbus' 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 health.

	<b><u>Page Number</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance has changed over time.	52 – 60
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the factors affecting the City's most significant local revenue source – gas revenue, as well as its ability to generate its property taxes and information regarding its sales tax sources.	61 – 68
<b>Debt Capacity</b> 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.	69 – 73
<b>Demographic and Economic Information</b> These schedules offer demographics and economic indicators to help the reader understand the environment within which the City's financial activities take place.	74 – 76
<b>Operating Information</b> 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.	77 – 78

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

# CITY OF COLUMBUS, TEXAS

## NET POSITION BY COMPONENT

### LAST TEN FISCAL YEARS

(accrual basis of accounting)

	Fiscal Year			
	2005	2006	2007	2008
Governmental activities:				
Net investment in capital assets	\$ 1,145,267	\$ 1,319,184	\$ 1,375,223	\$ 1,370,592
Restricted	36,871	1,089	2,130	3,367
Unrestricted	<u>1,885,626</u>	<u>1,609,595</u>	<u>1,304,614</u>	<u>976,383</u>
Total governmental activities net position	<u>\$ 3,067,764</u>	<u>\$ 2,929,868</u>	<u>\$ 2,681,967</u>	<u>\$ 2,350,342</u>
Business-type activities:				
Net investment in capital assets	\$ 3,571,131	\$ 3,957,138	\$ 3,727,320	\$ 3,738,667
Restricted	-	-	-	-
Unrestricted	<u>1,055,325</u>	<u>1,175,124</u>	<u>1,759,621</u>	<u>2,023,416</u>
Total business-type activities net position	<u>\$ 4,626,456</u>	<u>\$ 5,132,262</u>	<u>\$ 5,486,941</u>	<u>\$ 5,762,083</u>
Primary government:				
Net investment in capital assets	\$ 4,716,398	\$ 5,276,322	\$ 5,102,543	\$ 5,109,259
Restricted	36,871	1,089	2,130	3,367
Unrestricted	<u>2,940,951</u>	<u>2,784,719</u>	<u>3,064,235</u>	<u>2,999,799</u>
Total primary government net position	<u>\$ 7,694,220</u>	<u>\$ 8,062,130</u>	<u>\$ 8,168,908</u>	<u>\$ 8,112,425</u>

**TABLE 1**

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 1,299,073	\$ 1,459,522	\$ 1,354,636	\$ 1,277,925	\$ 1,395,779	\$ 1,483,520
388,506	204,648	342,880	463,251	285,550	497,101
<u>945,314</u>	<u>1,118,030</u>	<u>1,155,658</u>	<u>1,166,208</u>	<u>1,185,305</u>	<u>1,223,557</u>
<u>\$ 2,632,893</u>	<u>\$ 2,782,200</u>	<u>\$ 2,853,174</u>	<u>\$ 2,907,384</u>	<u>\$ 2,866,634</u>	<u>\$ 3,204,178</u>
\$ 1,830,862	\$ 3,261,972	\$ 3,132,994	\$ 3,261,199	\$ 3,212,280	\$ 2,952,589
1,685,888	-	-	-	-	-
<u>2,180,617</u>	<u>2,093,182</u>	<u>2,317,925</u>	<u>2,395,384</u>	<u>2,043,038</u>	<u>2,115,984</u>
<u>\$ 5,697,367</u>	<u>\$ 5,355,154</u>	<u>\$ 5,450,919</u>	<u>\$ 5,656,583</u>	<u>\$ 5,255,318</u>	<u>\$ 5,068,573</u>
\$ 3,129,935	\$ 4,721,494	\$ 4,487,630	\$ 4,539,124	\$ 4,608,059	\$ 4,436,109
2,074,394	204,648	342,880	463,251	285,550	497,101
<u>3,125,931</u>	<u>3,211,212</u>	<u>3,473,583</u>	<u>3,561,592</u>	<u>3,228,343</u>	<u>3,339,541</u>
<u>\$ 8,330,260</u>	<u>\$ 8,137,354</u>	<u>\$ 8,304,093</u>	<u>\$ 8,563,967</u>	<u>\$ 8,121,952</u>	<u>\$ 8,272,751</u>

# CITY OF COLUMBUS TEXAS

## CHANGES IN NET POSITION

### LAST TEN FISCAL YEARS

(accrual basis of accounting)

	Fiscal Year			
	2005	2006	2007	2008
<b>EXPENSES</b>				
Governmental activities:				
General government	\$ 176,743	\$ 299,796	\$ 359,485	\$ 324,635
Public safety	639,122	768,000	792,484	891,435
Public health	28,548	30,820	32,546	34,689
Public works	409,441	417,553	401,228	481,732
Culture and recreation	332,045	412,540	456,391	435,819
Economic development	123,031	128,374	125,276	131,556
Interest on long-term debt	1,349	4,730	10,117	-
Total governmental activities expenses	<u>1,710,279</u>	<u>2,061,813</u>	<u>2,177,527</u>	<u>2,299,866</u>
Business-type activities:				
Water	453,288	543,185	534,162	646,858
Sewer	394,298	393,120	392,061	469,715
Garbage	534,369	555,312	620,013	609,423
Gas	786,602	791,360	748,644	813,248
Total business-type activities expenses	<u>2,168,557</u>	<u>2,282,977</u>	<u>2,294,880</u>	<u>2,539,244</u>
Total primary government program expenses	<u>\$ 3,878,836</u>	<u>\$ 4,344,790</u>	<u>\$ 4,472,407</u>	<u>\$ 4,839,110</u>
<b>PROGRAM REVENUES</b>				
Governmental activities:				
Charges for services:				
General government	\$ 27,304	\$ 19,203	\$ 18,928	\$ 46,790
Public safety	31,896	49,691	48,060	62,614
Public works	16,717	11,676	5	5,077
Culture and recreation	15,124	18,715	18,747	27,673
Operating grants and contributions	140,685	21,742	61,521	14,242
Capital grants and contributions	39,208	124,318	15,076	44,250
Total governmental activities program revenues	<u>270,934</u>	<u>245,345</u>	<u>162,337</u>	<u>200,646</u>
Business-type activities:				
Charges for services:				
Water	456,607	587,506	509,935	659,474
Sewer	302,882	463,335	469,919	497,712
Garbage	500,181	599,853	637,545	660,369
Gas	723,293	931,557	870,845	917,565
Operating grants and contributions	-	1,547	-	-
Capital grants and contributions	-	101,110	90,000	135,000
Total business-type activities program revenues	<u>1,982,963</u>	<u>2,684,908</u>	<u>2,578,244</u>	<u>2,870,120</u>
Total primary government program revenues	<u>\$ 2,253,897</u>	<u>\$ 2,930,253</u>	<u>\$ 2,740,581</u>	<u>\$ 3,070,766</u>

TABLE 2

		Fiscal Year									
		2009	2010	2011	2012	2013	2014				
\$	354,275	\$	392,785	\$	389,512	\$	390,388	\$	453,776	\$	419,265
	894,696		952,871		1,012,625		1,010,135		1,133,864		1,148,463
	35,379		38,746		65,505		72,323		82,154		72,318
	487,126		432,312		506,469		516,638		486,505		436,314
	449,684		495,341		504,078		480,353		497,033		503,013
	122,134		126,784		91,326		143,712		257,954		66,034
	51,139		59,024		38,005		37,561		37,950		37,896
	<u>2,394,433</u>		<u>2,497,863</u>		<u>2,607,520</u>		<u>2,651,110</u>		<u>2,949,236</u>		<u>2,683,303</u>
	833,374		892,209		847,389		907,037		1,123,342		869,803
	571,787		637,526		581,032		575,110		559,944		585,847
	615,091		586,244		636,724		680,444		723,904		768,391
	657,088		837,959		696,535		539,344		643,572		868,726
	<u>2,677,340</u>		<u>2,953,938</u>		<u>2,761,680</u>		<u>2,701,935</u>		<u>3,050,762</u>		<u>3,092,767</u>
\$	<u>5,071,773</u>	\$	<u>5,451,801</u>	\$	<u>5,369,200</u>	\$	<u>5,353,045</u>	\$	<u>5,999,998</u>	\$	<u>5,776,070</u>
\$	41,328	\$	35,003	\$	33,938	\$	20,598	\$	65,255	\$	20,217
	76,714		57,611		63,885		73,155		67,780		92,136
	9,655		-		-		-		-		-
	21,013		19,308		23,335		19,652		21,335		20,955
	103,945		62,195		58,366		61,402		123,134		211,482
	283,753		75,756		41,016		-		-		-
	<u>536,408</u>		<u>249,873</u>		<u>220,540</u>		<u>174,807</u>		<u>277,504</u>		<u>344,790</u>
	813,882		770,263		1,034,041		912,018		881,687		838,031
	618,393		634,215		660,203		699,940		686,360		721,118
	637,383		622,420		683,561		764,171		796,801		856,312
	739,790		942,875		760,700		610,750		697,765		1,024,124
	-		-		-		-		-		-
	125,000		201,500		109,581		407,819		90,000		125,675
	<u>2,934,448</u>		<u>3,171,273</u>		<u>3,248,086</u>		<u>3,394,698</u>		<u>3,152,613</u>		<u>3,565,260</u>
\$	<u>3,470,856</u>	\$	<u>3,421,146</u>	\$	<u>3,468,626</u>	\$	<u>3,569,505</u>	\$	<u>3,430,117</u>	\$	<u>3,910,050</u>

# CITY OF COLUMBUS, TEXAS

## CHANGES IN NET POSITION

**LAST TEN FISCAL YEARS**  
(accrual basis of accounting)

	Fiscal Year			
	2005	2006	2007	2008
<b>NET (EXPENSE) REVENUES</b>				
Governmental activities	\$( 1,439,345)	\$( 1,816,468)	\$(2,015,190)	\$(2,099,220)
Business-type activities	( 185,594)	401,931	283,364	330,876
Total primary government net expense	<u>( 1,624,939)</u>	<u>( 1,414,537)</u>	<u>(1,731,826)</u>	<u>(1,768,344)</u>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>				
Governmental activities:				
Taxes				
Property	322,787	424,250	444,169	469,274
Sales	634,052	653,999	698,441	698,525
Hotel occupancy	123,031	128,374	125,276	131,930
Franchise	348,785	259,168	257,381	261,436
Alcohol beverage	1,854	4,948	5,460	5,483
Investment earnings	47,365	72,356	71,409	34,714
Gain on sale of capital assets	1,695	13	15,589	8,945
Miscellaneous	-	-	-	-
Transfers	<u>102,644</u>	<u>135,467</u>	<u>149,564</u>	<u>157,287</u>
Total governmental activities	<u>1,582,213</u>	<u>1,678,575</u>	<u>1,767,289</u>	<u>1,767,594</u>
Business-type activities:				
Other	57,487	239,342	220,876	101,555
Transfers	<u>( 102,644)</u>	<u>( 135,467)</u>	<u>( 149,564)</u>	<u>( 157,287)</u>
Total business-type activities	<u>( 45,157)</u>	<u>103,875</u>	<u>71,312</u>	<u>( 55,732)</u>
Total primary government	<u>1,537,056</u>	<u>1,782,450</u>	<u>1,838,601</u>	<u>1,711,862</u>
<b>CHANGE IN NET POSITION</b>				
Governmental activities	142,868	( 137,893)	( 247,901)	( 331,626)
Business-type activities	<u>( 230,751)</u>	<u>505,806</u>	<u>354,676</u>	<u>275,144</u>
Total primary government	<u>\$( 87,883)</u>	<u>\$ 367,913</u>	<u>\$ 106,775</u>	<u>\$( 56,482)</u>

TABLE 2

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$( 1,858,025)	\$( 2,247,990)	\$( 2,386,980)	\$( 2,476,303)	\$( 2,671,732)	\$( 2,338,513)
<u>257,108</u>	<u>217,335</u>	<u>486,406</u>	<u>692,763</u>	<u>101,851</u>	<u>472,493</u>
<u>( 1,600,917)</u>	<u>( 2,030,655)</u>	<u>( 1,900,574)</u>	<u>( 1,783,540)</u>	<u>( 2,569,881)</u>	<u>( 1,866,020)</u>
614,554	617,831	657,475	665,659	687,308	712,022
737,437	674,917	732,969	767,295	821,618	865,689
154,074	160,242	232,716	263,139	283,508	274,796
253,782	261,061	261,982	255,088	246,201	247,048
7,895	7,934	9,670	6,843	8,306	11,137
13,350	15,277	13,192	13,769	17,526	15,493
2,610	810	839	-	11,965	329
-	12,270	15,731	32,961	14,805	17,093
<u>356,875</u>	<u>614,396</u>	<u>434,293</u>	<u>525,759</u>	<u>539,745</u>	<u>563,228</u>
<u>2,140,577</u>	<u>2,364,738</u>	<u>2,358,867</u>	<u>2,530,513</u>	<u>2,630,982</u>	<u>2,706,835</u>
35,053	54,848	43,652	38,660	36,628	26,523
<u>( 356,876)</u>	<u>( 614,396)</u>	<u>( 434,293)</u>	<u>( 525,759)</u>	<u>( 539,745)</u>	<u>( 563,228)</u>
<u>( 321,823)</u>	<u>( 559,548)</u>	<u>( 390,641)</u>	<u>( 487,099)</u>	<u>( 503,117)</u>	<u>( 536,705)</u>
<u>1,818,754</u>	<u>1,805,190</u>	<u>1,968,226</u>	<u>2,043,414</u>	<u>2,127,865</u>	<u>2,170,130</u>
282,552	116,748	( 28,113)	54,210	( 40,750)	368,322
<u>( 64,715)</u>	<u>( 342,213)</u>	<u>95,765</u>	<u>205,664</u>	<u>( 401,266)</u>	<u>( 64,212)</u>
<u>\$ 217,837</u>	<u>\$( 225,465)</u>	<u>\$ 67,652</u>	<u>\$ 259,874</u>	<u>\$( 442,016)</u>	<u>\$ 304,110</u>

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**CITY OF COLUMBUS, TEXAS**

**FUND BALANCES  
GOVERNMENTAL FUNDS**

**LAST TEN FISCAL YEARS**  
(modified accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General fund										
Reserved	\$ 15,681	\$ 18,079	\$ 19,722	\$ 22,736	\$ 27,598	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	1,458,053	1,390,565	1,090,074	740,197	691,287	844,564	-	-	-	-
Unassigned	-	-	-	-	-	-	849,063	844,446	844,528	878,471
Total general fund	<u>\$ 1,473,734</u>	<u>\$ 1,408,644</u>	<u>\$ 1,109,796</u>	<u>\$ 762,933</u>	<u>\$ 718,885</u>	<u>\$ 844,564</u>	<u>\$ 849,063</u>	<u>\$ 844,446</u>	<u>\$ 844,528</u>	<u>\$ 878,471</u>
All other governmental funds										
Reserved, reported in:										
Debt service funds	\$ -	\$ -	\$ 186	\$ 186	\$ 2,367	\$ 1,938	\$ -	\$ -	\$ -	\$ -
Capital projects funds	36,871	-	-	1,137,009	240,573	6,497	-	-	-	-
Unreserved, reported in:										
Special revenue funds	391,470	210,549	202,457	222,867	366,317	448,773	-	-	-	-
Restricted	-	-	-	-	-	-	343,847	464,686	287,689	497,767
Assigned	-	-	-	-	-	-	267,135	292,060	318,257	344,460
Total all other governmental funds	<u>\$ 428,341</u>	<u>\$ 210,549</u>	<u>\$ 202,643</u>	<u>\$ 1,360,062</u>	<u>\$ 609,257</u>	<u>\$ 457,208</u>	<u>\$ 610,982</u>	<u>\$ 756,746</u>	<u>\$ 605,946</u>	<u>\$ 842,227</u>

Note: In fiscal year 2011 the City implemented GASB 54.

## CITY OF COLUMBUS, TEXAS

CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDSLAST TEN FISCAL YEARS  
(modified accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>REVENUES</b>										
Property taxes	\$ 323,454	\$ 426,701	\$ 441,603	\$ 467,410	\$ 613,903	\$ 618,780	\$ 646,047	\$ 671,801	\$ 692,238	\$ 710,327
Other taxes	1,019,120	1,046,489	1,086,558	1,097,375	1,153,187	1,104,154	1,237,337	1,292,365	1,359,633	1,398,670
Licenses and permits	19,146	12,551	11,912	37,783	30,897	33,524	31,693	18,366	63,601	17,175
Fines and forfeitures	31,624	48,253	46,227	52,744	75,617	57,720	66,652	78,525	68,194	94,229
Charges for services	16,769	13,915	15,893	24,785	17,717	15,347	18,949	17,025	17,252	17,886
Intergovernmental	157,982	146,293	76,097	43,914	125,770	126,006	84,596	56,694	115,648	210,025
Miscellaneous	91,496	98,402	86,132	59,184	39,567	40,984	37,915	52,499	42,063	35,133
Total revenues	<u>1,659,591</u>	<u>1,792,604</u>	<u>1,764,422</u>	<u>1,783,195</u>	<u>2,056,658</u>	<u>1,996,515</u>	<u>2,123,189</u>	<u>2,187,275</u>	<u>2,358,629</u>	<u>2,483,445</u>
<b>EXPENDITURES</b>										
General government	168,854	320,752	351,438	307,755	355,284	357,262	360,564	386,077	465,484	394,178
Public safety	573,789	1,012,663	739,381	863,991	838,387	831,081	876,298	931,916	1,015,739	1,051,456
Public health	28,123	30,724	34,247	43,952	34,456	36,404	62,686	69,569	81,482	72,282
Public works	486,905	465,536	491,700	518,859	444,832	391,200	465,266	502,950	478,011	415,204
Culture and recreation	431,115	369,913	367,039	404,403	414,243	448,232	462,583	445,902	462,441	474,920
Economic development	126,031	132,874	129,981	136,556	122,934	126,784	91,326	143,712	465,888	66,034
Capital outlay	-	-	-	63,354	905,824	381,252	92,971	-	-	206,742
Debt service										
Principal	10,427	34,964	112,426	-	30,712	54,739	53,219	56,260	56,260	57,780
Interest and other charges	1,349	4,730	10,117	-	70,799	81,918	35,913	35,501	35,752	38,183
Total expenditures	<u>1,826,593</u>	<u>2,372,156</u>	<u>2,236,329</u>	<u>2,338,870</u>	<u>3,217,471</u>	<u>2,708,872</u>	<u>2,500,826</u>	<u>2,571,887</u>	<u>3,061,057</u>	<u>2,776,779</u>

TABLE 4

CITY OF COLUMBUS, TEXAS

CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS  
(modified accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>\$ ( 167,002)</u>	<u>\$ ( 579,552)</u>	<u>\$ ( 471,907)</u>	<u>\$ ( 555,675)</u>	<u>\$ ( 1,160,813)</u>	<u>\$ ( 712,357)</u>	<u>\$ ( 377,637)</u>	<u>\$ ( 384,612)</u>	<u>\$ ( 702,428)</u>	<u>\$ ( 293,334)</u>
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	203,896	489,650	294,388	274,753	483,522	707,772	503,517	578,166	592,235	614,383
Transfers out	( 12,650)	( 354,183)	( 144,824)	( 117,466)	( 126,646)	( 93,376)	( 69,224)	( 52,407)	( 52,490)	( 51,155)
Issuance of long-term debt	-	-	-	1,200,000	-	1,204,260	-	-	-	-
Payment to escrow agent	-	-	-	-	-	( 1,169,288)	-	-	-	-
Premium on bonds	-	-	-	-	-	3,250	-	-	-	-
Capital leases	75,625	82,191	-	-	-	-	-	-	-	-
Sale of capital assets	46,012	13	15,589	8,945	2,610	810	2,530	-	11,965	329
Total other financing sources (uses)	<u>312,883</u>	<u>217,671</u>	<u>165,153</u>	<u>1,366,232</u>	<u>359,486</u>	<u>653,428</u>	<u>436,823</u>	<u>525,759</u>	<u>551,710</u>	<u>563,557</u>
<b>SPECIAL ITEMS</b>										
Sale of capital assets	-	79,000	-	-	-	-	-	-	-	-
Total special items	<u>-</u>	<u>79,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 145,881</u>	<u>\$ ( 282,881)</u>	<u>\$ ( 306,754)</u>	<u>\$ 810,557</u>	<u>\$ ( 801,327)</u>	<u>\$ ( 58,929)</u>	<u>\$ 59,186</u>	<u>\$ 141,147</u>	<u>\$ ( 150,718)</u>	<u>\$ 270,223</u>
<b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>	<u>0.76%</u>	<u>2.09%</u>	<u>5.82%</u>	<u>- %</u>	<u>4.36%</u>	<u>5.87%</u>	<u>3.71%</u>	<u>3.72%</u>	<u>3.29%</u>	<u>3.75%</u>

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TABLE 5

## CITY OF COLUMBUS, TEXAS

## PRINCIPAL GAS PURCHASERS

## CURRENT YEAR AND NINE YEARS AGO

Customer	2014			2005		
	Gas Sales	Rank	Percentage of Total Gas Sales	Gas Sales	Rank	Percentage of Total Gas Sales
KW International, LLC	\$ 80,640	1	8.36%			
Columbus Community Hospital	46,761	2	4.85%	\$ 20,721	2	2.90%
Texas Great Southern Wood, LLC	38,603	3	4.00%			
Columbus Independent School District	25,223	4	2.62%	15,132	5	2.12%
River Oaks Convalescent Center	22,528	5	2.34%	22,981	1	3.22%
Los Cabos Mexican Grill	20,602	6	2.14%			
Country Fresh Cleaners	17,063	7	1.77%	16,370	3	2.29%
Schobels Restaurant	14,523	8	1.51%	11,493	4	1.61%
Tru Care Living Centers	11,962	9	1.24%			
Columbus Inn	<u>10,287</u>	10	<u>1.07%</u>	8,435	7	1.18%
Gary Kulhanek (Washateria)				11,214	6	1.57%
Colorado County Detention Center				7,949	8	1.11%
Columbus Physical Therapy				6,370	9	0.89%
Nancy's Steakhouse				<u>5,617</u>	10	<u>0.79%</u>
Total	\$ <u>288,192</u>		<u>29.89%</u>	\$ <u>126,282</u>		<u>17.68%</u>

**CITY OF COLUMBUS, TEXAS**

**TAXABLE SALES BY CATEGORY**

**LAST TEN FISCAL YEARS**

	Fiscal Year			
	2005	2006	2007	2008
Agricultural	\$ 9,828	\$ 10,666	\$ 11,996	\$ 11,194
Mining/quarrying/oil extraction	-	-	41,146	12,894
Construction	2,956,791	1,646,997	1,742,347	1,461,977
Manufacturing	1,713,351	1,947,293	2,896,616	1,888,360
Wholesale	32,578	707,913	2,074,619	2,244,137
Retail	35,529,503	37,641,393	37,887,867	38,234,724
Information	19,117	24,540	38,436	138,654
Real estate, rental, leasing	235,926	60,392	137,734	114,849
Professional, scientific, technical services	535,534	838,902	796,969	665,880
Health care, social assistance	-	-	-	-
Administrative, support, waste management, remediation services	763,428	1,395,782	1,694,613	1,891,695
Arts, entertainment, recreation	156,268	327,348	324,552	307,289
Accommodation, food services	12,218,846	12,583,383	12,901,396	13,741,559
Other services	<u>2,072,611</u>	<u>1,856,074</u>	<u>1,902,834</u>	<u>1,865,236</u>
<b>Total taxable sales</b>	<b><u>\$ 56,243,781</u></b>	<b><u>\$ 59,040,683</u></b>	<b><u>\$ 62,451,125</u></b>	<b><u>\$ 62,578,448</u></b>
City direct sales tax rate	1.00%	1.00%	1.00%	1.00%

Note: General grocery items are not taxable.

Source: Texas State Comptroller. Comptroller recently began reporting this data using the North American Industry Classification System (NAICS) sector.

TABLE 6

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 31,459	\$ 19,058	\$ 17,117	\$ 28,455	\$ 9,063	\$ 6,895
-	-	-	-	-	-
4,110,732	1,242,215	1,598,262	2,113,804	2,595,868	2,183,792
1,158,673	958,389	1,330,107	1,324,114	1,595,710	1,483,024
1,774,390	1,510,938	1,994,558	1,938,044	2,243,855	2,439,096
38,024,476	36,624,035	38,192,034	40,794,231	40,699,599	40,943,687
121,475	-	171,952	226,919	238,719	447,418
57,252	8,051	23,553	32,747	6,242	27,354
445,954	413,105	506,097	508,547	507,256	600,572
31,956	138,031	129,348	153,582	229,878	199,556
2,222,536	2,361,517	2,630,274	1,571,722	1,408,274	549,919
146,168	324,608	283,926	291,182	254,052	235,375
14,450,645	13,963,676	15,158,966	15,868,440	16,191,377	16,531,550
<u>1,886,321</u>	<u>1,850,214</u>	<u>1,919,548</u>	<u>2,133,661</u>	<u>2,054,938</u>	<u>1,946,404</u>
<u>\$ 64,462,037</u>	<u>\$ 59,413,837</u>	<u>\$ 63,955,742</u>	<u>\$ 66,985,448</u>	<u>\$ 68,034,831</u>	<u>\$ 67,594,642</u>
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

## CITY OF COLUMBUS, TEXAS

## TAX REVENUE BY SOURCE, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS  
(modified accrual basis of accounting)

Fiscal Year	Property Tax	Sales Tax	Gross Receipts Tax	Hotel Occupancy Tax	Mixed Beverage Tax	Totals
2005	\$ 323,454	\$ 634,052	\$ 260,183	\$ 123,031	\$ 1,854	\$ 1,342,574
2006	424,250	653,999	259,168	128,374	4,948	1,470,739
2007	441,603	698,441	257,381	125,276	5,460	1,528,161
2008	467,410	698,525	261,436	131,930	5,483	1,564,784
2009	613,903	737,437	253,782	154,074	7,895	1,767,091
2010	618,780	674,917	261,061	160,242	7,394	1,722,394
2011	646,047	732,969	261,982	232,716	9,670	1,883,384
2012	671,800	767,295	255,088	263,139	6,843	1,964,165
2013	692,238	821,618	246,201	283,508	8,306	2,051,871
2014	710,329	865,689	247,048	274,796	11,137	2,108,999
Change 2005-2014	119.6%	36.5%	( 5.0%)	123.4%	500.7%	57.1%



**CITY OF COLUMBUS, TEXAS**

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**

**LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Less: Tax-exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Taxable Assessed Value as a % of Actual Taxable Value</u>
2005	\$ 151,683,597	\$ 20,303,750	\$ 4,671,763	\$ 167,315,584	\$ 0.19017	\$ 167,315,584	100.00%
2006	162,895,625	21,228,450	5,108,213	179,015,862	0.23312	179,015,862	100.00%
2007	171,581,944	22,062,400	5,212,305	188,432,039	0.23312	188,432,039	100.00%
2008	185,060,381	21,636,780	5,695,690	201,001,471	0.23312	201,001,471	100.00%
2009	202,170,771	24,295,540	6,085,022	220,381,289	0.27312	220,381,289	100.00%
2010	206,241,587	25,375,000	8,641,377	222,975,210	0.27312	231,616,587	96.27%
2011	218,954,455	27,303,920	8,551,472	237,706,903	0.27312	246,258,375	96.53%
2012	219,876,334	29,992,938	8,911,084	240,958,188	0.27312	249,869,272	96.43%
2013	223,188,234	31,987,686	9,301,203	245,874,717	0.27312	255,175,920	96.35%
2014	225,304,657	35,539,101	9,313,532	251,530,226	0.27312	260,843,758	96.43%

Source: Colorado County Central Appraisal District.

CITY OF COLUMBUS, TEXAS

DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS  
(rate per \$100 of assessed value)

Fiscal Year	City Direct Rates			Overlapping Rates			Total Direct and Overlapping Rates
	Basic Rate	Debt Service	Total Direct Rate	Columbus I.S.D.	Colorado County	Colorado County Ground Water Conservation District	
2005	\$ 0.19017	\$ -	\$ 0.19017	\$ 1.58000	\$ 0.42800	\$ -	\$ 2.19817
2006	0.19312	0.04000	0.23312	1.61500	0.42758	-	2.27570
2007	0.19312	0.04000	0.23312	1.49750	0.41890	-	2.14952
2008	0.19312	0.04000	0.23312	1.19000	0.43000	-	1.85312
2009	0.19202	0.08110	0.27312	1.19000	0.44900	0.02000	1.93212
2010	0.21024	0.06288	0.27312	1.19000	0.46429	0.02000	1.94741
2011	0.22364	0.04948	0.27312	1.19000	0.48206	0.01850	1.96368
2012	0.23576	0.03736	0.27312	1.19000	0.48206	0.01650	1.96168
2013	0.23626	0.03686	0.27312	1.19000	0.48206	0.01500	1.96018
2014	0.23693	0.03619	0.27312	1.18000	0.48206	0.01450	1.94968

Source: Colorado County Central Appraisal District.

**CITY OF COLUMBUS, TEXAS**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**CURRENT YEAR AND NINE YEARS AGO**

Customer	2014			2005		
	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation
LCRA Transmission Svcs. Corp	\$ 9,352,710	1	3.72%			
Texas Great Southern Wood, LLC	4,715,370	2	1.87%	\$ 1,385,850	9	0.83%
Colorado Co. Development Group (TLC)	4,413,970	3	1.75%			
Goodmark Lodging, LLC (Holiday Inn)	3,396,000	4	1.35%			
Brookfield Lodgings, Inc.	3,159,370	5	1.26%			
Wal-Mart Stores Texas LP	2,531,940	6	1.01%	2,295,880	2	1.37%
Mega Texas Realty (Comfort Inn)	2,139,940	7	0.85%			
Maverick Contractors, Inc.	2,099,680	8	0.83%			
Columbus Associates (Wal-Mart)	2,038,030	9	0.81%	1,594,610	7	0.95%
Magnolia Living Center	<u>1,954,530</u>	10	<u>0.78%</u>	1,698,490	6	1.02%
Southwestern Bell Telephone				2,358,490	1	1.41%
Columbus Hotel LP				2,234,460	3	1.34%
AEP Central Power & Light				1,812,530	4	1.08%
River Oaks Convalescent				1,699,990	5	1.02%
H. E. Butt Grocery Company				1,410,770	8	0.84%
Drymalla Construction Co.				<u>1,194,670</u>	10	<u>0.71%</u>
Total	<u>\$ 35,801,540</u>		<u>14.23%</u>	<u>\$ 17,685,740</u>		<u>10.57%</u>

Source: Colorado County Central Appraisal District.

**CITY OF COLUMBUS, TEXAS**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**

Fiscal Year Ended	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
2005	\$ 317,479	\$ 312,172	98.3%	\$ 5,000	\$ 317,172	99.9%
2006	417,321	411,167	98.5%	5,759	416,926	99.9%
2007	439,273	430,994	98.1%	7,731	438,725	99.9%
2008	468,574	458,536	97.9%	9,159	467,695	99.8%
2009	611,136	597,118	97.7%	12,505	609,623	99.8%
2010	612,157	596,438	97.4%	14,442	610,880	99.8%
2011	649,225	622,322	95.9%	25,520	647,842	99.8%
2012	658,105	637,159	96.8%	18,496	655,655	99.6%
2013	671,533	655,518	97.6%	12,503	668,021	99.5%
2014	686,979	669,270	97.4%	-	669,270	97.4%

Source: Colorado County Central Appraisal District.

TABLE 12

**CITY OF COLUMBUS, TEXAS**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
2008 certificates of obligation	\$ -	\$ -	\$ -	\$ 1,200,000	\$ 1,169,288	\$ -	\$ -	\$ -	\$ -	\$ -
2010 general obligation refunding bonds	-	-	-	-	-	1,149,521	1,096,302	1,040,043	983,783	926,003
Capital leases	65,199	11,426	-	-	-	-	-	-	-	-
Total governmental activities	<u>65,199</u>	<u>11,426</u>	<u>-</u>	<u>1,200,000</u>	<u>1,169,288</u>	<u>1,149,521</u>	<u>1,096,302</u>	<u>1,040,043</u>	<u>983,783</u>	<u>926,003</u>
Business-type activities										
Note payable	-	-	-	-	-	-	-	-	-	-
2005 certificates of obligation	4,750,000	4,620,000	4,445,000	4,265,000	4,080,000	3,890,000	3,690,000	3,485,000	220,000	-
2008 certificates of obligation	-	-	-	2,800,000	2,675,715	-	-	-	-	-
2010 general obligation refunding bonds	-	-	-	-	-	2,630,479	2,508,697	2,379,957	2,251,217	2,118,997
2013 general obligation refunding bonds	-	-	-	-	-	-	-	-	3,025,000	3,010,000
Premium on bonds	66,046	62,689	59,332	55,974	52,617	7,225	6,999	6,561	195,760	179,408
Deferred loss on refunding	-	-	-	-	-	( 47,765)	( 44,955)	( 42,145)	( 189,636)	( 173,910)
Capital leases	-	30,644	-	-	-	-	-	-	-	900,000
Total business-type activities	<u>4,816,046</u>	<u>4,713,333</u>	<u>4,504,332</u>	<u>7,120,974</u>	<u>6,808,332</u>	<u>6,479,939</u>	<u>6,160,741</u>	<u>5,829,373</u>	<u>5,502,341</u>	<u>6,034,495</u>
Total primary government	<u>\$ 4,881,245</u>	<u>\$ 4,724,759</u>	<u>\$ 4,504,332</u>	<u>\$ 8,320,974</u>	<u>\$ 7,977,620</u>	<u>\$ 7,629,460</u>	<u>\$ 7,257,043</u>	<u>\$ 6,869,416</u>	<u>\$ 6,486,124</u>	<u>\$ 6,960,498</u>
(1) Percentage of personal income	7.9%	7.6%	7.3%	13.4%	12.9%	12.3%	10.0%	8.6%	6.6%	8.6%
(1) Per capita	\$ 1,246	\$ 1,207	\$ 1,150	\$ 2,125	\$ 2,037	\$ 2,087	\$ 1,986	\$ 1,879	\$ 1,775	\$ 1,904

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

(1) See the Schedule of Demographics and Economic Statistics on Table 16 for personal income and population data.

## CITY OF COLUMBUS, TEXAS

## RATIOS OF GENERAL BONDED DEBT OUTSTANDING

## LAST SEVEN FISCAL YEARS

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Less Debt Service Resources Available	Total		
2008	\$ 1,200,000	\$ 186	\$ 1,199,814	0.60%	\$ 306
2009	1,169,288	2,367	1,166,921	0.53%	298
2010	1,149,521	1,938	1,147,583	0.51%	314
2011	1,096,302	2,097	1,094,205	0.46%	299
2012	1,040,043	1,864	1,038,179	0.43%	284
2013	983,783	2,759	981,024	0.40%	268
2014	926,002	-	926,002	0.37%	253

## Notes:

In fiscal years 2005 - 2007 the City did not have general bonded debt outstanding

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

See Table 8 for property value data.

See Table 16 for population data.

## CITY OF COLUMBUS, TEXAS

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF SEPTEMBER 30, 2014

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable <sup>(1)</sup>	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Columbus Independent School District	\$ 13,251,950	30.190%	\$ 4,000,764
Colorado County	7,287,429	12.480%	<u>909,471</u>
Subtotal overlapping debt			4,910,235
City of Columbus direct debt			<u>925,338</u>
Total direct and overlapping debt			<u><u>\$ 5,835,573</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Colorado County Central Appraisal District. Debt outstanding data provided by the County Auditor and Columbus Independent School District.

Note: Overlapping governments are those that coincide, at least in part, with the geographic 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 the City of Columbus. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden 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.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's and school district's taxable assessed value that is within the City's boundaries and dividing it by the county's and school district's total taxable assessed value.

**CITY OF COLUMBUS, TEXAS**

**LEGAL DEBT MARGIN INFORMATION**

**LAST TEN FISCAL YEARS**

	Fiscal Year			
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Tax roll year	2004	2005	2006	2007
Net assessed value	\$ 167,315,584	\$ 179,015,962	\$ 188,432,039	\$ 201,001,471
Plus exempt property	<u>4,671,763</u>	<u>5,108,213</u>	<u>5,212,305</u>	<u>5,695,690</u>
Total assessed value	<u>171,987,347</u>	<u>184,124,175</u>	<u>193,644,344</u>	<u>206,697,161</u>
Debt limit (1)	<u>\$ 17,198,735</u>	<u>\$ 18,412,418</u>	<u>\$ 19,364,434</u>	<u>\$ 20,669,716</u>

(1) Texas statutes do not describe a debt limit; however by custom a practical economic debt limit is 10% of the assessed valuation is used.



**TABLE 15**

Fiscal Year					
<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2012</u>	<u>2014</u>
2008	2009	2010	2011	2012	2013
\$ 220,381,289	\$ 222,975,210	\$ 237,706,903	\$ 240,958,188	\$ 245,874,717	\$ 251,530,226
<u>6,085,022</u>	<u>6,149,715</u>	<u>6,331,457</u>	<u>6,616,621</u>	<u>6,940,764</u>	<u>6,949,549</u>
<u>226,466,311</u>	<u>229,124,925</u>	<u>244,038,360</u>	<u>247,574,809</u>	<u>252,815,481</u>	<u>258,479,775</u>
<u>\$ 22,646,631</u>	<u>\$ 22,912,493</u>	<u>\$ 24,403,836</u>	<u>\$ 24,757,481</u>	<u>\$ 25,281,548</u>	<u>\$ 25,847,978</u>

## CITY OF COLUMBUS, TEXAS

## DEMOGRAPHIC AND ECONOMIC STATISTICS

## LAST TEN FISCAL YEARS

Fiscal Year	Population <sup>(1)</sup>	Personal Income <sup>(1)</sup>	Per Capita Personal Income <sup>(1)</sup>	Median Age <sup>(1)</sup>	Percent of Population With Bachelor's Degree or Higher (1)	School Enrollment <sup>(2)</sup>	Unemployment Rate <sup>(3)</sup>
2005	3,916	\$ 61,958,952	\$ 15,882	40	16.7%	1,728	4.5%
2006	3,916	61,958,952	15,882	40	16.7%	1,685	4.1%
2007	3,916	61,958,952	15,882	40	16.7%	1,660	3.6%
2008	3,916	61,958,952	15,882	40	16.7%	1,627	4.0%
2009	3,916	61,958,952	15,882	40	16.7%	1,485	6.9%
2010	3,655	61,958,952	15,882	40	16.7%	1,551	7.8%
2011	3,655	72,273,970	19,774	43	18.8%	1,622	7.3%
2012	3,655	79,993,330	21,886	43	18.3%	1,610	5.6%
2013	3,655	98,988,365	27,083	46	21.9%	1,626	5.2%
2014	3,655	80,347,865	21,983	42	20.4%	1,584	4.0%

## Data Sources:

- (1) United States Census Bureau
- (2) Columbus Independent School District
- (3) Texas Workforce Commission (Colorado County)

## CITY OF COLUMBUS, TEXAS

## PRINCIPAL EMPLOYERS

## CURRENT YEAR AND NINE YEARS AGO

Employer	2014			2005		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Columbus Independent School District	233	1	2.12%	200	1	2.00%
Colorado County (Government)	207	2	1.89%	122	5	1.22%
Columbus Community Hospital	188	3	1.71%	178	3	1.78%
River Oaks Convalescent Home	123	4	1.12%	125	4	1.25%
Drymalla Construction	109	5	0.99%	200	2	2.00%
Wal-Mart	100	6	0.91%	98	6	0.98%
KW International, LLC	80	7	0.73%			
Schobel's Restaurant	80	8	0.73%	70	7	0.70%
HEB Grocery Company LP	65	9	0.59%	60	8	0.60%
TruCare Living Center	<u>54</u>	10	<u>0.49%</u>			
City of Columbus				43	9	0.43%
Texas Great Southern Wood				<u>35</u>	10	<u>0.35%</u>
Total	<u>1,239</u>		<u>11.28%</u>	<u>\$ 1,131</u>		<u>11.31%</u>

Brookshire Brothers (grocery)

Note: Total City employment is not available. Employees as a percentage of Colorado County employment is presented.

## Data Sources:

Texas Workforce Commission

Local Employers

## CITY OF COLUMBUS, TEXAS

**FULLTIME EQUIVALENT CITY GOVERNMENT EMPLOYEES  
BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

Function	Fulltime Equivalent Employees as of September 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Administrative and general	1.25	2.97	3.00	3.00	3.00	2.77	2.87	3.00	3.00	2.98
Police department	11.97	12.02	12.15	12.24	12.14	11.92	11.96	11.74	13.23	13.13
Streets and drainage	4.05	4.88	4.91	4.93	4.87	5.10	4.88	5.02	4.94	4.17
Parks and recreation										
Parks	3.82	3.97	4.39	3.69	3.57	3.58	3.58	3.35	3.47	3.47
Swimming pool	0.91	0.94	0.87	0.94	1.00	0.90	1.12	1.08	0.91	0.92
Library	3.59	3.80	3.76	3.81	3.73	3.89	3.81	4.02	3.92	3.53
Public health	0.55	1.03	0.54	0.54	0.53	0.54	0.74	1.01	1.01	1.01
Tourism and economic development	-	-	-	-	0.51	0.41	-	-	-	-
Water	3.97	2.97	4.09	3.13	2.93	3.46	2.76	3.29	3.29	4.32
Sewer	2.92	1.29	2.61	2.65	3.02	3.12	2.72	2.69	2.70	2.68
Garbage	4.11	0.30	0.49	0.49	0.50	0.48	0.49	0.58	0.64	0.49
Gas	6.95	4.98	3.77	4.54	4.68	4.64	4.52	4.39	4.37	4.17
Total	<u>44.09</u>	<u>39.15</u>	<u>40.58</u>	<u>39.96</u>	<u>40.48</u>	<u>40.81</u>	<u>39.45</u>	<u>40.17</u>	<u>41.48</u>	<u>40.87</u>

Source: City Finance Director

Notes: A fulltime employee is scheduled to work 2,080 hours per year (including vacation and sick leave).  
Fulltime equivalent employment is calculated by dividing total labor hours by 2,080.

TABLE 19

**CITY OF COLUMBUS, TEXAS**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government										
Building permits issued	27	33	32	42	34	40	32	29	23	26
Building inspections conducted	67	49	56	34	36	39	40	35	37	32
Gas inspections	15	17	26	22	15	4	30	55	32	40
Electrical inspections	60	57	60	65	82	57	84	77	50	63
Plumbing inspections	63	39	26	25	36	56	73	78	44	20
Mechanical inspections	48	31	45	15	22	76	70	59	26	32
Police										
Case reports opened	149	159	168	203	460	500	406	477	422	259
Calls of service	2,578	2,179	2,551	2,422	1,934	2,124	2,332	2,117	2,378	2,469
Citations issued	1,519	1,917	1,519	1,239	1,522	2,109	1,850	1,885	2,685	3,525
Fire										
Fire/other calls										
Structure fires	29	29	26	25	27	11	15	16	22	24
Grass/brush fires	51	50	29	68	48	26	98	41	38	41
Car fires	23	18	16	9	13	11	17	19	17	20
Rescues	30	49	29	29	31	15	18	31	27	17
Hazardous	8	12	10	6	16	7	12	14	16	6
False alarms	7	5	8	6	3	28	16	7	15	19
Others	5	4	8	4	3	10	23	11	37	37
Total man hours	2,322	2,667	2,614	4,561	4,750	4,279	7,722	4,201	4,916	4,460
Total training hours	1,726	1,636	1,935	1,500	1,500	1,500	1,346	1,666	1,398	1,610
Total maintenance hours	910	1,050	1,152	1,500	1,500	1,500	321	720	715	750
Municipal court										
Cases filed										
Traffic - non-parking	381	440	273	394	612	570	443	705	594	786
Traffic - parking	11	45	13	25	22	47	78	114	27	8
Non-traffic - state law	125	239	156	206	152	157	75	158	179	167
Non-traffic - city ordinance	13	28	24	38	23	13	18	11	27	14
Cases disposed										
Traffic - non-parking	144	327	269	436	537	492	635	686	462	648
Traffic - parking	3	40	16	18	22	30	100	97	34	9
Non-traffic - state law	44	159	120	156	132	84	140	191	158	144
Non-traffic - city ordinance	4	24	11	34	24	12	6	16	28	15
Solid waste										
Customers	1,860	1,833	1,829	1,826	1,585	1,598	1,594	1,595	1,600	1,606
Recyclables (tons per day)	.59	.42	.47	.34	.31	.30	.51	0.41	0.37	0.33
Water										
Customers	1,649	1,633	1,619	1,641	1,638	1,651	1,650	1,656	1,664	1,672
New water taps	10	7	15	12	3	4	8	6	7	10
Average daily consumption (thousands of gallons)	587	684	550	716	761	678	867	672	679	694
Sewer										
Customers	1,590	1,577	1,566	1,576	1,574	1,587	1,584	1,583	1,584	1,590
New sewer taps	6	6	7	13	3	4	4	6	5	9
Average daily discharge (thousands of gallons)	365	383	333	376	350	314	437	313	284	310
Gas										
Customers	1,266	1,241	1,230	1,239	1,232	1,241	1,241	1,218	1,216	1,208
New gas meters	5	-	5	3	6	4	3	5	3	5
Average daily consumption (mcf)	184.10	183.23	205.45	186.37	188.95	229.70	194.59	172.95	175.94	239.91

Source: Various departments within the City.

TABLE 20

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

Function/Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government										
Municipal buildings	1	1	1	1	1	1	1	1	1	1
Community buildings	2	2	2	2	2	2	2	2	2	2
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	9	9	9	9	9	9	9	9	10	10
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Fire trucks	8	9	9	9	10	10	11	11	11	12
Highways and streets										
Streets (miles)	29	29	29	29	29	29	29	29	29	29
Culture and recreation										
Acreage	106.1	106.1	106.1	106.1	106.1	106.1	106.1	106.1	106.1	106.7
Community buildings	1	1	1	1	1	1	1	1	1	1
Playgrounds	3	3	3	3	3	3	3	3	3	3
Baseball/softball diamonds	6	6	6	6	6	6	6	6	6	6
Golf courses	1	1	1	1	1	1	1	1	1	1
Libraries	1	1	1	1	1	1	1	1	1	1
Swimming pool	1	1	1	1	1	1	1	1	1	1
Soccer fields	5	5	5	5	5	5	5	5	5	5
Water										
Wells (active)	4	4	3	4	4	4	3	3	4	4
Water mains (miles)	37.62	37.62	41.62	41.62	41.62	41.62	41.70	41.70	41.70	41.70
Fire hydrants	158	158	193	193	205	205	207	207	207	207
Storage capacity	1,548,000	1,548,000	1,548,000	1,340,000	1,340,000	1,340,000	1,340,000	1,340,000	1,340,000	1,340,000
Sewer										
Sewer mains (miles)	29.3	29.3	29.3	29.3	29.3	29.3	29.3	29.3	29.3	29.3
Lift stations	6	6	6	6	6	6	6	6	6	6

Source: Various City departments

# **COMPLIANCE SECTION**

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P A T T I L L O , B R O W N & H I L L , L . L . P .  
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor  
and Members of City Council  
City of Columbus, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Columbus, Texas, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 19, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Columbus, Texas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Waco, Texas  
March 19, 2015