

CITY OF COLUMBUS, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2016**

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

CITY OF COLUMBUS, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS
SEPTEMBER 30, 2016

	<u>Page Number</u>
 INTRODUCTORY SECTION	
Letter of Transmittal	i – v
GFOA Certificate of Achievement	vi
Organizational Chart	vii
List of Elected and Appointed Officials	viii
 FINANCIAL SECTION	
Independent Auditors’ Report.....	1 – 3
Management’s Discussion and Analysis	4 – 12
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Position	13
Statement of Activities.....	14 – 15
Fund Financial Statements	
Balance Sheet – Governmental Funds	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	18

CITY OF COLUMBUS, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

SEPTEMBER 30, 2016

	<u>Page Number</u>
Statement of Net Position – Proprietary Fund	19
Statement of Revenues, Expenses, and Change in Fund Net Position – Proprietary Fund	20
Statement of Cash Flows – Proprietary Fund	21
Notes to the Financial Statements.....	22 – 45
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	46 – 47
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Hotel/Motel Tax Fund.....	48
Notes to Required Supplementary Information	49
Schedule of Changes in TMRS Net Pension Liability and Related Ratios.....	50
Schedule of TMRS Contributions.....	51
Schedule of TESRS Contributions	52
Combining and Individual Fund Statements and Schedules	
Combining Balance Sheet – Nonmajor Governmental Funds.....	53 – 54
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds.....	55 – 56

CITY OF COLUMBUS, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

SEPTEMBER 30, 2016

	<u>Table</u>	<u>Page Number</u>
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual		
Equipment Capital Projects Fund		57
Fire Equipment Capital Projects Fund		58
Debt Service Fund 2005.....		59
Debt Service Fund 2008.....		60

STATISTICAL SECTION

Net Position by Component	1	61 – 62
Changes in Net Position.....	2	63 – 66
Fund Balances of Governmental Funds.....	3	67
Changes in Fund Balances of Governmental Funds	4	68 – 69
Principal Gas Purchasers.....	5	70
Taxable Sales by Category.....	6	71 – 72
Tax Revenue by Source, Governmental Funds.....	7	73
Assessed Value and Estimated Actual Value of Taxable Property	8	74
Direct and Overlapping Property Tax Rates	9	75
Principal Property Taxpayers.....	10	76
Property Tax Levies and Collections	11	77
Ratios of Outstanding Debt by Type	12	78
Ratios of General Bonded Debt Outstanding.....	13	79

CITY OF COLUMBUS, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

SEPTEMBER 30, 2016

	<u>Table</u>	<u>Page</u> <u>Number</u>
Direct and Overlapping Governmental Activities Debt.....	14	80
Legal Debt Margin Information.....	15	81 – 82
Demographic and Economic Statistics	16	83
Principal Employers.....	17	84
Fulltime Equivalent City Government Employees by Function/Program	18	85
Operating Indicators by Function/Program	19	86
Capital Asset Statistics by Function/Program.....	20	87

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 24, 2017

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, 2016.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control 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, 2016. 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 2007 of \$698,441 and for the current year of \$931,035, the growth for the period was 33.3%. The last four years have seen healthy annual increases in the City's sales tax revenue, with an average annual increase of 4.9%. 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. Because of increased demand on the City's natural gas supply made by this facility, the City obtained a Texas Capital Fund grant to install a new transmission line to the industrial park. This line not only provides needed volumes to the current facility, but will also be available for future expansion at the park. Engineering on this new gas line was completed in 2015. Construction was completed in 2016, with the grant close expected in 2017. A cable manufacturing company also acquired land in the industrial park in late 2012. They have committed to building a \$1.4 million facility. In late 2015 they acquired additional acreage for warehousing facilities as well. While the land has been cleared, to date, construction has not begun.

Despite the downturn in the energy sector, the City maintains an advantage with growth in other sectors. With the continued growth of the Sun Belt region 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 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.

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 an 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.

During fiscal year 2015, the majority of new meters were installed, and the automated reading system was being implemented.

In October 2016, the City obtained \$3 million of certificates of obligation in order to install a new water filtration system to improve water quality. This \$2.5 million project is expected to be completed by the end of calendar year 2017. The remaining funds from the certificates are earmarked for sewer and gas system improvements.

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. After open bidding in August of 2015, Industry State Bank was again awarded the City's depository contract expiring on September 30th, 2017.

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 2016, 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, the City's Police Department updated its records management system to allow integration between the reporting, mobile, and other local agency software.

In 2014, 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 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. Major construction of the Aerator Grant Project, and the engineering for the Gas Line Grant Project was completed in 2015. Open bidding for the construction of the gas line project was carried out in late 2015, with construction completed in 2016.

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, 2015. This was the tenth 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,

A handwritten signature in blue ink, appearing to read "Donald Warschak". The signature is fluid and cursive, with a long horizontal stroke at the end.

Donald Warschak, PE
City Manager

A handwritten signature in blue ink, appearing to read "Bana Schneider". The signature is cursive and somewhat stylized.

Bana Schneider
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, 2015



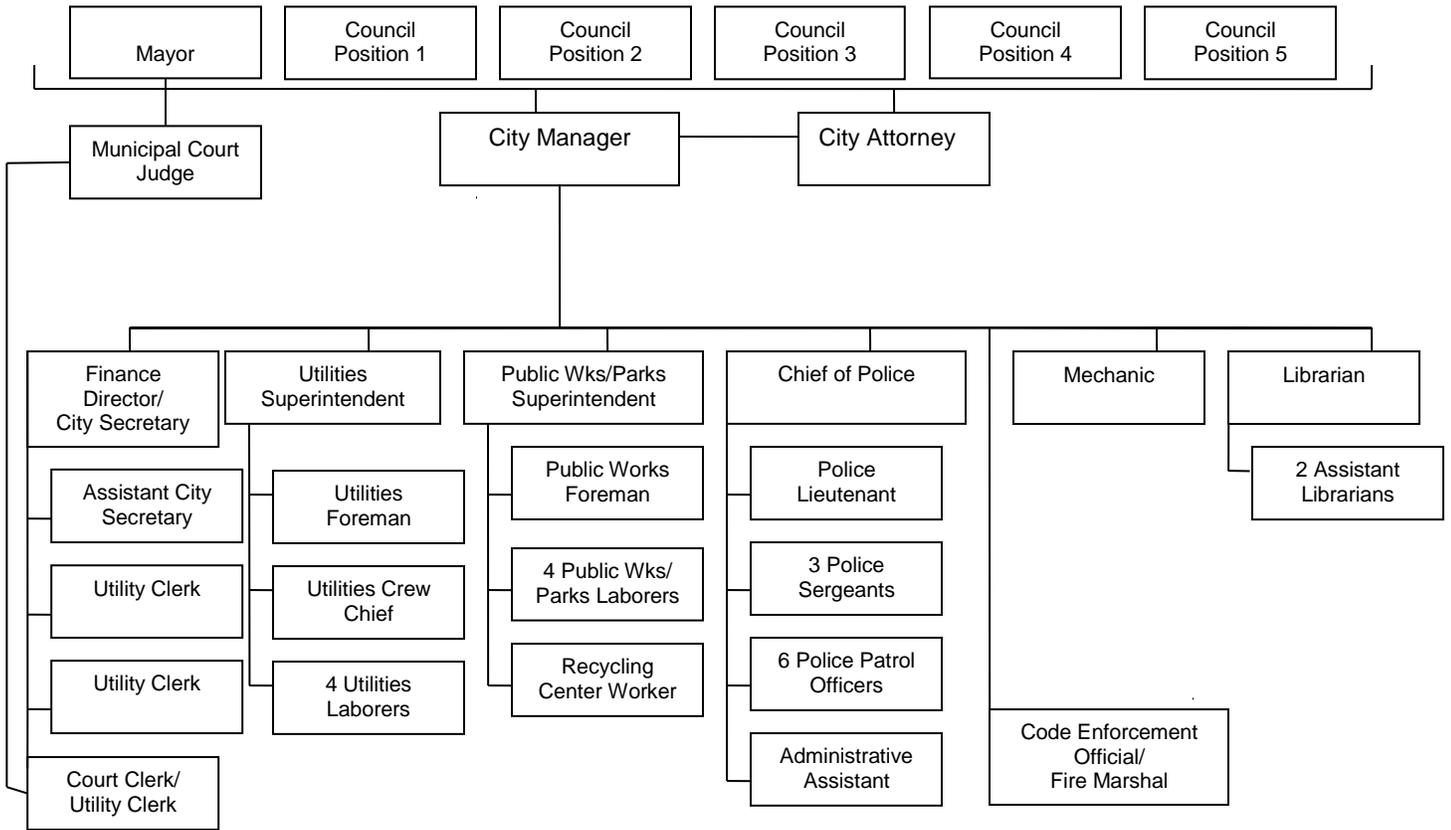
Executive Director/CEO

CITY OF COLUMBUS, TEXAS

ORGANIZATIONAL CHART

SEPTEMBER 30, 2016

City Council



CITY OF COLUMBUS, TEXAS

LIST OF ELECTED AND APPOINTED OFFICIALS

SEPTEMBER 30, 2016

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

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

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

Report on the Financial Statements

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, 2016, 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, 2016, 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.

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, schedule of changes in TMRS net pension liability and related ratios, schedule of TMRS contributions and schedule of TESRS contributions on pages 4-12 and 46-52 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 24, 2017, 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 24, 2017

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**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

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CITY OF COLUMBUS, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2016

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, 2016. 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 and deferred outflows of resources of the City for its governmental and business-type activities exceeded its deferred inflows of resources and liabilities at the close of the fiscal year by \$8,923,700. Of this amount, \$6,537,758 are capital assets, net of related debt, \$754,318 was restricted for Economic Development. \$1,631,624 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 \$868,140. A major contributing factor in this increase is attributable a decrease in expenses.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2,082,040, an increase of \$196,431 in comparison with the prior year. Approximately 50% of this total, or \$1,043,014 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 \$1,043,014 or 37% percent of total General Fund expenditures for the fiscal year.
- The City's total governmental long-term debt increased by \$171,889 (10%) during the current fiscal year mostly due to the net pension liability.

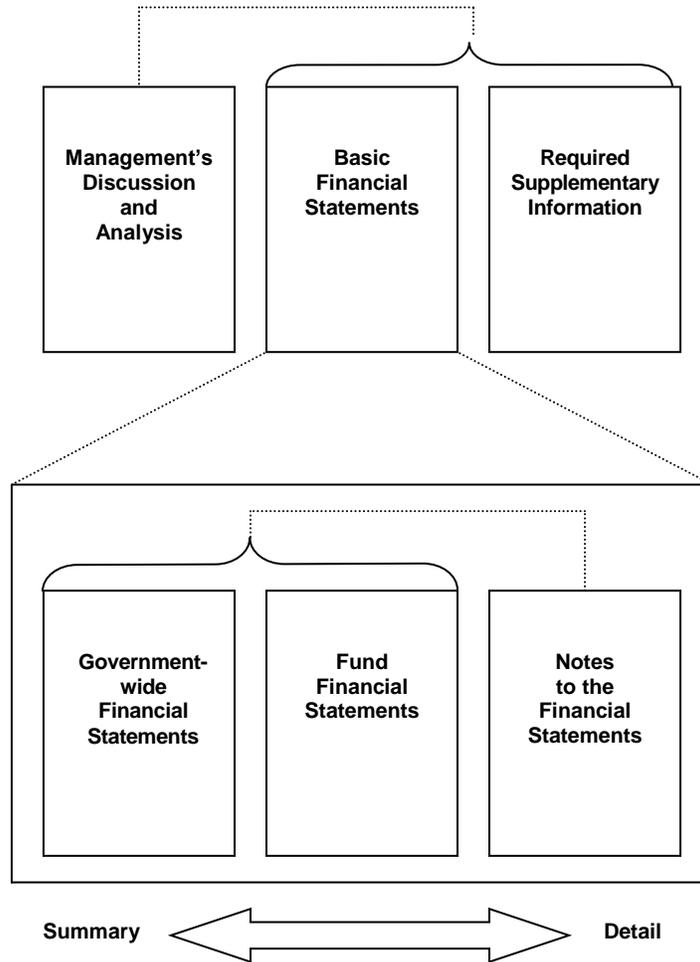
OVERVIEW OF THE FINANCIAL STATEMENTS

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 six 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 five 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 \$1,000,874. The total decrease in unrestricted net position was \$419,273. 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 and Hotel/Motel Tax Fund are also presented in the RSI section. RSI can be found after the notes on pages 48 – 54 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 53 – 60 of this report.

City of Columbus' Net Position
Figure 2

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current and other assets	\$ 2,332,041	\$ 2,151,341	\$ 1,555,839	\$ 2,239,351	\$ 3,887,880	\$ 4,390,692
Capital assets	<u>2,639,002</u>	<u>2,616,121</u>	<u>9,759,347</u>	<u>8,972,508</u>	<u>12,398,349</u>	<u>11,588,629</u>
Total assets	<u>4,971,043</u>	<u>4,767,462</u>	<u>11,315,186</u>	<u>11,211,859</u>	<u>16,286,229</u>	<u>15,979,321</u>
Deferred outflows of resources	<u>404,406</u>	<u>186,944</u>	<u>362,573</u>	<u>220,438</u>	<u>766,979</u>	<u>407,382</u>
Current and other liabilities	210,361	247,630	354,137	374,092	564,498	621,722
Long-term liabilities	<u>1,839,526</u>	<u>1,667,637</u>	<u>5,571,951</u>	<u>5,923,747</u>	<u>7,411,477</u>	<u>7,591,384</u>
Total liabilities	<u>2,049,887</u>	<u>1,915,267</u>	<u>5,926,088</u>	<u>6,297,839</u>	<u>7,975,975</u>	<u>8,213,106</u>
Deferred inflows of resources	<u>108,893</u>	<u>93,644</u>	<u>44,640</u>	<u>24,393</u>	<u>153,533</u>	<u>118,037</u>
Net position:						
Net investment						
in capital assets	1,831,601	1,747,899	4,706,157	3,689,918	6,537,758	5,437,817
Restricted	754,318	570,705	-	-	754,318	570,705
Unrestricted	<u>630,750</u>	<u>626,891</u>	<u>1,000,874</u>	<u>1,420,147</u>	<u>1,631,624</u>	<u>2,047,038</u>
Total net position	<u>\$ 3,216,669</u>	<u>\$ 2,945,495</u>	<u>\$ 5,707,031</u>	<u>\$ 5,110,065</u>	<u>\$ 8,923,700</u>	<u>\$ 8,055,560</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 \$8,923,700 as of September 30, 2016. The City's net position increased by \$868,140 for the fiscal year ended September 30, 2016. Net investment in capital assets of \$6,537,758 accounts for the greatest portion (73%) of net position.

An additional portion of the City's net position (8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,631,624 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	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 231,738	\$ 170,201	\$ 3,156,434	\$ 3,315,639	\$ 3,388,172	\$ 3,485,840
Operating grants and contributions	65,665	452,335	-	-	65,665	452,335
Capital grants and contributions	70,923	71,750	866,610	497,975	937,533	569,725
General revenues:						
Property taxes	744,780	715,735	-	-	744,780	715,735
Other taxes	1,494,543	1,393,524	-	-	1,494,543	1,393,524
Other	32,118	44,443	19,684	25,863	51,802	70,306
Total revenues	<u>2,639,767</u>	<u>2,847,988</u>	<u>4,042,728</u>	<u>3,839,477</u>	<u>6,682,495</u>	<u>6,687,465</u>
Expenses:						
General government	406,885	699,548	-	-	406,885	699,548
Public safety	1,231,888	1,135,820	-	-	1,231,888	1,135,820
Public health	79,528	71,159	-	-	79,528	71,159
Public works	491,918	451,269	-	-	491,918	451,269
Culture and recreation	596,015	498,746	-	-	596,015	498,746
Economic development	89,581	97,917	-	-	89,581	97,917
Interest on long-term debt	30,757	31,056	-	-	30,757	31,056
Water	-	-	1,009,153	840,349	1,009,153	840,349
Sewer	-	-	575,931	585,891	575,931	585,891
Garbage	-	-	787,615	787,469	787,615	787,469
Gas	-	-	515,084	758,466	515,084	758,466
Total expenses	<u>2,926,572</u>	<u>2,985,515</u>	<u>2,887,783</u>	<u>2,972,175</u>	<u>5,814,355</u>	<u>5,957,690</u>
Increase (decrease) in net position before transfers	(286,805)	(137,527)	1,154,945	867,302	868,140	729,775
Transfers	<u>557,979</u>	<u>594,103</u>	<u>(557,979)</u>	<u>(594,103)</u>	<u>-</u>	<u>-</u>
Change in net position	271,174	456,576	596,966	273,199	868,140	729,775
Net position, beginning	<u>2,945,495</u>	<u>3,204,178</u>	<u>5,110,065</u>	<u>5,068,573</u>	<u>8,055,560</u>	<u>8,272,751</u>
Prior period adjustment	<u>-</u>	<u>(715,259)</u>	<u>-</u>	<u>(231,707)</u>	<u>-</u>	<u>(946,966)</u>
Net position, beginning, restated	<u>2,945,495</u>	<u>2,488,919</u>	<u>5,110,065</u>	<u>4,836,866</u>	<u>8,055,560</u>	<u>7,325,785</u>
Net position, ending	<u>\$ 3,216,669</u>	<u>\$ 2,945,495</u>	<u>\$ 5,707,031</u>	<u>\$ 5,110,065</u>	<u>\$ 8,923,700</u>	<u>\$ 8,055,560</u>

Governmental Activities. Governmental activities increased the City's net position by \$271,174.

Key element of this increase is as follows:

- During the 2015 fiscal year the City implemented the Statement of Governmental Accounting Standards (GASB Statement) No. 68, Accounting and Financial Reporting for Pensions – an amendment for GASB Statement No. 27. During the 2016 fiscal year, the City did not have to make a prior period adjustment for this standard.

Business-type Activities. Business-type activities increased the City of Columbus' net position by \$596,966.

Key element of this increase is as follows:

- Capital grants and contributions increased \$368,635 (74%) due to receiving Community Development Block Grant Funding for improvements to water and gas systems.

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 \$1,043,014. 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 37% percent of total General Fund expenditures.

The fund balance of the City's General Fund decreased by \$9,699 during the current fiscal year. This decrease is a result of the City's decrease in intergovernmental revenue.

The fund balance of the Hotel/Motel Tax Fund increased by \$184,678 or 32% 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 \$1,000,874. The total increase in net position was \$596,966. 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 (\$18,480), Golf Course donations (\$1,000) and police department donations (\$10,000).

Budgeted expenditures increased \$28,480 as supplemental appropriations were needed for the following: \$28,480 for library books, audio visuals, supplies, and maintenance. Although expenditures for Golf Course outside services increased by \$83,631, budgeted expenditures were not affected; appropriations from the Park’s Department were utilized.

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, 2016, totals \$12,398,350 (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	
	2016	2015	2016	2015	2016	2015
Land	\$ 520,086	\$ 520,086	\$ 24,183	\$ 24,183	\$ 544,269	\$ 544,269
Buildings and improvements	2,975,994	2,973,827	581,700	581,700	3,557,694	3,555,527
Distribution and collection systems	-	-	14,851,902	14,425,044	14,851,902	14,425,044
Machinery and equipment	3,171,156	2,982,193	838,789	796,210	4,009,945	3,778,403
Construction in progress	43,072	42,945	2,441,588	1,644,066	2,484,660	1,687,011
Accumulated depreciation	(4,071,306)	(3,902,930)	(8,978,814)	(8,498,695)	(13,050,120)	(12,401,625)
	<u>\$ 2,639,002</u>	<u>\$ 2,616,121</u>	<u>\$ 9,759,348</u>	<u>\$ 8,972,508</u>	<u>\$ 12,398,350</u>	<u>\$ 11,588,629</u>

Major capital asset events during the year included the following:

- Purchase of new police body worn/car camera system for \$80,900.
- Purchase of new police vehicles for \$88,375.
- Purchase of a new public works vehicle for \$29,328.
- Purchase of new public works equipment for \$12,701.
- Improvements to the visitor’s center for \$7,127.
- Master Gas Meter for City for \$34,316.
- Gas line additions for \$1,149,698.
- Additional Gas Meters for \$8,263.
- Auto Read Meter System additions for \$70,832.

Additional information on the City’s capital asset activity is presented in the notes to the financial statements on pages 31 and 32.

Long-term Debt. As of September 30, 2016, the City of Columbus had total long-term certificates of obligation outstanding of \$5,180,000. 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	
	2016	2015	2016	2015	2016	2015
Refunding general obligation bonds	\$ 807,401	\$ 868,222	\$ 4,372,599	\$ 4,756,778	\$ 5,180,000	\$ 5,625,000
	<u>\$ 807,401</u>	<u>\$ 868,222</u>	<u>\$ 4,372,599</u>	<u>\$ 4,756,778</u>	<u>\$ 5,180,000</u>	<u>\$ 5,625,000</u>

The City's total debt decreased by \$445,000 (7.9%) 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 on pages 33 to 35.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The unemployment rate for Colorado County is currently 5.6 percent (Columbus is the largest of the three incorporated cities in the county), which is an increase from a rate of 4.0 percent a year ago. This is above the state's average unemployment rate of 4.8 percent and the national average rate of 4.9 percent.
- Inflationary trends in the region compare favorably to national indices.
- The State Comptroller reported an increase of 7.0 percent in taxable sales for the City. Sales tax revenue has increased 40.5 percent since 2007. The City expects sales tax revenue growth to continue to remain strong with an increase of 3% budgeted for 2017.
- Property tax values continue to climb in Colorado County and the region in general. Real property values in the City of Columbus increased \$7,638,713 from the prior year. Values have increased 68.2 percent from 2007. The City's overall property tax rate was increased slightly for the 2017 budget.
- For the 2017 Budget, the City increased water and sewer rates in an effort to keep up with the cost of utility system maintenance and for debt service requirements for the new water filtration system. The last increase occurred in 2016. 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 2017 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.columbustexas.net.

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**BASIC
FINANCIAL STATEMENTS**

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CITY OF COLUMBUS, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

	Governmental Activities	Business-type Activities	Total	Component Unit <u>Columbus Industrial Development Corporation</u>
ASSETS				
Cash and investments	\$ 1,890,188	\$ 1,322,411	\$ 3,212,599	\$ 979,302
Receivable (net of allowances for estimated uncollectibles)				
Taxes	328,414	-	328,414	75,299
Other	26,116	300,498	326,614	-
Internal balances	87,323	(87,323)	-	-
Investment in land	-	-	-	283,950
Restricted assets:				
Cash and investments	-	20,253	20,253	-
Capital assets:				
Non-depreciable	563,158	2,465,771	3,028,929	-
Depreciable, net	<u>2,075,844</u>	<u>7,293,576</u>	<u>9,369,420</u>	<u>-</u>
Total assets	<u>4,971,043</u>	<u>11,315,186</u>	<u>16,286,229</u>	<u>1,338,551</u>
DEFERRED OUTFLOW OF RESOURCES				
Deferred charge on refunding	-	143,984	143,984	24,873
Deferred outflow related to pensions	<u>404,406</u>	<u>218,589</u>	<u>622,995</u>	<u>-</u>
Total deferred outflow of resources	<u>404,406</u>	<u>362,573</u>	<u>766,979</u>	<u>24,873</u>
LIABILITIES				
Accounts payable	155,073	164,395	319,468	28,202
Accrued liabilities	51,610	16,549	68,159	-
Accrued interest	3,678	17,070	20,748	15,404
Customer deposits	-	156,123	156,123	-
Noncurrent liabilities:				
Due within one year	70,775	598,148	668,923	115,591
Due in more than one year	<u>1,768,751</u>	<u>4,973,803</u>	<u>6,742,554</u>	<u>933,053</u>
Total liabilities	<u>2,049,887</u>	<u>5,926,088</u>	<u>7,975,975</u>	<u>1,092,250</u>
DEFERRED INFLOW OF RESOURCES				
Deferred inflow related to pensions	<u>108,893</u>	<u>44,640</u>	<u>153,533</u>	<u>-</u>
Total deferred inflow of resources	<u>108,893</u>	<u>44,640</u>	<u>153,533</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	1,831,601	4,706,157	6,537,758	-
Restricted for:				
Economic development	754,318	-	754,318	-
Debt service	-	-	-	133,269
Unrestricted	<u>630,750</u>	<u>1,000,874</u>	<u>1,631,624</u>	<u>137,905</u>
Total net position	<u>\$ 3,216,669</u>	<u>\$ 5,707,031</u>	<u>\$ 8,923,700</u>	<u>\$ 271,174</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, 2016

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 406,885	\$ 23,375	\$ -	\$ -
Public safety	1,231,888	189,374	12,185	70,923
Public health	79,528	-	-	-
Public works	491,918	-	-	-
Culture and recreation	596,015	18,989	23,480	-
Economic development	89,581	-	30,000	-
Interest on long-term debt	30,757	-	-	-
Total governmental activities	<u>2,926,572</u>	<u>231,738</u>	<u>65,665</u>	<u>70,923</u>
Business-type activities:				
Water	1,009,153	867,695	-	30,000
Sewer	575,931	779,310	-	30,000
Garbage	787,615	849,245	-	-
Gas	515,084	660,184	-	806,610
Total business-type activities	<u>2,887,783</u>	<u>3,156,434</u>	<u>-</u>	<u>866,610</u>
Total primary government	<u>\$ 5,814,355</u>	<u>\$ 3,388,172</u>	<u>\$ 65,665</u>	<u>\$ 937,533</u>
Component unit:				
Columbus Community Industrial Development Corporation	<u>\$ 439,785</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:
Property taxes
Sales taxes
Hotel occupancy tax
Franchise taxes
Alcoholic beverage taxes
Interest revenue
Miscellaneous
Transfers
Total general revenues and transfers
Change in net position
Net position, beginning
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
\$(383,510)	\$ -	\$(383,510)	\$ -
(959,406)	-	(959,406)	-
(79,528)	-	(79,528)	-
(491,918)	-	(491,918)	-
(553,546)	-	(553,546)	-
(59,581)	-	(59,581)	-
(30,757)	-	(30,757)	-
(2,558,246)	-	(2,558,246)	-
-	(111,458)	(111,458)	-
-	233,379	233,379	-
-	61,630	61,630	-
-	951,710	951,710	-
-	1,135,261	1,135,261	-
(2,558,246)	1,135,261	(1,422,985)	-
			(439,785)
744,780	-	744,780	-
966,595	-	966,595	465,517
275,829	-	275,829	-
237,509	-	237,509	-
14,610	-	14,610	-
18,016	19,672	37,688	3,806
14,102	12	14,114	3,240
557,979	(557,979)	-	-
2,829,420	(538,295)	2,291,125	472,563
271,174	596,966	868,140	32,778
2,945,495	5,110,065	8,055,560	238,396
\$ 3,216,669	\$ 5,707,031	\$ 8,923,700	\$ 271,174

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CITY OF COLUMBUS, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2016

	<u>General</u>	<u>Hotel/Motel Tax</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and investments	\$ 915,320	\$ 690,287	\$ 284,581	\$ 1,890,188
Receivables, net				
Taxes	261,907	64,940	1,567	328,414
Accounts	26,116	-	-	26,116
Due from other funds	87,323	-	-	87,323
Total assets	<u>1,290,666</u>	<u>755,227</u>	<u>286,148</u>	<u>2,332,041</u>
LIABILITIES				
Accounts payable	154,164	909	-	155,073
Accrued payroll	51,610	-	-	51,610
Total liabilities	<u>205,774</u>	<u>909</u>	<u>-</u>	<u>206,683</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	10,170	-	1,440	11,610
Unavailable revenue - court fines	31,708	-	-	31,708
Total deferred inflows of resources	<u>41,878</u>	<u>-</u>	<u>1,440</u>	<u>43,318</u>
FUND BALANCES:				
Restricted for:				
Economic development	-	754,318	-	754,318
Debt service	-	-	361	361
Assigned for equipment	-	-	284,347	284,347
Unassigned	1,043,014	-	-	1,043,014
Total fund balances	<u>1,043,014</u>	<u>754,318</u>	<u>284,708</u>	<u>2,082,040</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,290,666</u>	<u>\$ 755,227</u>	<u>\$ 286,148</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.	2,639,002
Other long-term assets are not available to pay for current period expenditures and, therefore are deferred in the funds.	
Unavailable property tax revenue	11,610
Unavailable municipal court revenue	31,708
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	(3,678)
Net pension liability and related deferred inflows and outflows	(18,759)
Compensated absences	(11,738)
Certificates of obligation	(1,513,516)
Net position of governmental activities	<u>\$ 3,216,669</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, 2016

	<u>General</u>	<u>Hotel/Motel Tax</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Property taxes	\$ 650,560	\$ -	\$ 92,297	\$ 742,857
Sales taxes	981,205	-	-	981,205
Franchise taxes	237,509	-	-	237,509
Hotel occupancy tax	-	275,829	-	275,829
Licenses and permits	20,851	-	-	20,851
Fines and forfeitures	174,178	-	-	174,178
Charges for services	17,203	-	-	17,203
Intergovernmental	125,680	-	-	125,680
Investment earnings	8,768	5,557	3,691	18,016
Miscellaneous	25,091	-	-	25,091
Total revenues	<u>2,241,045</u>	<u>281,386</u>	<u>95,988</u>	<u>2,618,419</u>
EXPENDITURES				
Current:				
General government	385,867	-	-	385,867
Public safety	1,114,031	-	-	1,114,031
Public health	80,334	-	-	80,334
Public works	428,549	-	-	428,549
Culture and recreation	569,239	-	-	569,239
Economic development	-	96,708	-	96,708
Debt service:				
Principal	-	-	60,821	60,821
Interest and other charges	-	-	30,947	30,947
Capital outlay	213,471	-	-	213,471
Total expenditures	<u>2,791,491</u>	<u>96,708</u>	<u>91,768</u>	<u>2,979,967</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(550,446)</u>	<u>184,678</u>	<u>4,220</u>	<u>(361,548)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	563,397	-	49,150	612,547
Transfers out	(22,650)	-	(31,918)	(54,568)
Total other financing sources (uses)	<u>540,747</u>	<u>-</u>	<u>17,232</u>	<u>557,979</u>
NET CHANGE IN FUND BALANCES	<u>(9,699)</u>	<u>184,678</u>	<u>21,452</u>	<u>196,431</u>
FUND BALANCES, BEGINNING	<u>1,052,713</u>	<u>569,640</u>	<u>263,256</u>	<u>1,885,609</u>
FUND BALANCES, ENDING	<u>\$ 1,043,014</u>	<u>\$ 754,318</u>	<u>\$ 284,708</u>	<u>\$ 2,082,040</u>

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, 2016

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

Net change in fund balances - total governmental funds	\$ 196,431
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.	
Capital outlay	231,599
Depreciation	(201,718)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Unavailable tax revenue	1,923
Unavailable municipal court revenue	19,425
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.	
Bond principal payments	60,821
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.	
Pension cost	(18,759)
Compensated absences	(11,738)
Accrued interest	<u>190</u>
Change in net position of governmental activities.	<u>\$ 271,174</u>

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CITY OF COLUMBUS, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2016

	Utility Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,322,411
Investments	
Accounts receivable, net	300,498
Restricted assets:	
Cash and cash equivalents	20,253
Total current assets	1,643,162
Noncurrent assets:	
Capital assets:	
Non-depreciable	2,465,771
Depreciable, net	7,293,576
Total noncurrent assets	9,759,347
Total assets	11,402,509
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	143,984
Deferred outflow related to pensions	218,589
Total deferred outflows of resources	362,573
LIABILITIES	
Current liabilities:	
Accounts payable	164,395
Accrued liabilities	16,549
Due to other funds	87,323
Accrued interest	17,070
Customer deposits	156,123
Bonds payable	414,010
Notes payable	179,791
Compensated absences	4,347
Total current liabilities	1,039,608
Noncurrent liabilities:	
Bonds payable	4,105,293
Notes payable	374,349
Compensated absences	13,042
Net pension liability	481,119
Total noncurrent liabilities	4,973,803
Total liabilities	6,013,411
DEFERRED INFLOWS OF RESOURCES	
Deferred inflow related to pensions	44,640
Total deferred inflows of resources	44,640
NET POSITION	
Net investment in capital assets	4,706,157
Unrestricted	1,000,874
Total net position	\$ 5,707,031

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, 2016

	<u>Utility Fund</u>
OPERATING REVENUES	
Charges for sales and services:	
Water sales	\$ 867,695
Sewer charges	779,310
Garbage fees	849,245
Gas sales	660,184
Other	12
Total operating revenues	<u>3,156,446</u>
OPERATING EXPENSES	
Personnel	713,069
Maintenance and operations	1,528,530
Depreciation	480,120
Total operating expenses	<u>2,721,719</u>
OPERATING INCOME	<u>434,727</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	19,672
Interest and other charges	<u>(166,064)</u>
Total nonoperating revenues (expenses)	<u>(146,392)</u>
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	288,335
Capital contributions	866,610
Transfers in	3,918
Transfers out	<u>(561,897)</u>
CHANGE IN NET POSITION	596,966
NET POSITION, BEGINNING	<u>5,110,065</u>
NET POSITION, ENDING	<u>\$ 5,707,031</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, 2016

	Utility Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 3,275,827
Cash paid to suppliers	(1,712,531)
Cash paid to employees	(712,028)
Net cash provided by operating activities	851,268
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer from other funds	3,918
Transfer to other funds	(561,897)
Net cash used by noncapital financing activities	(557,979)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital contributions - intergovernmental	929,923
Purchase of capital assets	(1,266,959)
Principal paid on capital debt	(575,574)
Interest and other charges paid on debt	(151,621)
Net cash used by capital and related financing activities	(1,064,231)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	19,672
Net cash provided by investing activities	19,672
NET DECREASE IN CASH AND EQUIVALENTS	(751,270)
CASH AND CASH EQUIVALENTS, BEGINNING	2,093,934
CASH AND CASH EQUIVALENTS, ENDING	\$ 1,342,664
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Net operating income	\$ 434,727
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	480,120
(Increase) decrease in accounts receivable	74,835
(Increase) decrease in deferred outflows related to pensions	(157,626)
Increase (decrease) in accounts payable	(26,375)
Increase (decrease) in accrued liabilities	2,273
Increase (decrease) in due to other funds	(205,906)
Increase (decrease) in compensated absences	(1,232)
Increase (decrease) in customer deposits	5,195
Increase (decrease) in net pension liability	225,010
Increase (decrease) in deferred inflows related to pensions	20,247
Net cash provided by operations	\$ 851,268

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, 2016

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, except for the position in investment pools. The City's investment in pools are 2a7-like pools and are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

E. Investment in Land

The City's component unit reports land for resale for future development and was obtained to provide new opportunities for commercial and industrial redevelopment and to spur job creation. The land was not obtained to be a profit or income generating investment to the component unit. This land is available for sale and is stated at the lower of cost or net realizable value.

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 capital assets are recorded at acquisition cost, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date. 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 \$5,000 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 and/or balance sheet 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 the following items that qualify for reporting in this category.

- Deferred charges on refunding – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five year period.

In addition to liabilities, the statement of financial position and/or balance sheet 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 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 two types of items that qualify for reporting in this category.

- Unavailable revenue is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Difference in expected and actual pension experience - This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

K. Pensions

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of measuring the net pension liability for the Texas Emergency Services Retirement System (TESRS), pension related deferred outflows and inflows of resources, and pension expense, information about the fiduciary net position of TESRS and additions to/deductions from TESRS's fiduciary net position have been determined on the same basis as they are reported by TESRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

L. 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.

M. 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.

N. 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.

O. 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.

P. 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.

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 carrying 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 of the investments was \$908,109. 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.

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 56 days.

B. Receivables

Receivables at September 30, 2016, were as follows:

	<u>General</u>	<u>Hotel/ Motel Tax</u>	<u>Nonmajor Governmental</u>	<u>Utility</u>	<u>Total Receivables</u>
Property taxes	\$ 24,456	\$ -	\$ 3,545	\$ -	\$ 28,001
Sales taxes	150,599	-	-	-	150,599
Hotel/motel taxes	-	64,940	-	-	64,940
Franchise taxes	97,805	-	-	-	97,805
Mixed beverage taxes	3,333	-	-	-	3,333
Utility accounts	-	-	-	328,670	328,670
Municipal court	<u>133,079</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>133,079</u>
Less: allowance for doubtful accounts	<u>(121,249)</u>	<u>-</u>	<u>(1,978)</u>	<u>(28,172)</u>	<u>(151,399)</u>
	<u>\$ 288,023</u>	<u>\$ 64,940</u>	<u>\$ 1,567</u>	<u>\$ 300,498</u>	<u>\$ 655,028</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, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 520,086	\$ -	\$ -	\$ 520,086
Construction in progress	<u>42,945</u>	<u>7,127</u>	<u>7,000</u>	<u>43,072</u>
Total capital assets not being depreciated	<u>563,031</u>	<u>7,127</u>	<u>7,000</u>	<u>563,158</u>
Capital assets being depreciated:				
Buildings and improvements	2,973,827	2,167	-	2,975,994
Machinery and equipment	<u>2,982,193</u>	<u>222,305</u>	<u>33,342</u>	<u>3,171,156</u>
Total capital assets being depreciated	<u>5,956,020</u>	<u>224,472</u>	<u>33,342</u>	<u>6,147,150</u>
Less accumulated depreciation for:				
Buildings and improvements	1,364,597	61,549	-	1,426,146
Machinery and equipment	<u>2,538,333</u>	<u>140,169</u>	<u>33,342</u>	<u>2,645,160</u>
Total accumulated depreciation	<u>3,902,930</u>	<u>201,718</u>	<u>33,342</u>	<u>4,071,306</u>
Total capital assets depreciated, net	<u>2,053,090</u>	<u>22,754</u>	<u>-</u>	<u>2,075,844</u>
Governmental activities, capital assets, net	<u>\$ 2,616,121</u>	<u>\$ 29,881</u>	<u>\$ 7,000</u>	<u>\$ 2,639,002</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 24,183	\$ -	\$ -	\$ 24,183
Construction in progress	<u>1,644,066</u>	<u>1,220,531</u>	<u>423,009</u>	<u>2,441,588</u>
Total capital assets not being depreciated	<u>1,668,249</u>	<u>1,220,531</u>	<u>423,009</u>	<u>2,465,771</u>
Capital assets being depreciated:				
Buildings and improvements	581,700	-	-	581,700
Distribution and collection systems	14,425,044	426,858	-	14,851,902
Machinery and equipment	<u>796,210</u>	<u>42,579</u>	<u>-</u>	<u>838,789</u>
Total capital assets being depreciated	<u>15,802,954</u>	<u>469,437</u>	<u>-</u>	<u>16,272,391</u>
Less accumulated depreciation for:				
Buildings and improvements	581,551	149	-	581,700
Distribution and collection systems	7,251,686	452,726	-	7,704,412
Machinery and equipment	<u>665,458</u>	<u>27,245</u>	<u>-</u>	<u>692,703</u>
Total accumulated depreciation	<u>8,498,695</u>	<u>480,120</u>	<u>-</u>	<u>8,978,815</u>
Total capital assets depreciated, net	<u>7,304,259</u>	<u>(10,683)</u>	<u>-</u>	<u>7,293,576</u>
Business-type activities, capital assets, net	<u>\$ 8,972,508</u>	<u>\$ 1,209,848</u>	<u>\$ 423,009</u>	<u>\$ 9,759,347</u>

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

Governmental activities:		
General government		\$ 24,935
Public safety		80,186
Public health		197
Public works		65,784
Culture and recreation		<u>30,616</u>
Total governmental activities		<u>\$ 201,718</u>
Business-type activities:		
Water		\$ 307,877
Sewer		161,038
Garbage		642
Gas		<u>10,563</u>
Total business-type activities		<u>\$ 480,120</u>

D. Interfund Receivables, Payables, and Transfers

Due to/Due from

The composition of the interfund balances as of September 30, 2016, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Utility	<u>\$ 87,323</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, 2016, is as follows:

<u>Transfer in Fund</u>	<u>Transfer Out Fund</u>	<u>Amount</u>
General	Utility	\$ 535,397
General	Nonmajor governmental	28,000
Nonmajor governmental	General	22,650
Nonmajor governmental	Utility	26,500
Utility	Nonmajor governmental	<u>3,918</u>
		<u>\$ 616,465</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 and Fire Equipment Fund transferred \$28,000 to the General Fund for the purchase of equipment. The Utility Fund transferred \$371,423 to the General Fund to cover budgeted indirect costs. The Utility Fund transferred payments in lieu of taxes of \$163,974 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 and 2008 Certificates of Obligation fund transferred \$205 and \$3,713 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, 2016.

Primary Government

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
Refunding GO bonds	\$ 868,222	\$ -	\$ 60,821	\$ 807,401	\$ 62,342
Net pension liability-TEERS	125,021	61,985	8,166	178,840	-
Net pension liability-TMRS	652,400	318,841	151,688	819,553	-
Compensated absences	<u>21,994</u>	<u>36,093</u>	<u>24,355</u>	<u>33,732</u>	<u>8,433</u>
Total governmental activities	<u>\$ 1,667,637</u>	<u>\$ 416,919</u>	<u>\$ 245,030</u>	<u>\$ 1,839,526</u>	<u>\$ 70,775</u>
Business-type activities:					
Refunding GO bonds	\$ 4,756,778	\$ -	\$ 384,179	\$ 4,372,599	\$ 397,658
Premium on bonds	163,056	-	16,352	146,704	16,352
Notes payable	729,183	-	175,043	554,140	179,791
Net pension liability-TMRS	256,109	291,972	66,962	481,119	-
Compensated absences	<u>18,621</u>	<u>18,178</u>	<u>19,410</u>	<u>17,389</u>	<u>4,347</u>
Total business-type activities	<u>\$ 5,923,747</u>	<u>\$ 310,150</u>	<u>\$ 661,946</u>	<u>\$ 5,571,951</u>	<u>\$ 598,148</u>

The compensated absences and net pension liabilities for governmental activities are 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	\$ 1,150,000	\$ -	\$ 105,000	\$ 1,045,000	\$ 115,000
Premium on bonds	<u>4,235</u>	<u>-</u>	<u>591</u>	<u>3,644</u>	<u>591</u>
Total Columbus Community and Development Corporation:	<u>\$ 1,154,235</u>	<u>\$ -</u>	<u>\$ 105,591</u>	<u>\$ 1,048,644</u>	<u>\$ 115,591</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 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 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 by the 2010 Sales Tax Refunding Bonds at annual interest rates from 2.00% to 4.00% with a maturity date of November 2023.

Notes Payable

In 2014, the City entered into an agreement 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
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	66,903	23,633	423,097	105,079	125,000	24,222
2021	69,944	21,458	435,056	93,354	130,000	19,756
2022-2026	390,776	65,444	2,094,224	241,256	435,000	26,500
2027	<u>86,671</u>	<u>3,467</u>	<u>198,329</u>	<u>7,933</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 807,401</u>	<u>\$ 196,624</u>	<u>\$ 4,372,599</u>	<u>\$ 827,661</u>	<u>\$ 1,045,000</u>	<u>\$ 166,529</u>

Primary Government	
Notes Payable	
Principal	Interest
2017	\$ 179,791
2018	184,669
2019	<u>189,680</u>
	<u>\$ 554,140</u>
	<u>\$ 26,426</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 at this time.

The City has entered into an agreement with the Texas Department of Agriculture (TDA) to reimburse the City \$1 million for an economic development program. The City is required to expend the funds in accordance with the contract. Additionally, the City has executed a contract with a Company that includes a condition requiring the Company to create 100 jobs which is a performance requirement of the grant. The City believes that it is probable that the Company will not meet its performance requirements and the City will not be reimbursed for \$158,000 of expenditures related to the program.

C. Employee Retirement Systems

DEFINED BENEFIT PENSION PLAN – TEXAS MUNICIPAL RETIREMENT SYSTEM

Plan Descriptions

The City participates as one of 866 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agency multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Sections 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

All eligible employees of the City are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee’s contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member’s deposits and interest.

A summary of plan provisions for the City are as follows:

Employee deposit rate	6.0%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	25 years to any age, 5 years at age 60 and above
Updated service credit	100% repeating

Employees covered by benefit terms

At the December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	21
Inactive employees entitled to but not yet receiving benefits	32
Active employees	<u>37</u>
	<u><u>90</u></u>

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are with 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contributions rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 6.0% of their annual gross earnings during the fiscal year. The contribution rates for the City were 13.44% and 13.15% in calendar years 2015 and 2016, respectively. The City’s contributions to TMRS for the year ended September 30, 2016, were \$218,454, and were equal to the required contributions.

Net Pension Liability

The City’s Net Pension Liability (NPL) was measured as of December 31, 2015, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.7% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2015 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering the 2009 through 2011, and the dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS. The target allocation and best estimates of arithmetic real rates return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.65%
Real Return	10.0%	4.03%
Real Estate	10.0%	5.00%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	8.00%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2014	\$ 6,924,996	\$ 6,016,487	\$ 908,509
Changes for the year:			
Service cost	231,666	-	231,666
Interest	484,124	-	484,124
Difference between expected and actual experience	(84,508)	-	(84,508)
Changes of assumptions	80,347	-	80,347
Contributions - employer	-	218,650	(218,650)
Contributions - employee	-	97,612	(97,612)
Net investment income	-	8,879	(8,879)
Benefit payments, including refunds of employee contributions	(249,541)	(249,541)	-
Administrative expense	-	(5,407)	5,407
Other changes	-	(268)	268
Net changes	<u>462,088</u>	<u>69,925</u>	<u>392,163</u>
Balance at 12/31/2015	<u>\$ 7,387,084</u>	<u>\$ 6,086,412</u>	<u>\$ 1,300,672</u>

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) of 1-percentage-higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 2,312,348	\$ 1,300,672	\$ 466,275

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. The report may be obtained on the Internet at www.tmrs.org.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2016, the City recognized pension expense of \$270,084.

At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 120,682
Changes in actuarial assumptions	59,586	-
Difference between projected and actual investment earnings	373,406	-
Contributions subsequent to the measurement date	<u>157,948</u>	<u>-</u>
Total	<u>\$ 590,940</u>	<u>\$ 120,682</u>

\$157,948 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

For the Year Ended September 30,	
2017	\$ 67,388
2018	67,388
2019	94,939
2020	82,595

DEFINED BENEFIT PENSION PLAN – TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM

Plan Description

The City participates in the Texas Emergency Services Retirement System (TESRS), a cost-sharing multiple-employer defined benefit pension established and administered by the State of Texas. The TESRS is an agency of the State of Texas and its financial records comply with state statutes and regulations. The nine members Board of Trustees, appointed by the Governor, establishes policy for the administration of the Texas Emergency Services Retirement System. TESRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tesrs.org.

The TESRS was created as a standalone agency by the 83rd Legislature via the passage of SB 220, effective September 1, 2013, to assume the related functions of the abolished Office of the Fire Fighters’ Pension Commissioner. While the agency is new, the System has been in existence since 1977. TESRS, which is under the authority of Title 8, Subtitle H, Chapters 861-865 of the Texas Government Code, provides death and disability benefits to active volunteer fire fighters and first responders, and a pension to members with vested service, as well as to their survivor/beneficiaries.

Pension Plan Fiduciary Net Position

For financial reporting purposes, the State of Texas is considered the primary reporting government. TESRS' financial statements are included in the State's Comprehensive Annual Financial Report. TESRS issues a publicly available Annual Financial Report, which includes financial statements, notes, and required supplementary information, which can be obtained at www.tesrs.org.

Benefits Provided

Senate Bill 411, 65th Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 79th 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. The benefit provisions include retirement benefits as well as death and disability benefits. 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 governing body'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.

Contributions

Contributions are made by the City for the participating employees. No contributions are required from the individuals who are members of the TESRS, nor are they allowed. The City is required to make contributions for each month an employee of the plan this minimum contribution is \$36 per member. Contributions to the pension plan for the year ended September 30, 2016, were \$32,055.

Actuarial Assumptions

The total pension liability in the August 31, 2014, actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.50%
Salary increases	None
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Healthy Lives Mortality Tables for males and for females projected to 2018 by scale AA.

The actuarial assumptions used in the August 31, 2014, valuation were based on the results of an actuarial experience study for the period completed in 2008.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3.50%). In addition, the final 7.75% assumption reflected a reduction of 0.20% for adverse deviation. The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Portfolio Real Rate of Return
Equities:		
Large cap domestic	32.0%	5.2%
Small cap domestic	10.0%	5.8%
Developed international	21.0%	5.5%
Emerging markets	6.0%	5.4%
Master limited partnership	5.0%	7.1%
Fixed income:		
Domestic	21.0%	1.4%
International	5.0%	1.6%
Cash	0.0%	0.0%
Total	100.0%	

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. No projection of cash flows was used to determine the discount rate because the August 31, 2014 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years using the conservative level dollar amortization method. That UAAL was based on an actuarial value of assets that was \$7.9 million less than the plan fiduciary net position as of August 31, 2014. Because of the 30-year amortization period with the conservative amortization method and with a lower value of assets, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the City's proportionate share of the net pension liability, calculated using the discount rate of 7.75%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.75%) or 1 percentage point higher (8.75%) than the current rate:

	1% Decrease in Discount Rate (6.75%)	Discount Rate (7.75%)	1% Increase in Discount Rate (8.75%)
City's proportionate share of the net pension liability	\$ 312,917	\$ 178,840	\$ 101,578

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2016, the City reported a liability of \$178,840 for its proportionate share of the TESRS's net pension liability. The net pension liability was measured as of August 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2014, and rolled forward to August 31, 2015. The City's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2014 through August 31, 2015.

At August 31, 2015 the employer's proportion of the collective net pension liability was 0.67%, which was an increase of 0.05% when compared to August 31, 2014.

For the year ended September 30, 2016, the City's pension expense was \$28,081. At September 30, 2016, the City reported its proportionate share of the TESRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual investment earnings	\$ -	\$ 32,851
Contributions paid to TESRS subsequent to the measurement date	32,055	-
Total	<u>\$ 32,055</u>	<u>\$ 32,851</u>

\$32,055 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ended September 30,	
2017	\$ 6,295
2018	6,295
2019	6,295
2020	13,966

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 2016, 2015, and 2014, were \$3,363, \$3,910, and \$4,024, respectively, which equaled the required contributions each year.

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. New Accounting Principles

Significant new accounting standards not yet implemented by the City include the following.

Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*" – This statement changes the focus of accounting of postemployment benefits other than pensions from whether an entity is responsible for funding the benefits over time to a point-in-time liability that is reflected on the employer's financial statements for any actuarially unfunded portion of benefits earned to date. This statement will become effective for the City in fiscal year 2018.

Statement No. 77, "*Tax Abatement Disclosures*" – This statement requires governments that enter into tax abatement agreements to provide certain disclosures regarding these commitments. This statement will become effective for the City in fiscal year 2017.

**REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF COLUMBUS, TEXAS

GENERAL FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 656,650	\$ 656,650	\$ 650,560	\$(6,090)
Sales	957,000	957,000	981,205	24,205
Franchise	247,000	247,000	237,509	(9,491)
Licenses and permits	25,600	25,600	20,851	(4,749)
Fines and forfeitures	92,800	92,800	174,178	81,378
Charges for services	17,160	17,160	17,203	43
Intergovernmental	319,475	319,475	125,680	(193,795)
Investment earnings	7,900	7,900	8,768	868
Miscellaneous	27,550	27,975	25,091	(2,884)
Total revenues	<u>2,351,135</u>	<u>2,351,560</u>	<u>2,241,045</u>	<u>(110,515)</u>
EXPENDITURES				
General government:				
Personnel	289,244	289,244	263,462	25,782
Supplies and maintenance	19,500	19,500	19,050	450
Other services	<u>105,695</u>	<u>105,696</u>	<u>103,355</u>	<u>2,341</u>
Total general government	<u>414,439</u>	<u>414,440</u>	<u>385,867</u>	<u>28,573</u>
Public safety:				
Police department:				
Personnel	838,820	838,820	838,712	108
Supplies and maintenance	102,540	103,500	81,472	22,028
Other services	53,738	52,727	50,508	2,219
Capital outlay	<u>166,475</u>	<u>139,377</u>	<u>169,275</u>	<u>(29,898)</u>
Total police department	<u>1,161,573</u>	<u>1,134,424</u>	<u>1,139,967</u>	<u>(5,543)</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, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
Public safety:				
Fire department:				
Personnel	\$ 55,700	\$ 55,700	\$ 47,791	\$ 7,909
Supplies and maintenance	54,100	54,103	69,826	(15,723)
Other services	36,283	26,280	25,722	558
Capital outlay	456,600	456,600	-	456,600
Total fire department	<u>602,683</u>	<u>592,683</u>	<u>143,339</u>	<u>449,344</u>
Total public safety	<u>1,764,256</u>	<u>1,727,107</u>	<u>1,283,306</u>	<u>443,801</u>
Public health:				
Personnel	65,409	65,409	69,509	(4,100)
Supplies and maintenance	7,725	7,432	6,137	1,295
Other services	15,814	15,857	4,688	11,169
Total public health	<u>88,948</u>	<u>88,698</u>	<u>80,334</u>	<u>8,364</u>
Public works:				
Personnel	199,301	199,301	209,141	(9,840)
Supplies and maintenance	175,050	175,050	137,200	37,850
Other services	85,368	85,368	82,208	3,160
Capital outlay	39,000	39,000	44,196	(5,196)
Total public works	<u>498,719</u>	<u>498,719</u>	<u>472,745</u>	<u>25,974</u>
Culture and recreation:				
Personnel	356,131	313,500	321,894	(8,394)
Supplies and maintenance	68,050	89,905	81,367	8,538
Other services	88,943	182,704	165,978	16,726
Capital outlay	33,000	-	-	-
Total culture and recreation	<u>546,124</u>	<u>586,109</u>	<u>569,239</u>	<u>16,870</u>
Total expenditures	<u>3,312,486</u>	<u>3,315,073</u>	<u>2,791,491</u>	<u>523,582</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	847,964	847,964	563,397	(284,567)
Transfers out	(22,650)	(22,650)	(22,650)	-
Total other financing sources (uses)	<u>825,314</u>	<u>825,314</u>	<u>540,747</u>	<u>(284,567)</u>
NET CHANGE IN FUND BALANCES	(136,037)	(138,199)	(9,699)	128,500
FUND BALANCES, BEGINNING	<u>1,052,713</u>	<u>1,052,713</u>	<u>1,052,713</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 916,676</u>	<u>\$ 914,514</u>	<u>\$ 1,043,014</u>	<u>\$ 128,500</u>

CITY OF COLUMBUS, TEXAS

HOTEL/MOTEL TAX FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Hotel occupancy tax	\$ 275,000	\$ 275,000	\$ 275,829	\$ 829
Investment earnings	<u>3,000</u>	<u>3,000</u>	<u>5,557</u>	<u>2,557</u>
Total revenues	<u>278,000</u>	<u>278,000</u>	<u>281,386</u>	<u>3,386</u>
EXPENDITURES				
Economic development	<u>807,200</u>	<u>807,150</u>	<u>96,708</u>	<u>710,442</u>
Total expenditures	<u>807,200</u>	<u>807,150</u>	<u>96,708</u>	<u>710,442</u>
NET CHANGE IN FUND BALANCES	(529,200)	(537,150)	184,678	721,828
FUND BALANCES, BEGINNING	<u>569,640</u>	<u>569,640</u>	<u>569,640</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 40,440</u>	<u>\$ 32,490</u>	<u>\$ 754,318</u>	<u>\$ 721,828</u>

CITY OF COLUMBUS, TEXAS

NOTES TO BUDGETARY INFORMATION

SEPTEMBER 30, 2016

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 30th 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 \$112,111. These amendments were as follows:

<u>Date Budget Amended</u>	<u>Purpose</u>	<u>Amount</u>
November 12, 2015	Golf Course Operations	\$ 42,631
April 28, 2016	Golf Course Operations	1,000
April 28, 2016	Library Supplies	10,000
April 28, 2016	Library Books	6,500
April 28, 2016	Library Audio Visual	1,000
April 28, 2016	Library Promotional Supplies	980
May 12, 2016	Library Maintenance	10,000
June 9, 2016	Golf Course Operations	<u>40,000</u>
		<u>\$ 112,111</u>

CITY OF COLUMBUS, TEXAS

**SCHEDULE OF CHANGES IN TMRS NET PENSION LIABILITY
AND RELATED RATIOS**

FOR THE YEAR ENDED SEPTEMBER 30, 2016

Plan Year	<u>2014</u>	<u>2015</u>
A. Total pension liability		
Service Cost	\$ 225,111	\$ 231,666
Interest (on the Total Pension Liability)	463,968	484,124
Difference between expected and actual experience	(115,052)	(84,508)
Change of assumptions	-	80,347
Benefit payments, including refunds of employee contributions	<u>(329,185)</u>	<u>(249,541)</u>
Net change in total pension liability	244,842	462,088
Total pension liability - beginning	<u>6,680,154</u>	<u>6,924,996</u>
Total pension liability - ending (a)	<u>\$ 6,924,996</u>	<u>\$ 7,387,084</u>
B. Plan fiduciary net position		
Contributions - employer	\$ 240,607	\$ 218,650
Contributions - employee	102,097	97,612
Net investment income	325,069	8,879
Benefit payments, including refunds of employee contributions	(329,185)	(249,541)
Administrative expenses	(3,393)	(5,407)
Other	<u>(279)</u>	<u>(268)</u>
Net change in plan fiduciary net position	334,916	69,925
Plan fiduciary net position - beginning	<u>5,681,571</u>	<u>6,016,487</u>
Plan fiduciary net position - ending (b)	<u>\$ 6,016,487</u>	<u>\$ 6,086,412</u>
C. Net pension liability - ending (a) - (b)	<u>\$ 908,509</u>	<u>\$ 1,300,672</u>
D. Plan fiduciary net position as a percentage of total pension liability	86.88%	82.39%
E. Covered employee payroll	\$ 1,701,613	\$ 1,626,867
F. Net position liability as a percentage of covered employee payroll	53.39%	79.95%

Note: The schedule is intended to show 10 years of information, additional years will be presented as it becomes available.

CITY OF COLUMBUS, TEXAS
SCHEDULE OF TMRS CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Fiscal Year	<u>2014</u>	<u>2015</u>	<u>2016</u>
Actuarial determined contribution	\$ 234,237	\$ 222,113	\$ 218,454
Contributions in relation to the actuarially determined contribution	<u>(234,237)</u>	<u>(222,113)</u>	<u>(218,454)</u>
Contribution deficiency (excess)	-	-	-
Covered employee payroll	1,659,459	1,629,065	1,651,318
Contributions as a percentage of covered employee payroll	14.12%	13.63%	13.23%

NOTES TO SCHEDULE OF TMRS CONTRIBUTIONS

Valuation Date Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	30 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information There were no benefit changes during the year.

Note: The schedule is intended to show 10 years of information, additional years will be presented as it becomes available.

CITY OF COLUMBUS, TEXAS
SCHEDULE OF TESRS CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Plan Year	<u>2014</u>	<u>2015</u>
City's proportion of the net pension liability	0.688%	0.670%
City's proportionate share of the net pension liability	\$ 125,021	\$ 178,840
City's covered-employee payroll	3,800	3,800
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	3%	2%
Plan fiduciary net position as a percentage of the total pension liability	83.5%	83.5%

SCHEDULE OF CITY'S TESRS CONTRIBUTIONS

Fiscal Year	<u>2014</u>	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 31,159	\$ 31,650	\$ 32,055
Contributions in relation to the contractually required contribution	<u>(31,159)</u>	<u>(31,650)</u>	<u>(32,055)</u>
Contribution deficiency (excess)	-	-	-
City's covered-employee payroll	-	-	-
Contribution as a percentage of covered-employee payroll	0%	0%	0%

Note: The schedule is intended to show 10 years of information, additional years will be presented as it becomes available.

**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, 2016

	Capital Projects		
	Equipment	Fire Equipment	Total
ASSETS			
Cash and investments	\$ 27,831	\$ 256,516	\$ 284,347
Taxes receivable, net	-	-	-
Total assets	27,831	256,516	284,347
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	-	-	-
Total deferred inflows of resources	-	-	-
FUND BALANCES			
Restricted for:			
Debt service	-	-	-
Assigned for equipment	27,831	256,516	284,347
Total fund balances	27,831	256,516	284,347
Total liabilities, deferred inflows of resources and fund balances	\$ 27,831	\$ 256,516	\$ 284,347

Debt Service			Total Nonmajor Governmental Funds
2005 C of O	2008 C of O	Total	
\$ -	\$ 234	\$ 234	\$ 284,581
<u>-</u>	<u>1,567</u>	<u>1,567</u>	<u>1,567</u>
<u>-</u>	<u>1,801</u>	<u>1,801</u>	<u>286,148</u>
<u>-</u>	<u>1,440</u>	<u>1,440</u>	<u>1,440</u>
<u>-</u>	<u>1,440</u>	<u>1,440</u>	<u>1,440</u>
<u>-</u>	<u>361</u>	<u>361</u>	<u>361</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>284,347</u>
<u>-</u>	<u>361</u>	<u>361</u>	<u>284,708</u>
<u>\$ -</u>	<u>\$ 1,801</u>	<u>\$ 1,801</u>	<u>\$ 286,148</u>

CITY OF COLUMBUS, TEXAS

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Capital Projects		
	Equipment	Fire Equipment	Total
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Investment earnings	413	3,216	3,629
Total revenues	413	3,216	3,629
EXPENDITURES			
Debt service:			-
Principal	-	-	-
Interest and other charges	-	-	-
Total expenditures	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	413	3,216	3,629
OTHER FINANCING SOURCES (USES)			
Transfers in	20,000	29,150	49,150
Transfers out	(28,000)	-	(28,000)
Total other financing sources (uses)	(8,000)	29,150	21,150
NET CHANGE IN FUND BALANCES	(7,587)	32,366	24,779
FUND BALANCES, BEGINNING	35,418	224,150	259,568
FUND BALANCES, ENDING	\$ 27,831	\$ 256,516	\$ 284,347

2005 C of O	Debt Service		Total Nonmajor Governmental Funds
	2008 C of O	Total	
\$ 205	\$ 92,092	\$ 92,297	\$ 92,297
-	62	62	3,691
<u>205</u>	<u>92,154</u>	<u>92,359</u>	<u>95,988</u>
-	60,821	60,821	60,821
-	30,947	30,947	30,947
-	<u>91,768</u>	<u>91,768</u>	<u>91,768</u>
<u>205</u>	<u>386</u>	<u>591</u>	<u>4,220</u>
-	-	-	49,150
(205)	(3,713)	(3,918)	(31,918)
(205)	(3,713)	(3,918)	<u>17,232</u>
-	(3,327)	(3,327)	21,452
-	3,688	3,688	<u>263,256</u>
<u>\$ -</u>	<u>\$ 361</u>	<u>\$ 361</u>	<u>\$ 284,708</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, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ 400	\$ 400	\$ 413	\$ 13
Total revenues	<u>400</u>	<u>400</u>	<u>413</u>	<u>13</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	20,000	20,000	20,000	-
Transfers out	(28,000)	(28,000)	(28,000)	-
Total other financing sources (uses)	<u>(8,000)</u>	<u>(8,000)</u>	<u>(8,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(7,600)	(7,600)	(7,587)	13
FUND BALANCES, BEGINNING	<u>35,418</u>	<u>35,418</u>	<u>35,418</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 27,818</u>	<u>\$ 27,818</u>	<u>\$ 27,831</u>	<u>\$ 13</u>

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, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ 4,300	\$ 4,300	\$ 3,216	\$ (1,084)
Total revenues	<u>4,300</u>	<u>4,300</u>	<u>3,216</u>	<u>(1,084)</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	29,150	29,150	29,150	-
Transfers out	(250,000)	(250,000)	-	250,000
Total other financing sources (uses)	<u>(220,850)</u>	<u>(220,850)</u>	<u>29,150</u>	<u>250,000</u>
NET CHANGE IN FUND BALANCES	(216,550)	(216,550)	32,366	248,916
FUND BALANCES, BEGINNING	<u>224,150</u>	<u>224,150</u>	<u>224,150</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 7,600</u>	<u>\$ 7,600</u>	<u>\$ 256,516</u>	<u>\$ 248,916</u>

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, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 40	\$ 40	\$ 205	\$ 165
Total revenues	<u>40</u>	<u>40</u>	<u>205</u>	<u>165</u>
EXPENDITURES				
Debt service:				
Principal	245,000	240,000	-	240,000
Interest and other charges	<u>74,125</u>	<u>74,125</u>	<u>-</u>	<u>74,125</u>
Total expenditures	<u>319,125</u>	<u>314,125</u>	<u>-</u>	<u>314,125</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(319,085)</u>	<u>(314,085)</u>	<u>205</u>	<u>314,290</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	319,125	319,125	-	(319,125)
Transfers out	<u>-</u>	<u>-</u>	<u>(205)</u>	<u>(205)</u>
Total other financing sources (uses)	<u>319,125</u>	<u>319,125</u>	<u>(205)</u>	<u>(319,330)</u>
NET CHANGE IN FUND BALANCES	40	5,040	-	(5,040)
FUND BALANCES, BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 40</u>	<u>\$ 5,040</u>	<u>\$ -</u>	<u>\$(5,040)</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, 2016

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 88,458	\$ 88,458	\$ 92,092	\$ 3,634
Investment earnings	<u>50</u>	<u>50</u>	<u>62</u>	<u>12</u>
Total revenues	<u>88,508</u>	<u>88,508</u>	<u>92,154</u>	<u>3,646</u>
EXPENDITURES				
Debt service:				
Principal	200,000	200,000	60,821	139,179
Interest and other charges	<u>101,763</u>	<u>101,763</u>	<u>30,947</u>	<u>70,816</u>
Total expenditures	<u>301,763</u>	<u>301,763</u>	<u>91,768</u>	<u>209,995</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(213,255)</u>	<u>(213,255)</u>	<u>386</u>	<u>213,641</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	209,995	209,995	-	(209,995)
Transfers out	<u>-</u>	<u>-</u>	<u>(3,713)</u>	<u>(3,713)</u>
Total other financing sources (uses)	<u>209,995</u>	<u>209,995</u>	<u>(3,713)</u>	<u>(213,708)</u>
NET CHANGE IN FUND BALANCES	(3,260)	(3,260)	(3,327)	(67)
FUND BALANCES, BEGINNING	<u>3,688</u>	<u>3,688</u>	<u>3,688</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 428</u>	<u>\$ 428</u>	<u>\$ 361</u>	<u>\$(67)</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.

	<u>Page Number</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance has changed over time.	61 – 69
Revenue Capacity 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.	70 – 77
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	78 – 82
Demographic and Economic Information These schedules offer demographics and economic indicators to help the reader understand the environment within which the City's financial activities take place.	83 – 85
Operating Information These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	86 – 87

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			
	2007	2008	2009	2010
Governmental activities:				
Net investment in capital assets	\$ 1,375,223	\$ 1,370,592	\$ 1,299,073	\$ 1,459,522
Restricted	2,130	3,367	388,506	204,648
Unrestricted	<u>1,304,614</u>	<u>976,383</u>	<u>945,314</u>	<u>1,118,030</u>
Total governmental activities net position	<u>\$ 2,681,967</u>	<u>\$ 2,350,342</u>	<u>\$ 2,632,893</u>	<u>\$ 2,782,200</u>
Business-type activities:				
Net investment in capital assets	\$ 3,727,320	\$ 3,738,667	\$ 1,830,862	\$ 3,261,972
Restricted	-	-	1,685,888	-
Unrestricted	<u>1,759,621</u>	<u>2,023,416</u>	<u>2,180,617</u>	<u>2,093,182</u>
Total business-type activities net position	<u>\$ 5,486,941</u>	<u>\$ 5,762,083</u>	<u>\$ 5,697,367</u>	<u>\$ 5,355,154</u>
Primary government:				
Net investment in capital assets	\$ 5,102,543	\$ 5,109,259	\$ 3,129,935	\$ 4,721,494
Restricted	2,130	3,367	2,074,394	204,648
Unrestricted	<u>3,064,235</u>	<u>2,999,799</u>	<u>3,125,931</u>	<u>3,211,212</u>
Total primary government net position	<u>\$ 8,168,908</u>	<u>\$ 8,112,425</u>	<u>\$ 8,330,260</u>	<u>\$ 8,137,354</u>

TABLE 1

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 1,354,636	\$ 1,277,925	\$ 1,395,779	\$ 1,483,520	\$ 1,747,899	\$ 1,831,601
342,880	463,251	285,550	497,101	570,705	754,318
1,155,658	1,166,208	1,185,305	1,223,557	626,891	630,750
<u>\$ 2,853,174</u>	<u>\$ 2,907,384</u>	<u>\$ 2,866,634</u>	<u>\$ 3,204,178</u>	<u>\$ 2,945,495</u>	<u>\$ 3,216,669</u>
\$ 3,132,994	\$ 3,261,199	\$ 3,212,280	\$ 2,952,589	\$ 3,689,918	\$ 4,706,157
-	-	-	-	-	-
2,317,925	2,395,384	2,043,038	2,115,984	1,420,147	1,000,874
<u>\$ 5,450,919</u>	<u>\$ 5,656,583</u>	<u>\$ 5,255,318</u>	<u>\$ 5,068,573</u>	<u>\$ 5,110,065</u>	<u>\$ 5,707,031</u>
\$ 4,487,630	\$ 4,539,124	\$ 4,608,059	\$ 4,436,109	\$ 5,437,817	\$ 6,537,758
342,880	463,251	285,550	497,101	570,705	754,318
3,473,583	3,561,592	3,228,343	3,339,541	2,047,038	1,631,624
<u>\$ 8,304,093</u>	<u>\$ 8,563,967</u>	<u>\$ 8,121,952</u>	<u>\$ 8,272,751</u>	<u>\$ 8,055,560</u>	<u>\$ 8,923,700</u>

CITY OF COLUMBUS TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(accrual basis of accounting)

	Fiscal Year			
	2007	2008	2009	2010
EXPENSES				
Governmental activities:				
General government	\$ 359,485	\$ 324,635	\$ 354,275	\$ 392,785
Public safety	792,484	891,435	894,696	952,871
Public health	32,546	34,689	35,379	38,746
Public works	401,228	481,732	487,126	432,312
Culture and recreation	456,391	435,819	449,684	495,341
Economic development	125,276	131,556	122,134	126,784
Interest on long-term debt	10,117	-	51,139	59,024
Total governmental activities expenses	<u>2,177,527</u>	<u>2,299,866</u>	<u>2,394,433</u>	<u>2,497,863</u>
Business-type activities:				
Water	534,162	646,858	833,374	892,209
Sewer	392,061	469,715	571,787	637,526
Garbage	620,013	609,423	615,091	586,244
Gas	748,644	813,248	657,088	837,959
Total business-type activities expenses	<u>2,294,880</u>	<u>2,539,244</u>	<u>2,677,340</u>	<u>2,953,938</u>
Total primary government program expenses	<u>\$ 4,472,407</u>	<u>\$ 4,839,110</u>	<u>\$ 5,071,773</u>	<u>\$ 5,451,801</u>
PROGRAM REVENUES				
Governmental activities:				
Charges for services:				
General government	\$ 18,928	\$ 46,790	\$ 41,328	\$ 35,003
Public safety	48,060	62,614	76,714	57,611
Public works	5	5,077	9,655	-
Culture and recreation	18,747	27,673	21,013	19,308
Operating grants and contributions	61,521	14,242	103,945	62,195
Capital grants and contributions	15,076	44,250	283,753	75,756
Total governmental activities program revenues	<u>162,337</u>	<u>200,646</u>	<u>536,408</u>	<u>249,873</u>
Business-type activities:				
Charges for services:				
Water	509,935	659,474	813,882	770,263
Sewer	469,919	497,712	618,393	634,215
Garbage	637,545	660,369	637,383	622,420
Gas	870,845	917,565	739,790	942,875
Operating grants and contributions	-	-	-	-
Capital grants and contributions	90,000	135,000	125,000	201,500
Total business-type activities program revenues	<u>2,578,244</u>	<u>2,870,120</u>	<u>2,934,448</u>	<u>3,171,273</u>
Total primary government program revenues	<u>\$ 2,740,581</u>	<u>\$ 3,070,766</u>	<u>\$ 3,470,856</u>	<u>\$ 3,421,146</u>

TABLE 2

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 389,512	\$ 390,388	\$ 453,776	\$ 419,265	\$ 699,548	\$ 406,885
1,012,625	1,010,135	1,133,864	1,148,463	1,135,820	1,231,888
65,505	72,323	82,154	72,318	71,159	79,528
506,469	516,638	486,505	436,314	451,269	491,918
504,078	480,353	497,033	503,013	498,746	596,015
91,326	143,712	257,954	66,034	97,917	89,581
38,005	37,561	37,950	37,896	31,056	30,757
<u>2,607,520</u>	<u>2,651,110</u>	<u>2,949,236</u>	<u>2,683,303</u>	<u>2,985,515</u>	<u>2,926,572</u>
847,389	907,037	1,123,342	869,803	840,349	1,009,153
581,032	575,110	559,944	585,847	585,891	575,931
636,724	680,444	723,904	768,391	787,469	787,615
696,535	539,344	643,572	868,726	758,466	515,084
<u>2,761,680</u>	<u>2,701,935</u>	<u>3,050,762</u>	<u>3,092,767</u>	<u>2,972,175</u>	<u>2,887,783</u>
<u>\$ 5,369,200</u>	<u>\$ 5,353,045</u>	<u>\$ 5,999,998</u>	<u>\$ 5,776,070</u>	<u>\$ 5,957,690</u>	<u>\$ 5,814,355</u>
\$ 33,938	\$ 20,598	\$ 65,255	\$ 20,217	\$ 22,326	\$ 23,375
63,885	73,155	67,780	92,136	129,011	189,374
-	-	-	-	-	-
23,335	19,652	21,335	20,955	18,864	18,989
58,366	61,402	123,134	211,482	452,335	65,665
41,016	-	-	-	71,750	70,923
<u>220,540</u>	<u>174,807</u>	<u>277,504</u>	<u>344,790</u>	<u>694,286</u>	<u>368,326</u>
1,034,041	912,018	881,687	838,031	824,319	867,695
660,203	699,940	686,360	721,118	707,917	779,310
683,561	764,171	796,801	856,312	856,700	849,245
760,700	610,750	697,765	1,024,124	926,703	660,184
-	-	-	-	-	-
109,581	407,819	90,000	125,675	497,975	866,610
<u>3,248,086</u>	<u>3,394,698</u>	<u>3,152,613</u>	<u>3,565,260</u>	<u>3,813,614</u>	<u>4,023,044</u>
<u>\$ 3,468,626</u>	<u>\$ 3,569,505</u>	<u>\$ 3,430,117</u>	<u>\$ 3,910,050</u>	<u>\$ 4,507,900</u>	<u>\$ 4,391,370</u>

CITY OF COLUMBUS, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(accrual basis of accounting)

	Fiscal Year			
	2007	2008	2009	2010
NET (EXPENSE) REVENUES				
Governmental activities	\$(2,015,190)	\$(2,099,220)	\$(1,858,025)	\$(2,247,990)
Business-type activities	<u>283,364</u>	<u>330,876</u>	<u>257,108</u>	<u>217,335</u>
Total primary government net expense	<u>(1,731,826)</u>	<u>(1,768,344)</u>	<u>(1,600,917)</u>	<u>(2,030,655)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes				
Property	444,169	469,274	614,554	617,831
Sales	698,441	698,525	737,437	674,917
Hotel occupancy	125,276	131,930	154,074	160,242
Franchise	257,381	261,436	253,782	261,061
Alcohol beverage	5,460	5,483	7,895	7,934
Investment earnings	71,409	34,714	13,350	15,277
Gain on sale of capital assets	15,589	8,945	2,610	810
Miscellaneous	-	-	-	12,270
Transfers	<u>149,564</u>	<u>157,287</u>	<u>356,875</u>	<u>614,396</u>
Total governmental activities	<u>1,767,289</u>	<u>1,767,594</u>	<u>2,140,577</u>	<u>2,364,738</u>
Business-type activities:				
Other	220,876	101,555	35,053	54,848
Transfers	<u>(149,564)</u>	<u>(157,287)</u>	<u>(356,876)</u>	<u>(614,396)</u>
Total business-type activities	<u>71,312</u>	<u>(55,732)</u>	<u>(321,823)</u>	<u>(559,548)</u>
Total primary government	<u>1,838,601</u>	<u>1,711,862</u>	<u>1,818,754</u>	<u>1,805,190</u>
CHANGE IN NET POSITION				
Governmental activities	(247,901)	(331,626)	282,552	116,748
Business-type activities	<u>354,676</u>	<u>275,144</u>	<u>(64,715)</u>	<u>(342,213)</u>
Total primary government	<u>\$ 106,775</u>	<u>\$(56,482)</u>	<u>\$ 217,837</u>	<u>\$(225,465)</u>

TABLE 2

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$(2,386,980)	\$(2,476,303)	\$(2,671,732)	\$(2,338,513)	\$(2,291,229)	\$(2,558,246)
<u>486,406</u>	<u>692,763</u>	<u>101,851</u>	<u>472,493</u>	<u>841,439</u>	<u>1,135,261</u>
<u>(1,900,574)</u>	<u>(1,783,540)</u>	<u>(2,569,881)</u>	<u>(1,866,020)</u>	<u>(1,449,790)</u>	<u>(1,422,985)</u>
657,475	665,659	687,308	712,022	715,735	744,780
732,969	767,295	821,618	865,689	871,911	966,595
232,716	263,139	283,508	274,796	258,465	275,829
261,982	255,088	246,201	247,048	250,639	237,509
9,670	6,843	8,306	11,137	12,509	14,610
13,192	13,769	17,526	15,493	16,872	18,016
839	-	11,965	329	9,880	-
15,731	32,961	14,805	17,093	17,691	14,102
<u>434,293</u>	<u>525,759</u>	<u>539,745</u>	<u>563,228</u>	<u>594,103</u>	<u>557,979</u>
<u>2,358,867</u>	<u>2,530,513</u>	<u>2,630,982</u>	<u>2,706,835</u>	<u>2,747,805</u>	<u>2,829,420</u>
43,652	38,660	36,628	26,523	25,863	19,684
<u>(434,293)</u>	<u>(525,759)</u>	<u>(539,745)</u>	<u>(563,228)</u>	<u>(594,103)</u>	<u>(557,979)</u>
<u>(390,641)</u>	<u>(487,099)</u>	<u>(503,117)</u>	<u>(536,705)</u>	<u>(568,240)</u>	<u>(538,295)</u>
<u>1,968,226</u>	<u>2,043,414</u>	<u>2,127,865</u>	<u>2,170,130</u>	<u>2,179,565</u>	<u>2,291,125</u>
(28,113)	54,210	(40,750)	368,322	456,576	271,174
<u>95,765</u>	<u>205,664</u>	<u>(401,266)</u>	<u>(64,212)</u>	<u>273,199</u>	<u>596,966</u>
<u>\$ 67,652</u>	<u>\$ 259,874</u>	<u>\$(442,016)</u>	<u>\$ 304,110</u>	<u>\$ 729,775</u>	<u>\$ 868,140</u>

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TABLE 3

CITY OF COLUMBUS, TEXAS

**FUND BALANCES
GOVERNMENTAL FUNDS**

LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General fund										
Reserved	\$ 19,722	\$ 22,736	\$ 27,598	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	1,090,074	740,197	691,287	844,564	-	-	-	-	-	-
Unassigned	-	-	-	-	849,063	844,446	844,528	878,471	1,052,713	1,043,014
Total general fund	<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>	<u>\$ 1,052,713</u>	<u>\$ 1,043,014</u>
All other governmental funds										
Reserved, reported in:										
Debt service funds	\$ 186	\$ 186	\$ 2,367	\$ 1,938	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital projects funds	-	1,137,009	240,573	6,497	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	202,457	222,867	366,317	448,773	-	-	-	-	-	-
Restricted	-	-	-	-	343,847	464,686	287,689	497,767	573,328	754,679
Assigned	-	-	-	-	267,135	292,060	318,257	344,460	259,568	284,347
Total all other governmental funds	<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>	<u>\$ 842,227</u>	<u>\$ 1,039,026</u>

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

CITY OF COLUMBUS, TEXAS

**CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
REVENUES										
Property taxes	\$ 441,603	\$ 467,410	\$ 613,903	\$ 618,780	\$ 646,047	\$ 671,801	\$ 692,238	\$ 710,327	\$ 723,757	\$ 742,857
Other taxes	1,086,558	1,097,375	1,153,187	1,104,154	1,237,337	1,292,365	1,359,633	1,398,670	1,393,524	1,494,543
Licenses and permits	11,912	37,783	30,897	33,524	31,693	18,366	63,601	17,175	19,850	20,851
Fines and forfeitures	46,227	52,744	75,617	57,720	66,652	78,525	68,194	94,229	130,425	174,178
Charges for services	15,893	24,785	17,717	15,347	18,949	17,025	17,252	17,886	16,007	17,203
Intergovernmental	76,097	43,914	125,770	126,006	84,596	56,694	115,648	210,025	499,003	125,680
Miscellaneous	86,132	59,184	39,567	40,984	37,915	52,499	42,063	35,133	37,171	43,107
Total revenues	<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>	<u>2,819,737</u>	<u>2,618,419</u>
EXPENDITURES										
General government	351,438	307,755	355,284	357,262	360,564	386,077	465,484	394,178	679,478	385,867
Public safety	739,381	863,991	838,387	831,081	876,298	931,916	1,015,739	1,051,456	1,074,401	1,114,031
Public health	34,247	43,952	34,456	36,404	62,686	69,569	81,482	72,282	72,270	80,334
Public works	491,700	518,859	444,832	391,200	465,266	502,950	478,011	415,204	381,352	428,549
Culture and recreation	367,039	404,403	414,243	448,232	462,583	445,902	462,441	474,920	473,271	569,239
Economic development	129,981	136,556	122,934	126,784	91,326	143,712	465,888	66,034	191,052	96,708
Capital outlay	-	63,354	905,824	381,252	92,971	-	-	206,742	298,004	213,471
Debt service										
Principal	112,426	-	30,712	54,739	53,219	56,260	56,260	57,780	57,780	60,821
Interest and other charges	10,117	-	70,799	81,918	35,913	35,501	35,752	38,183	31,201	30,947
Total expenditures	<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>	<u>3,258,809</u>	<u>2,979,967</u>

CITY OF COLUMBUS, TEXAS

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<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>	<u>\$ (439,072)</u>	<u>\$ (361,548)</u>
OTHER FINANCING SOURCES (USES)										
Transfers in	294,388	274,753	483,522	707,772	503,517	578,166	592,235	614,383	756,052	612,547
Transfers out	(144,824)	(117,466)	(126,646)	(93,376)	(69,224)	(52,407)	(52,490)	(51,155)	(161,949)	(54,568)
Issuance of long-term debt	-	1,200,000	-	1,204,260	-	-	-	-	-	-
Payment to escrow agent	-	-	-	(1,169,288)	-	-	-	-	-	-
Premium on bonds	-	-	-	3,250	-	-	-	-	-	-
Sale of capital assets	<u>15,589</u>	<u>8,945</u>	<u>2,610</u>	<u>810</u>	<u>2,530</u>	<u>-</u>	<u>11,965</u>	<u>329</u>	<u>9,880</u>	<u>-</u>
Total other financing sources (uses)	<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>	<u>603,983</u>	<u>557,979</u>
NET CHANGE IN FUND BALANCES	<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>	<u>\$ 164,911</u>	<u>\$ 196,431</u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	<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>	<u>3.13%</u>	<u>3.34%</u>

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TABLE 5

CITY OF COLUMBUS, TEXAS
PRINCIPAL GAS PURCHASERS
CURRENT YEAR AND NINE YEARS AGO

Customer	2016			2007		
	Gas Sales	Rank	Percentage of Total Gas Sales	Gas Sales	Rank	Percentage of Total Gas Sales
KW International, LLC	\$ 58,811	1	9.65%			
Columbus Community Hospital	31,386	2	5.15%	\$ 50,168	1	5.84%
Columbus Independent School District	16,779	3	2.75%	20,659	4	2.40%
County Fresh Cleaners	15,138	4	2.49%	17,922	6	2.08%
Los Cabos Mexican Grill	15,127	5	2.48%			
Texas Great Southern Wood, LLC	14,935	6	2.45%			
Schobels Restaurant	11,645	7	1.91%	15,585	8	1.81%
Columbus Oaks Healthcare Community	9,808	8	1.61%			
Nancy's Steakhouse	7,328	9	1.20%			
Colorado County Detention Center	<u>7,162</u>	10	<u>1.18%</u>			
River Oaks Convalescent Center				27,877	2	3.24%
Bazar Foods LTD				26,319	3	3.06%
Guadalajara Mexican Restaurant				19,881	5	2.31%
Gary Kulhanek (Washateria)				16,225	7	1.89%
Columbus Inn				15,286	9	1.78%
Columbus Care Center				<u>11,454</u>	10	<u>1.33%</u>
Total	<u>\$ 188,119</u>		<u>30.88%</u>	<u>\$ 221,376</u>		<u>25.75%</u>

CITY OF COLUMBUS, TEXAS

TAXABLE SALES BY CATEGORY

LAST TEN FISCAL YEARS

	Fiscal Year			
	2007	2008	2009	2010
Agricultural	\$ 11,996	\$ 11,194	\$ 31,459	\$ 19,058
Mining/quarrying/oil extraction	41,146	12,894	-	-
Construction	1,742,347	1,461,977	4,110,732	1,242,215
Manufacturing	2,896,616	1,888,360	1,158,673	958,389
Wholesale	2,074,619	2,244,137	1,774,390	1,510,938
Retail	37,887,867	38,234,724	38,024,476	36,624,035
Information	38,436	138,654	121,475	-
Real estate, rental, leasing	137,734	114,849	57,252	8,051
Professional, scientific, technical services	796,969	665,880	445,954	413,105
Health care, social assistance	-	-	31,956	138,031
Administrative, support, waste management, remediation services	1,694,613	1,891,695	2,222,536	2,361,517
Arts, entertainment, recreation	324,552	307,289	146,168	324,608
Accommodation, food services	12,901,396	13,741,559	14,450,645	13,963,676
Other services	<u>1,902,834</u>	<u>1,865,236</u>	<u>1,886,321</u>	<u>1,850,214</u>
 Total taxable sales	 <u>\$ 62,451,125</u>	 <u>\$ 62,578,448</u>	 <u>\$ 64,462,037</u>	 <u>\$ 59,413,837</u>
 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					
2011	2012	2013	2014	2015	2016
\$ 17,117	\$ 28,455	\$ 9,063	\$ 6,895	\$ -	\$ -
-	-	-	-	-	-
1,598,262	2,113,804	2,732,528	2,183,792	1,736,431	3,679,024
1,330,107	1,324,114	1,591,674	1,483,024	1,643,144	2,134,778
1,994,558	1,938,044	2,413,099	2,439,096	2,395,561	2,124,513
38,192,034	40,794,231	40,605,098	40,943,687	41,825,744	42,171,733
171,952	226,919	238,719	447,418	-	752,064
23,553	32,747	6,242	27,354	46,631	39,556
506,097	508,547	533,343	600,572	737,168	1,999,970
129,348	153,582	228,443	199,556	267,149	329,803
2,630,274	1,571,722	1,380,055	549,919	468,079	516,303
283,926	291,182	238,563	235,375	219,771	175,195
15,158,966	15,868,440	16,278,752	16,531,550	16,589,505	16,819,096
<u>1,919,548</u>	<u>2,133,661</u>	<u>2,047,065</u>	<u>1,946,404</u>	<u>1,917,542</u>	<u>1,901,313</u>
<u>\$ 63,955,742</u>	<u>\$ 66,985,448</u>	<u>\$ 68,302,644</u>	<u>\$ 67,594,642</u>	<u>\$ 67,846,725</u>	<u>\$ 72,643,348</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
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
2015	723,624	884,420	250,639	258,465	12,509	2,129,657
2016	742,857	981,205	237,509	275,829	14,610	2,252,010
Change 2007-2016	68.2%	40.5%	(7.7%)	120.2%	167.6%	47.4%

CITY OF COLUMBUS, TEXAS

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

Fiscal Year	Real Property	Personal Property	Less: Tax-exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a % of Actual Taxable Value
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%
2015	239,192,108	40,497,180	20,955,498	258,733,790	0.27312	270,892,714	95.51%
2016	246,830,821	48,695,697	24,633,804	270,892,714	0.27312	295,526,518	91.66%

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)

Table with 8 columns: Fiscal Year, City Direct Rates (Basic Rate, Debt Service, Total Direct Rate), Overlapping Rates (Columbus I.S.D., Colorado County, Colorado County Ground Water Conservation District), and Total Direct and Overlapping Rates. Rows represent fiscal years from 2007 to 2016.

Source: Colorado County Central Appraisal District.

TABLE 10

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

Customer	2016			2007		
	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation
KWI International LLC	\$ 8,455,870	1	2.86%			
LCRA Transmission Svcs. Corp	5,308,680	2	1.80%			
Colorado Co. Development Group (TLC)	4,292,020	3	1.45%			
Anfield Lodging Company (LaQuinta)	3,704,300	4	1.25%			
AEP Texas Central Company	3,653,580	5	1.24%			
Komatsu Financial (Maverick Constr.)	2,788,590	6	0.94%			
Goodmark Lodging, LLC (Holiday Inn)	2,710,470	7	0.92%	1,880,200	4	0.97%
Wal-Mart Stores Texas LP	2,681,570	8	0.91%	2,320,400	2	1.20%
Mega Texas Realty (Comfort Inn)	2,335,040	9	0.79%			
Columbus Associates (Wal-Mart)	<u>2,038,030</u>	10	<u>0.69%</u>	1,704,630	5	0.88%
Magnolia Living Center				1,687,210	8	0.87%
Southwestern Bell Telephone				1,688,000	7	0.87%
Columbus Hotel LP				2,063,020	3	1.07%
AEP Central Power & Light				2,641,950	1	1.36%
River Oak Convalescent				1,700,540	6	0.88%
H. E. Butt Grocery Company				1,527,070	9	0.79%
Drymalla Construction Co.				<u>1,407,290</u>	10	<u>0.73%</u>
Total	<u>\$ 37,968,150</u>		<u>12.85%</u>	<u>\$ 18,620,310</u>		<u>9.62%</u>

Source: Colorado County Central Appraisal District.

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

<u>Fiscal Year Ended</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected Within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2007	\$ 439,273	\$ 430,994	98.1%	\$ 7,910	\$ 438,904	99.9%
2008	468,574	458,536	97.9%	9,458	467,994	99.9%
2009	611,136	597,118	97.7%	12,843	609,961	99.8%
2010	612,157	596,438	97.4%	14,716	611,154	99.8%
2011	649,225	622,322	95.9%	25,968	648,290	99.9%
2012	658,105	637,159	96.8%	19,526	656,685	99.8%
2013	671,533	655,518	97.6%	13,950	669,468	99.7%
2014	686,979	669,270	97.4%	14,837	684,107	97.4%
2015	706,654	696,845	98.6%	4,529	701,374	99.3%
2016	739,862	727,941	98.4%	-	727,941	98.4%

Source: Colorado County Central Appraisal District.

TABLE 12

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
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	926,002	868,222	807,401
Total governmental activities	-	1,200,000	1,169,288	1,149,521	1,096,302	1,040,043	983,783	926,003	868,222	807,401
Business-type activities										
2005 certificates of obligation	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	1,986,778	1,847,599
2013 general obligation refunding bonds	-	-	-	-	-	-	3,025,000	3,010,000	2,770,000	2,525,000
Premium on bonds	59,332	55,974	52,617	7,225	6,999	6,561	195,760	179,408	163,056	146,704
Capital leases	-	-	-	-	-	-	-	900,000	729,183	554,140
Total business-type activities	4,504,332	7,120,974	6,808,332	6,527,704	6,205,696	5,871,518	5,691,977	6,208,405	5,649,017	5,073,443
Total primary government	\$ 4,504,332	\$ 8,320,974	\$ 7,977,620	\$ 7,677,225	\$ 7,301,998	\$ 6,911,561	\$ 6,675,760	\$ 7,134,408	\$ 6,517,239	\$ 5,880,844
(1) Percentage of personal income	7.3%	13.4%	12.9%	12.3%	10.0%	8.6%	6.6%	8.6%	8.6%	7.0%
(1) Per capita	\$ 1,150	\$ 2,125	\$ 2,037	\$ 2,087	\$ 1,986	\$ 1,879	\$ 1,775	\$ 1,904	\$ 1,783	\$ 1,620

(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 NINE 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	0.36%	253
2015	868,222	-	868,222	0.34%	238
2016	807,401	-	807,401	- %	221

Notes:

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, 2016

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ⁽¹⁾	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Columbus Independent School District	\$ 11,009,990	30.19%	\$ 3,323,916
Colorado County	6,552,770	12.48%	<u>817,786</u>
Subtotal overlapping debt			4,141,702
City of Columbus direct debt			<u>807,401</u>
Total direct and overlapping debt			<u>\$ 4,949,103</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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Tax roll year	2006	2007	2008	2009
Net assessed value	\$ 188,432,039	\$ 201,001,471	\$ 220,381,289	\$ 222,975,210
Plus exempt property	<u>5,212,305</u>	<u>5,695,690</u>	<u>6,085,022</u>	<u>6,149,715</u>
Total assessed value	<u>193,644,344</u>	<u>206,697,161</u>	<u>226,466,311</u>	<u>229,124,925</u>
Debt limit (1)	<u>\$ 19,364,434</u>	<u>\$ 20,669,716</u>	<u>\$ 22,646,631</u>	<u>\$ 22,912,493</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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
2010	2011	2012	2013	2014	2015
\$ 237,706,903	\$ 240,958,188	\$ 245,874,717	\$ 251,530,226	\$ 258,733,790	\$ 270,892,714
<u>6,331,457</u>	<u>6,616,621</u>	<u>6,940,764</u>	<u>6,949,549</u>	<u>23,148,726</u>	<u>24,633,804</u>
<u>244,038,360</u>	<u>247,574,809</u>	<u>252,815,481</u>	<u>258,479,775</u>	<u>281,882,516</u>	<u>295,526,518</u>
\$ <u>24,403,836</u>	\$ <u>24,757,481</u>	\$ <u>25,281,548</u>	\$ <u>25,847,978</u>	\$ <u>28,188,252</u>	\$ <u>29,552,652</u>

CITY OF COLUMBUS, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population ⁽¹⁾	Personal Income ⁽¹⁾	Per Capita Personal Income ⁽¹⁾	Median Age ⁽¹⁾	Percent of Population With Bachelor's Degree or Higher (1)	School Enrollment ⁽²⁾	Unemployment Rate ⁽³⁾
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%
2015	3,655	78,421,680	21,456	46	19.3%	1,565	4.0%
2016	3,655	82,526,245	22,579	49	21.0%	1,516	5.6%

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	2016			2007		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Columbus Independent School District	242	1	1.97%	205	1	2.01%
Colorado County (Government)	198	2	1.61%	142	4	1.39%
Columbus Community Hospital	179	3	1.46%	178	2	1.75%
Drymalla Construction Co.	147	4	1.20%	177	3	1.74%
Columbus Oaks Healthcare Community	104	5	0.85%			
Wal-Mart	100	6	0.81%	89	6	0.87%
River Oaks Convalescent Home (name changed)				140	5	1.37%
Schobels Restaurant	80	7	0.65%	80	7	0.78%
KWI	45	11	0.37%			- %
HEB Grocery Company, LP	65	9	0.53%	56	9	0.55%
Columbus Care Center (closed)				62	8	0.61%
TruCare	78	8	0.63%			
Great Southern Wood	60	10	0.49%			
Brookshire Brothers (Grocery)	45	12	0.37%	43	10	0.42%
City of Columbus	41	13	0.33%			
Total	<u>1,384</u>		<u>11.26%</u>	<u>1,172</u>		<u>11.49%</u>

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,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Administrative and general	3.00	3.00	3.00	2.77	2.87	3.00	3.00	2.98	3.02	3.00
Police department	12.15	12.24	12.14	11.92	11.96	11.74	13.23	13.13	13.43	13.39
Streets and drainage	4.91	4.93	4.87	5.10	4.88	5.02	4.94	4.17	3.07	3.99
Parks and recreation										
Parks	4.39	3.69	3.57	3.58	3.58	3.35	3.47	3.47	2.82	2.55
Swimming pool	0.87	0.94	1.00	0.90	1.12	1.08	0.91	0.92	0.86	1.14
Library	3.76	3.81	3.73	3.89	3.81	4.02	3.92	3.53	3.47	3.81
Public health	0.54	0.54	0.53	0.54	0.74	1.01	1.01	1.01	1.00	1.13
Tourism and economic development	-	-	0.51	0.41	-	-	-	-	-	-
Water	4.09	3.13	2.93	3.46	2.76	3.29	3.29	4.32	3.96	4.21
Sewer	2.61	2.65	3.02	3.12	2.72	2.69	2.70	2.68	3.08	2.69
Garbage	0.49	0.49	0.50	0.48	0.49	0.58	0.64	0.49	0.72	0.75
Gas	3.77	4.54	4.68	4.64	4.52	4.39	4.37	4.17	3.42	3.38
Total	<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>	<u>38.85</u>	<u>40.03</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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government										
Building permits issued	32	42	34	40	32	29	23	26	29	41
Building inspections conducted	56	34	36	39	40	35	37	32	50	24
Gas inspections	26	22	15	4	30	55	32	40	70	11
Electrical inspections	60	65	82	57	84	77	50	63	100	58
Plumbing inspections	26	25	36	56	73	78	44	20	110	39
Mechanical inspections	45	15	22	76	70	59	26	32	66	42
Police										
Case reports opened	168	203	460	500	406	477	422	259	379	282
Calls of service	2,551	2,422	1,934	2,124	2,332	2,117	2,378	2,469	2,281	2,194
Citations issued	1,519	1,239	1,522	2,109	1,850	1,885	2,685	3,525	2,234	3,051
Fire										
Fire/other calls										
Structure fires	26	25	27	11	15	16	22	24	11	9
Grass/brush fires	29	68	48	26	98	41	38	41	23	46
Car fires	16	9	13	11	17	19	17	20	24	18
Rescues	29	29	31	15	18	31	27	17	26	32
Hazardous	10	6	16	7	12	14	16	6	24	11
False alarms	8	6	3	28	16	7	15	19	24	21
Others	8	4	3	10	23	11	37	37	40	35
Total man hours	2,614	4,561	4,750	4,279	7,722	4,201	4,916	4,460	4,085	4,028
Total training hours	1,935	1,500	1,500	1,500	1,346	1,666	1,398	1,610	1,308	1,382
Total maintenance hours	1,152	1,500	1,500	1,500	321	720	715	750	750	798
Municipal court										
Cases filed										
Traffic - non-parking	273	394	612	570	443	705	594	786	1,338	1,565
Traffic - parking	13	25	22	47	78	114	27	8	11	5
Non-traffic - state law	156	206	152	157	75	158	179	167	149	152
Non-traffic - city ordinance	24	38	23	13	18	11	27	14	10	9
Cases disposed										
Traffic - non-parking	269	436	537	492	635	686	462	648	1,053	1,497
Traffic - parking	16	18	22	30	100	97	34	9	13	10
Non-traffic - state law	120	156	132	84	140	191	158	144	141	153
Non-traffic - city ordinance	11	34	24	12	6	16	28	15	9	10
Solid waste										
Customers	1,829	1,826	1,585	1,598	1,594	1,595	1,600	1,606	1,609	1,595
Recyclables (tons per day)	.47	.34	.31	.30	.51	0.41	0.37	0.33	0.29	0.30
Water										
Customers	1,619	1,641	1,638	1,651	1,650	1,656	1,664	1,672	1,678	1,666
New water taps	15	12	3	4	8	6	7	10	7	8
Average daily consumption (thousands of gallons)	550	716	761	678	867	672	679	694	542	729
Sewer										
Customers	1,566	1,576	1,574	1,587	1,584	1,583	1,584	1,590	1,591	1,573
New sewer taps	7	13	3	4	4	6	5	9	7	8
Average daily discharge (thousands of gallons)	333	376	350	314	437	313	284	310	304	329
Gas										
Customers	1,230	1,239	1,232	1,241	1,241	1,218	1,216	1,208	1,192	1,171
New gas meters	5	3	6	4	3	5	3	5	5	5
Average daily consumption (mcf)	205.45	186.37	188.95	229.70	194.59	172.95	175.94	239.91	235.19	184.34

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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
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	10	10	9	10
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Fire trucks	9	9	10	10	11	11	11	12	12	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	106.7	106.8	106.8
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)	3	4	4	4	3	3	4	4	4	4
Water mains (miles)	41.62	41.62	41.62	41.62	41.70	41.70	41.70	41.70	41.70	41.70
Fire hydrants	193	193	205	205	207	207	207	207	207	207
Storage capacity	1,548,000	1,340,000	1,340,000	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