

# **CITY OF COLUMBUS, TEXAS**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2018**

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

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
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# **INTRODUCTORY SECTION**

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## The City of Columbus

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

March 27, 2019

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, 2018.

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, 2018. 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 2009 of \$737,437 and for the current year of \$996,317, the growth for the period was 35%. Three of the last four years have seen healthy annual increases in the City's sales tax revenue, with an average annual increase of 3.6%. Last year, sales tax remained relatively steady with a .24% decrease in revenue. 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, and the grant closed in 2018. Prior committed land in the industrial park has recently become available for prospective expansion, and interest in other available tracts has been heavy.

With the upturn in the energy sector, the City maintains an advantage with growth in related sectors. With the continued growth of the Sun Belt region and as the City's fundamentals improve; an increase in new housing construction will meet the demand for expansion. Columbus has the potential to be a leading small town in this area for years to come.

Although the City saw major flooding during August of 2017 from Hurricane Harvey, clean-up has been completed, and City management is working closely with FEMA to rebuild damaged infrastructure.

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

The City of Columbus maintains sufficient cash reserves and unreserved fund balances/unrestricted net position 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 were utilized for 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. With the majority of meter installation completed in 2015, the system is providing a means for the City to more effectively monitor and manage the distribution and use of water and gas to its customers, and is also increasing billing efficiency.

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 summer 2019. 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 2018, Industry State Bank was again awarded the City's depository contract expiring on September 30<sup>th</sup>, 2020.

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 2017, 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.

In 2018, the City was awarded a CDBG Grant for water line replacement in the area near the Junior High. Engineering has begun with the project to go out for bids in July 2019, with construction expected to be completed by July 2020. Additionally, the City has earmarked funds from the 2016 Certificates of Obligation for water line replacement starting near the downtown area and moving south. These two projects along with the previously mentioned Water Filtration Project will greatly enhance the quality of the City's water system.

## *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, 2017. This was the twelfth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectively submitted,



Donald Warschak, PE  
City Manager



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, 2017**

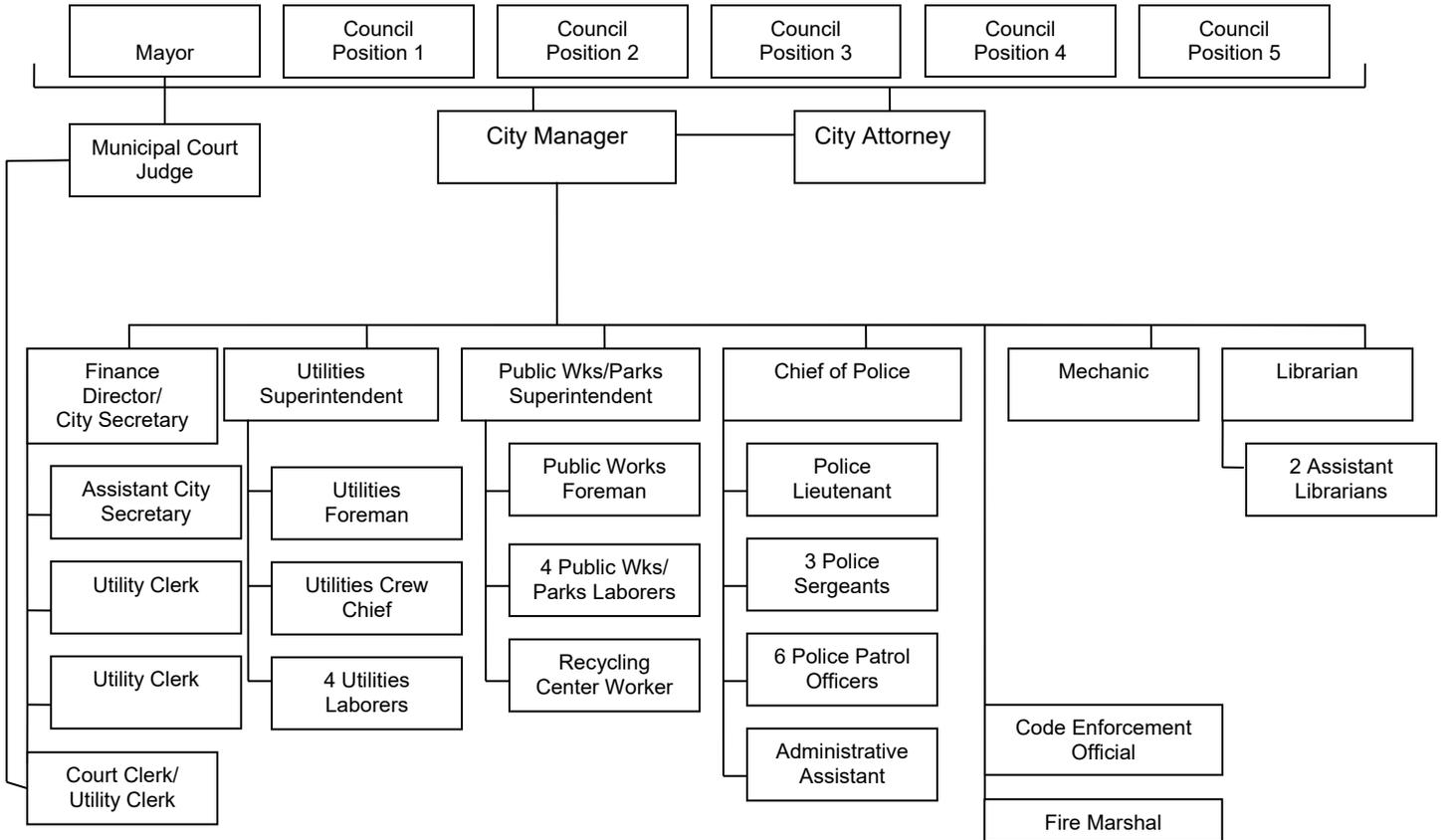
Executive Director/CEO

# CITY OF COLUMBUS, TEXAS

## ORGANIZATIONAL CHART

SEPTEMBER 30, 2018

### City Council



# CITY OF COLUMBUS, TEXAS

## LIST OF ELECTED AND APPOINTED OFFICIALS

SEPTEMBER 30, 2018

Title	Name
Mayor	Lori An Gobert
Councilman (Mayor Pro Tem)	Chuck Rankin
Councilman	Keith Cummings
Councilman	Michael Ridlen
Councilman	Gary Swindle
Councilwoman	Sandra Frnka
City Manager	Donald Warschak
City Secretary/Finance Director	Bana Schneider
Police Chief	Milton "Skip" Edman
Fire Chief	Doyle "Dusty" Dittmar
Parks/Public Works Supervisor	Michael Poncik
Utility Supervisor	Jody Ripper
Building Inspector	Richard LaCourse
Fire Marshall	Brent Gorman, Jr.
Library Director	Susan Chandler
Municipal Court Judge	Leonard Peters

# CITY OF COLUMBUS, TEXAS

## LIST OF ELECTED AND APPOINTED OFFICIALS

SEPTEMBER 30, 2018

Title	Name
Mayor	Lori An Gobert
Councilman (Mayor Pro Tem)	Chuck Rankin
Councilman	Keith Cummings
Councilman	Michael Ridlen
Councilman	Gary Swindle
Councilwoman	Sandra Frnka
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Utility Supervisor	Jody Ripper
Building Inspector	Richard LaCourse
Fire Marshall	Brent Gorman, Jr.
Library Director	Susan Chandler
Municipal Court Judge	Leonard Peters

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# **FINANCIAL SECTION**

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## 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, 2018, 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.

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#### OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston  
NEW MEXICO | Albuquerque

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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

As discussed in the notes to the financial statements, in fiscal year 2018 the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and OPEB information 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 27, 2019, 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 27, 2019

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**MANAGEMENT'S  
DISCUSSION AND ANALYSIS**

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# CITY OF COLUMBUS, TEXAS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2018

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, 2018. 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 \$9,508,389. Of this amount, \$8,006,679 represents net investment in capital assets, \$423,593 was restricted for Economic Development. \$1,076,986 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 \$284,274. A major contributing factor in this increase is attributable to an increase in property taxes and utility revenue.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,907,047, a decrease of \$138,170 in comparison with the prior year. Approximately 33% of this total, or \$637,687 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 \$637,687 or 21% percent of total General Fund expenditures for the fiscal year.
- The City's total governmental long-term liabilities decreased by \$436,759 (22%) during the current fiscal year mostly due to scheduled debt service payments and a decrease in the net pension liability.

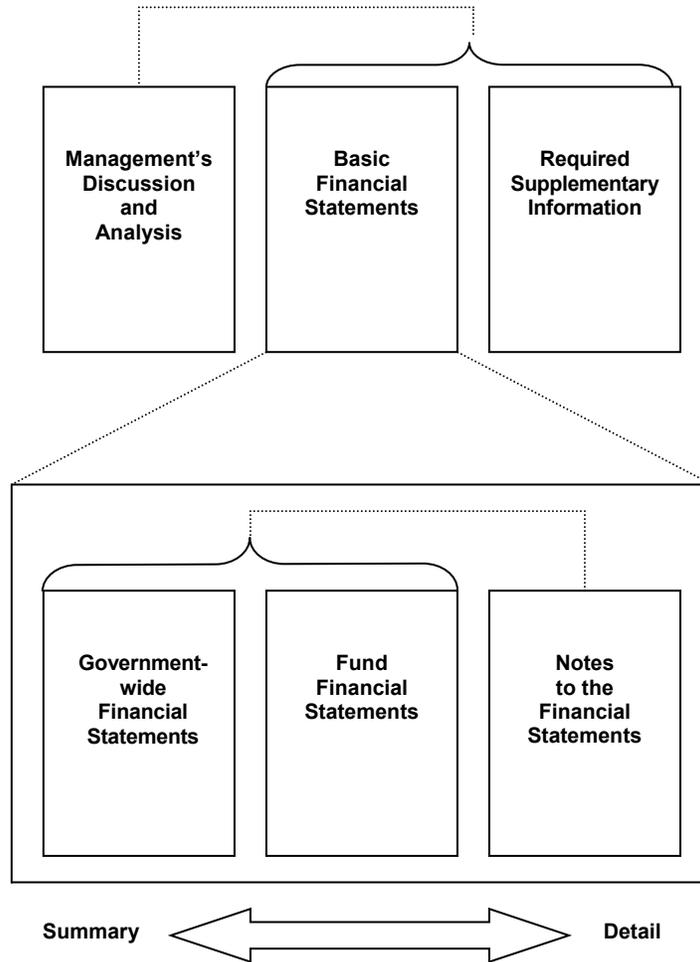
### OVERVIEW OF THE FINANCIAL STATEMENTS

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 \$472,757. The total decrease in unrestricted net position was \$200,706. 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) which contains information about the City's pension plans and other post-employment benefits plan. 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.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

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

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 2,224,380	\$ 2,209,402	\$ 2,969,872	\$ 4,349,973	\$ 5,194,252	\$ 6,559,375
Capital assets	<u>3,097,747</u>	<u>3,033,275</u>	<u>10,461,209</u>	<u>9,467,327</u>	<u>13,558,956</u>	<u>12,500,602</u>
Total assets	<u>5,322,127</u>	<u>5,242,677</u>	<u>13,431,081</u>	<u>13,817,300</u>	<u>18,753,208</u>	<u>19,059,977</u>
Deferred outflows of resources	<u>173,761</u>	<u>423,103</u>	<u>167,284</u>	<u>253,467</u>	<u>341,045</u>	<u>676,570</u>
Current and other liabilities	301,535	143,226	504,887	472,743	806,422	615,969
Long-term liabilities	<u>1,520,118</u>	<u>1,956,877</u>	<u>6,951,896</u>	<u>7,793,298</u>	<u>8,472,014</u>	<u>9,750,175</u>
Total liabilities	<u>1,821,653</u>	<u>2,100,103</u>	<u>7,456,783</u>	<u>8,266,041</u>	<u>9,278,436</u>	<u>10,366,144</u>
Deferred inflows of resources	<u>228,732</u>	<u>127,592</u>	<u>78,696</u>	<u>18,696</u>	<u>307,428</u>	<u>146,288</u>
Net position:						
Net investment						
in capital assets	2,416,550	2,288,216	5,590,129	5,112,567	8,006,679	7,400,783
Restricted	424,724	518,421	-	-	424,724	518,421
Unrestricted	<u>604,229</u>	<u>631,448</u>	<u>472,757</u>	<u>673,463</u>	<u>1,076,986</u>	<u>1,304,911</u>
Total net position	<u>\$ 3,445,503</u>	<u>\$ 3,438,085</u>	<u>\$ 6,062,886</u>	<u>\$ 5,786,030</u>	<u>\$ 9,508,389</u>	<u>\$ 9,224,115</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 and deferred inflows of the City of Columbus exceeded liabilities and deferred outflows by \$9,508,389 as of September 30, 2018. The City's net position increased by \$284,274 for the fiscal year ended September 30, 2018. Net investment in capital assets of \$8,006,679 accounts for the greatest portion (84%) of net position.

An additional portion of the City's net position (4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,076,986 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	
	2018	2017	2018	2017	2018	2017
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 181,871	\$ 170,411	\$ 3,768,739	\$ 3,592,581	\$ 3,950,610	\$ 3,762,992
Operating grants and contributions	159,791	90,532	90,369	89,366	250,160	179,898
Capital grants and contributions	-	145,000	190,260	90,000	190,260	235,000
General revenues:						
Property taxes	874,437	811,528	-	-	874,437	811,528
Other taxes	1,473,972	1,473,959	-	-	1,473,972	1,473,959
Other	51,513	43,433	60,779	49,133	112,292	92,566
Total revenues	<u>2,741,584</u>	<u>2,734,863</u>	<u>4,110,147</u>	<u>3,821,080</u>	<u>6,851,731</u>	<u>6,555,943</u>
<b>Expenses:</b>						
General government	442,536	455,126	-	-	442,536	455,126
Public safety	1,234,760	1,353,574	-	-	1,234,760	1,353,574
Public health	95,333	93,290	-	-	95,333	93,290
Public works	581,452	402,189	-	-	581,452	402,189
Culture and recreation	637,826	666,036	-	-	637,826	666,036
Economic development	236,393	115,700	-	-	236,393	115,700
Interest on long-term debt	27,317	23,375	-	-	27,317	23,375
Water	-	-	1,020,986	995,803	1,020,986	995,803
Sewer	-	-	592,647	740,254	592,647	740,254
Garbage	-	-	861,106	876,489	861,106	876,489
Gas	-	-	734,314	533,692	734,314	533,692
Total expenses	<u>3,255,617</u>	<u>3,109,290</u>	<u>3,209,053</u>	<u>3,146,238</u>	<u>6,464,670</u>	<u>6,255,528</u>
Increase (decrease) in net position before transfers	( 514,033)	( 374,427)	901,094	674,842	387,061	300,415
Transfers	<u>625,125</u>	<u>595,843</u>	<u>( 625,125)</u>	<u>( 595,843)</u>	<u>-</u>	<u>-</u>
Change in net position	111,092	221,416	275,969	78,999	387,061	300,415
Net position, beginning	<u>3,438,085</u>	<u>3,216,669</u>	<u>5,786,030</u>	<u>5,707,031</u>	<u>9,224,115</u>	<u>8,923,700</u>
Prior period adjustment	<u>( 103,674)</u>	<u>-</u>	<u>887</u>	<u>-</u>	<u>( 102,787)</u>	<u>-</u>
Net position, beginning, restated	<u>3,334,411</u>	<u>2,945,495</u>	<u>5,786,917</u>	<u>5,707,031</u>	<u>9,121,328</u>	<u>8,923,700</u>
Net position, ending	<u>\$ 3,445,503</u>	<u>\$ 3,438,085</u>	<u>\$ 6,062,886</u>	<u>\$ 5,786,030</u>	<u>\$ 9,508,389</u>	<u>\$ 9,224,115</u>

**Governmental Activities.** Governmental activities increased the City's net position by \$7,418.

Key elements of this increase include the City expending less funds than budgeted and receiving more than anticipated.

**Business-type Activities.** Business-type activities increased the City of Columbus' net position by \$276,856. Capital grants and contributions increased \$100,260 (111%) due to payments from Columbus Community Industrial Development Corporation.

## **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 \$637,687. 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 21% percent of total General Fund expenditures.

The fund balance of the City's General Fund decreased by \$91,942 during the current fiscal year. This decrease is a result of the City's increase in public works and public safety expenditures.

The fund balance of the Hotel/Motel Tax Fund decreased by \$94,828 or 18% during the current fiscal year. This decrease is a result of increased expenditures for tourism.

**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 \$472,757. The total increase in net position was \$276,856. 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 (\$17,942), library memorials and donations (\$4,464).

Budgeted expenditures increased \$60,588 as supplemental appropriations were needed for the following: \$22,588 for library books, supplies and outside services; \$38,000 for a utility department vehicle. This vehicle was included in the 2017 fiscal budget but was not received until the end of the year due to Hurricane Harvey.

## **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, 2018, totals \$13,558,956 (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	
	2018	2017	2018	2017	2018	2017
Land	\$ 520,086	\$ 520,086	\$ 24,183	\$ 24,183	\$ 544,269	\$ 544,269
Buildings and improvements	3,650,604	3,161,849	581,700	581,700	4,232,304	3,743,549
Distribution and collection systems	-	-	17,440,565	16,005,958	17,440,565	16,005,958
Machinery and equipment	3,150,341	3,008,565	907,748	846,409	4,058,089	3,854,974
Construction in progress	16,268	396,179	1,527,284	1,450,387	1,543,552	1,846,566
Accumulated depreciation	( 4,239,552)	( 4,053,404)	( 10,020,271)	( 9,441,310)	( 14,259,823)	( 13,494,714)
	<u>\$ 3,097,747</u>	<u>\$ 3,033,275</u>	<u>\$ 10,461,209</u>	<u>\$ 9,467,327</u>	<u>\$ 13,558,956</u>	<u>\$ 12,500,602</u>

Major capital asset events during the year included the following:

- Public safety vehicles for \$104,762
- Construction of Visitors Center for \$88,066
- Water plant improvements in the amount of \$1.4 million

Additional information on the City's capital asset activity is presented in the notes to the financial statements on pages 32 and 33.

**Long-term Debt.** As of September 30, 2018, the City of Columbus had total long-term certificates of obligation and general obligation bonds outstanding of \$7,411,458. 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	
	2018	2017	2018	2017	2018	2017
Certificates of obligation	\$ 31,458	\$ -	\$ 2,685,000	\$ 2,805,000	\$ 2,716,458	\$ 2,805,000
Refunding general obligation bonds	<u>681,197</u>	<u>745,059</u>	<u>4,013,803</u>	<u>3,974,941</u>	<u>4,695,000</u>	<u>4,720,000</u>
	<u>\$ 712,655</u>	<u>\$ 745,059</u>	<u>\$ 6,698,803</u>	<u>\$ 6,779,941</u>	<u>\$ 7,411,458</u>	<u>\$ 7,525,000</u>

The City's total debt decreased by \$113,542 (1.5%) during the current fiscal year. The key factor in this decrease was scheduled debt service payments.

Additional information regarding the City of Columbus' long-term debt can be found in the notes to the financial statements on pages 34 to 36.

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

- The unemployment rate for Colorado County is currently 3.2 percent (Columbus is the largest of the three incorporated cities in the county), which is an decrease from a rate of 3.6 percent a year ago. This is below the state's average unemployment rate of 3.7 percent and the national average rate of 3.8 percent.
- Inflationary trends in the region compare favorably to national indices.
- The State Comptroller reported an increase of 1.4 percent in taxable sales for the City. Sales tax revenue has increased 15.2 percent since 2009. The City expects sales tax revenue growth to continue, but the budgeted increase for 2019 was a very modest .30 percent.
- Property tax values continue to climb in Colorado County and the region in general. Real property values in the City of Columbus increased \$11,847,640 from the prior year. Values have increased 32.9 percent from 2009. The City's overall property tax rate was increased slightly for the 2019 budget.
- For the 2019 Budget, the City increased the minimum rates for water, sewer and gas by \$0.50 each. With this increased rate and the more accurate metering system, the cost for utility system maintenance and debt service requirements for the new the new water filtration system should be amply covered. The last increase occurred in 2016. Despite this increase, the City's utility rates continue to remain low in comparison to cities of similar size.

All of these factors were considered in preparing the City's budget for the 2019 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](http://www.columbustexas.net).

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**BASIC  
FINANCIAL STATEMENTS**

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**CITY OF COLUMBUS, TEXAS**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2018**

	Governmental Activities	Business-type Activities	Total	Component Unit Columbus Industrial Development Corporation
<b>ASSETS</b>				
Cash and investments	\$ 1,659,164	\$ 932,689	\$ 2,591,853	\$ 1,072,540
Receivables, net:				
Taxes	362,316	-	362,316	93,100
Other	8,181	388,138	396,319	-
Due from other governments	43,191	85,851	129,042	-
Internal balances	151,528	( 151,528)	-	-
Investment in land	-	-	-	283,950
Restricted cash and investments	-	1,714,722	1,714,722	-
Capital assets:				
Non-depreciable	536,354	1,551,467	2,087,821	-
Depreciable, net	<u>2,561,393</u>	<u>8,909,742</u>	<u>11,471,135</u>	-
Total assets	<u>5,322,127</u>	<u>13,431,081</u>	<u>18,753,208</u>	<u>1,449,590</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Deferred charge on refunding	-	113,001	113,001	16,805
Deferred outflow related to OPEB	7,449	2,660	10,109	-
Deferred outflow related to TESRS pension	21,796	-	21,796	-
Deferred outflow related to TMRS pension	<u>144,516</u>	<u>51,623</u>	<u>196,139</u>	-
Total deferred outflow of resources	<u>173,761</u>	<u>167,284</u>	<u>341,045</u>	<u>16,805</u>
<b>LIABILITIES</b>				
Accounts payable	242,412	288,069	530,481	100
Accrued liabilities	55,798	19,343	75,141	-
Accrued interest	3,205	16,908	20,113	12,554
Customer deposits	120	180,567	180,687	-
Noncurrent liabilities:				
Due within one year:				
Long-term debt	74,767	736,894	811,661	125,000
Total OPEB liability	762	268	1,030	-
Due in more than one year:				
Long-term debt	637,888	5,978,377	6,616,265	692,462
Net pension liability - TESRS	145,058	-	145,058	-
Net pension liability - TMRS	543,391	194,111	737,502	-
Total OPEB liability	<u>118,252</u>	<u>42,246</u>	<u>160,498</u>	-
Total liabilities	<u>1,821,653</u>	<u>7,456,783</u>	<u>9,278,436</u>	<u>830,116</u>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Deferred inflow related to TESRS pension	8,435	-	8,435	-
Deferred inflow related to TMRS pension	<u>220,297</u>	<u>78,696</u>	<u>298,993</u>	-
Total deferred inflow of resources	<u>228,732</u>	<u>78,696</u>	<u>307,428</u>	-
<b>NET POSITION</b>				
Net investment in capital assets	2,416,550	5,590,129	8,006,679	-
Restricted for:				
Economic development	423,593	-	423,593	-
Debt service	1,131	-	1,131	136,119
Unrestricted	<u>604,229</u>	<u>472,757</u>	<u>1,076,986</u>	<u>500,160</u>
Total net position	<u>\$ 3,445,503</u>	<u>\$ 6,062,886</u>	<u>\$ 9,508,389</u>	<u>\$ 636,279</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, 2018**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 442,536	\$ 33,511	\$ 106,111	\$ -
Public safety	1,234,760	134,406	500	-
Public health	95,333	-	-	-
Public works	581,452	-	-	-
Culture and recreation	637,826	13,954	23,180	-
Economic development	236,393	-	30,000	-
Interest on long-term debt	<u>27,317</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>3,255,617</u>	<u>181,871</u>	<u>159,791</u>	<u>-</u>
Business-type activities:				
Water	1,020,986	1,075,353	90,369	63,420
Sewer	592,647	956,092	-	63,420
Garbage	861,106	910,105	-	-
Gas	<u>734,314</u>	<u>827,189</u>	<u>-</u>	<u>63,420</u>
Total business-type activities	<u>3,209,053</u>	<u>3,768,739</u>	<u>90,369</u>	<u>190,260</u>
Total primary government	<u>\$ 6,464,670</u>	<u>\$ 3,950,610</u>	<u>\$ 250,160</u>	<u>\$ 190,260</u>
Component unit:				
Columbus Community Industrial Development Corporation	<u>\$ 346,345</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Transfers  
Total general revenues and transfers

Change in net position

Net position, beginning

Prior period adjustment

Net position, beginning, as restated

Net position, ending

Net (Expenses) Revenues and Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Columbus Industrial Development Corporation
\$( 302,914)	\$ -	\$( 302,914)	\$ -
( 1,099,854)	-	( 1,099,854)	-
( 95,333)	-	( 95,333)	-
( 581,452)	-	( 581,452)	-
( 600,692)	-	( 600,692)	-
( 206,393)	-	( 206,393)	-
( 27,317)	-	( 27,317)	-
<u>( 2,913,955)</u>	<u>-</u>	<u>( 2,913,955)</u>	<u>-</u>
-	208,156	208,156	-
-	426,865	426,865	-
-	48,999	48,999	-
<u>-</u>	<u>156,295</u>	<u>156,295</u>	<u>-</u>
<u>-</u>	<u>840,315</u>	<u>840,315</u>	<u>-</u>
<u>( 2,913,955)</u>	<u>840,315</u>	<u>( 2,073,640)</u>	<u>-</u>
			<u>( 346,345)</u>
874,437	-	874,437	-
996,317	-	996,317	500,158
225,662	-	225,662	-
238,973	-	238,973	-
13,020	-	13,020	-
22,743	59,188	81,931	14,225
2,576	1,530	4,106	-
26,194	61	26,255	5,769
<u>625,125</u>	<u>( 625,125)</u>	<u>-</u>	<u>-</u>
<u>3,025,047</u>	<u>( 564,346)</u>	<u>2,460,701</u>	<u>520,152</u>
<u>111,092</u>	<u>275,969</u>	<u>387,061</u>	<u>173,807</u>
<u>3,438,085</u>	<u>5,786,030</u>	<u>9,224,115</u>	<u>462,472</u>
<u>( 103,674)</u>	<u>887</u>	<u>( 102,787)</u>	<u>-</u>
<u>3,334,411</u>	<u>5,786,917</u>	<u>9,121,328</u>	<u>-</u>
<u>\$ 3,445,503</u>	<u>\$ 6,062,886</u>	<u>\$ 9,508,389</u>	<u>\$ 636,279</u>

# CITY OF COLUMBUS, TEXAS

## BALANCE SHEET

### GOVERNMENTAL FUNDS

SEPTEMBER 30, 2018

	General	Hotel/Motel Tax	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 906,596	\$ 364,550	\$ 388,018	\$ 1,659,164
Receivables, net				
Taxes	301,825	59,324	1,167	362,316
Accounts	8,181	-	-	8,181
Due from other governments	43,191	-	-	43,191
Due from other funds	151,528	-	-	151,528
Total assets	1,411,321	423,874	389,185	2,224,380
<b>LIABILITIES</b>				
Accounts payable	242,131	281	-	242,412
Customer deposits	120	-	-	120
Accrued payroll	55,798	-	-	55,798
Total liabilities	298,049	281	-	298,330
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	10,485	-	337	10,822
Unavailable revenue - court fines	8,181	-	-	8,181
Total deferred inflows of resources	18,666	-	337	19,003
<b>FUND BALANCES:</b>				
Restricted for:				
Economic development	-	423,593	-	423,593
Debt service	-	-	3,999	3,999
Assigned for:				
Subsequent year's budget	456,919	-	-	456,919
Capital outlay	-	-	384,849	384,849
Unassigned	637,687	-	-	637,687
Total fund balances	1,094,606	423,593	388,848	1,907,047
Total liabilities, deferred inflows of resources and fund balances	\$ 1,411,321	\$ 423,874	\$ 389,185	\$ 2,224,380

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

# CITY OF COLUMBUS, TEXAS

## RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

SEPTEMBER 30, 2018

Total fund balances - governmental funds balance sheet	\$ 1,907,047
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not reported in the funds.	3,097,747
Certain receivables will not be collected soon enough to pay for the current period's expenditures and are therefore deferred in the funds:	
Property taxes	10,822
Court fines and feeds	8,181
Accrued bond interest is not due and payable in the current period and therefore is not reported in the funds:	( 3,205)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Bonds payable	( 681,197)
Compensated absences	( 31,458)
Included in the items related to long-term liabilities is the recognition of the City's net pension liabilities and total OPEB liability, as well as the related deferred inflows and outflows of resources.	
Long-term liabilities:	
Net pension liability - TESRS	( 145,058)
Net pension liability - TMRS	( 543,391)
Total OPEB liability	( 119,014)
Deferred outflows of resources:	
Outflows related to TESRS pension	21,796
Outflows related to TMRS pension	144,516
Outflows related to OPEB	7,449
Deferred inflows of resources:	
Inflows related to TESRS pension	( 8,435)
Inflows related to TMRS pension	( 220,297)
Net position of governmental activities	\$ <u>3,445,503</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, 2018**

	General	Hotel/Motel Tax	Other Governmental Funds	Total Governmental Funds
	<u>General</u>	<u>Tax</u>	<u>Funds</u>	<u>Funds</u>
<b>REVENUES</b>				
Property taxes	\$ 778,534	\$ -	\$ 93,431	\$ 871,965
Sales taxes	1,009,337	-	-	1,009,337
Franchise taxes	238,973	-	-	238,973
Hotel occupancy tax	-	225,662	-	225,662
Licenses and permits	33,271	-	-	33,271
Fines and forfeitures	142,278	-	-	142,278
Charges for services	14,194	-	-	14,194
Intergovernmental	159,791	-	-	159,791
Investment earnings	11,726	3,968	7,049	22,743
Miscellaneous	26,194	-	-	26,194
Total revenues	<u>2,414,298</u>	<u>229,630</u>	<u>100,480</u>	<u>2,744,408</u>
<b>EXPENDITURES</b>				
Current:				
General government	426,947	-	-	426,947
Public safety	1,222,493	-	-	1,222,493
Public health	94,846	-	-	94,846
Public works	561,249	-	-	561,249
Culture and recreation	605,477	-	-	605,477
Economic development	-	324,458	-	324,458
Debt service:				
Principal	-	-	63,862	63,862
Interest and other charges	-	-	27,556	27,556
Capital outlay	183,391	-	-	183,391
Total expenditures	<u>3,094,403</u>	<u>324,458</u>	<u>91,418</u>	<u>3,510,279</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 680,105)</u>	<u>( 94,828)</u>	<u>9,062</u>	<u>( 765,871)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	608,237	-	49,956	658,193
Transfers out	( 22,650)	-	( 10,418)	( 33,068)
Sale of capital assets	2,576	-	-	2,576
Total other financing sources (uses)	<u>588,163</u>	<u>-</u>	<u>39,538</u>	<u>627,701</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>( 91,942)</u>	<u>( 94,828)</u>	<u>48,600</u>	<u>( 138,170)</u>
<b>FUND BALANCES, BEGINNING</b>	<u>1,186,548</u>	<u>518,421</u>	<u>340,248</u>	<u>2,045,217</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 1,094,606</u>	<u>\$ 423,593</u>	<u>\$ 388,848</u>	<u>\$ 1,907,047</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, 2018

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

Net change in fund balances - total governmental funds	\$( 138,170)
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	271,456
Depreciation	( 206,984)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Unavailable tax revenue	2,472
Unavailable municipal court revenue	( 7,872)
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	63,862
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	131,826
OPEB cost	( 7,891)
Compensated absences	2,154
Accrued interest	<u>239</u>
Change in net position of governmental activities.	<u>\$ 111,092</u>

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

**CITY OF COLUMBUS, TEXAS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**SEPTEMBER 30, 2018**

	<u>Utility Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 932,689
Accounts receivable, net	388,138
Due from other governments	85,851
Restricted cash and cash equivalents	<u>1,714,722</u>
Total current assets	3,121,400
Noncurrent assets:	
Non-depreciable	1,551,467
Depreciable, net	<u>8,909,742</u>
Total noncurrent assets	<u>10,461,209</u>
Total assets	<u>13,582,609</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on refunding	113,001
Deferred outflow related to TMRS pension	51,623
Deferred outflow related to OPEB	<u>2,660</u>
Total deferred outflows of resources	<u>167,284</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	288,069
Accrued liabilities	19,343
Due to other funds	151,528
Accrued interest	16,908
Customer deposits	180,567
Noncurrent liabilities:	
Due within one year:	
Bonds payable	543,097
Notes payable	189,680
Compensated absences	4,117
Total OPEB liability	268
Due in more than one year:	
Bonds payable	5,966,026
Compensated absences	12,351
Net pension liability	194,111
Total OPEB liability	<u>42,246</u>
Total liabilities	<u>7,608,311</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflow related to TMRS pension	<u>78,696</u>
Total deferred inflows of resources	<u>78,696</u>
<b>NET POSITION</b>	
Net investment in capital assets	5,590,129
Unrestricted	<u>472,757</u>
Total net position	<u>\$ 6,062,886</u>

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

**CITY OF COLUMBUS, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Utility Fund</u>
<b>OPERATING REVENUES</b>	
Charges for sales and services:	
Water sales	\$ 1,075,353
Sewer charges	956,092
Garbage fees	910,105
Gas sales	827,189
Other	<u>61</u>
Total operating revenues	<u>3,768,800</u>
<b>OPERATING EXPENSES</b>	
Personnel	656,120
Maintenance and operations	1,761,968
Depreciation	<u>596,041</u>
Total operating expenses	<u>3,014,129</u>
<b>OPERATING INCOME</b>	<u>754,671</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Intergovernmental	90,369
Interest income	59,188
Gain (loss) on the sale of assets	1,530
Interest and other charges	<u>( 194,924)</u>
Total nonoperating revenues (expenses)	<u>( 43,837)</u>
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<u>710,834</u>
Capital contributions	190,260
Transfers in	418
Transfers out	<u>( 625,543)</u>
<b>CHANGE IN NET POSITION</b>	<u>275,969</u>
<b>NET POSITION, BEGINNING</b>	<u>5,786,030</u>
<b>PRIOR PERIOD ADJUSTMENT</b>	<u>887</u>
<b>NET POSITION, BEGINNING, AS RESTATED</b>	<u>5,786,917</u>
<b>NET POSITION, ENDING</b>	<u>\$ 6,062,886</u>

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

**CITY OF COLUMBUS, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Utility Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 3,754,060
Cash paid to suppliers	( 1,666,762)
Cash paid to employees	( 658,155)
Net cash provided by operating activities	<u>1,429,143</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Cash received from other governments	25,354
Transfer from other funds	418
Transfer to other funds	( 625,543)
Net cash used by noncapital financing activities	<u>( 599,771)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Capital contributions - intergovernmental	190,260
Purchase of capital assets	( 1,569,082)
Proceeds from the sale of capital assets	18,610
Principal paid on capital debt	( 734,899)
Interest and other charges paid on debt	( 181,093)
Net cash used by capital and related financing activities	<u>( 2,276,204)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received	<u>59,188</u>
Net cash provided by investing activities	<u>59,188</u>
<b>NET DECREASE IN CASH AND EQUIVALENTS</b>	<u>( 1,387,644)</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>4,035,055</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 2,647,411</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Net operating income	\$ 754,671
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	596,041
(Increase) decrease in accounts receivable	6,170
(Increase) decrease in deferred outflows related to pensions	73,351
(Increase) decrease in deferred outflows related to OPEB	( 2,660)
Increase (decrease) in accounts payable	21,855
Increase (decrease) in accrued liabilities	( 1,389)
Increase (decrease) in due to other funds	51,302
Increase (decrease) in compensated absences	( 3,466)
Increase (decrease) in customer deposits	13,339
Increase (decrease) in net pension liability	( 145,551)
Increase (decrease) in total OPEB liability	5,480
Increase (decrease) in deferred inflows related to pensions	<u>60,000</u>
Net cash provided by operations	<u>\$ 1,429,143</u>

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

# CITY OF COLUMBUS, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

### 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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments for interfund services provided and other charges between the City's various other functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**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.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

**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 in government pools are recorded at amortized cost. All other investments are recorded at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

**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. 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.

## **H. 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

## **I. 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 and OPEB 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.
- Changes in actuarial assumptions – These changes are deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- 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.

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 the following 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.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.

#### **J. 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.

#### **K. Other Post-Employment Benefits**

***TMRS Supplemental Death Benefits Fund.*** For purposes of measuring the total Texas Municipal Retirement System Supplemental Death Benefit Fund (TMRS SDBF) OPEB liability, related deferred outflows and inflows of resources, and expense, City specific information about its total TMRS SDBF liability and additions to/deductions from the City's total TMRS SDBF liability have been determined on the same basis as they are reported by TMRS. The TMRS SDBF expense and deferred (inflows)/outflows of resources related to TMRS SDBF, primarily result from changes in the components of the total TMRS SDBF liability. Most changes in the total TMRS SDBF liability will be included in TMRS SDBF expense in the period of the change. For example, changes in the total TMRS SDBF liability resulting from current-period service cost, interest on the TOL, and changes of benefit terms are required to be included in TMRS SDBF expense immediately.

Changes in the total TMRS SDBF liability that have not been included in TMRS SDBF expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to TMRS SDBF.

#### **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.

The Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code (the "Act"), provide for the creation of public funds investment pools, such as Texas CLASS, through which political subdivisions and other entities may invest public funds.

Texas CLASS has a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

**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 \$934,346. 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 53 days.

**B. Receivables**

Receivables at September 30, 2018, were as follows:

	<u>General</u>	<u>Hotel/ Motel Tax</u>	<u>Nonmajor Governmental</u>	<u>Utility</u>	<u>Total Receivables</u>
Property taxes	\$ 22,488	\$ -	\$ 2,972	\$ -	\$ 25,460
Sales taxes	186,199	-	-	-	186,199
Hotel/motel taxes	-	59,324	-	-	59,324
Franchise taxes	101,798	-	-	-	101,798
Mixed beverage taxes	3,343	-	-	-	3,343
Intergovernmental	43,191	-	-	85,851	129,042
Utility accounts	-	-	-	410,763	410,763
Municipal court	<u>122,083</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>122,083</u>
Less: allowance for doubtful accounts	<u>( 125,905)</u>	<u>-</u>	<u>( 1,805)</u>	<u>( 22,625)</u>	<u>( 150,335)</u>
	<u>\$ 353,197</u>	<u>\$ 59,324</u>	<u>\$ 1,167</u>	<u>\$ 473,989</u>	<u>\$ 887,677</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, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 520,086	\$ -	\$ -	\$ 520,086
Construction in progress	396,179	16,269	396,180	16,268
Total capital assets not being depreciated	<u>916,265</u>	<u>16,269</u>	<u>396,180</u>	<u>536,354</u>
Capital assets being depreciated:				
Buildings and improvements	3,161,849	488,755	-	3,650,604
Machinery and equipment	3,008,565	162,612	20,836	3,150,341
Total capital assets being depreciated	<u>6,170,414</u>	<u>651,367</u>	<u>20,836</u>	<u>6,800,945</u>
Less accumulated depreciation for:				
Buildings and improvements	1,492,135	74,045	-	1,566,180
Machinery and equipment	2,561,269	132,939	20,836	2,673,372
Total accumulated depreciation	<u>4,053,404</u>	<u>206,984</u>	<u>20,836</u>	<u>4,239,552</u>
Total capital assets depreciated, net	<u>2,117,010</u>	<u>444,383</u>	<u>-</u>	<u>2,561,393</u>
Governmental activities, capital assets, net	<u>\$ 3,033,275</u>	<u>\$ 460,652</u>	<u>\$ 396,180</u>	<u>\$ 3,097,747</u>

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 24,183	\$ -	\$ -	\$ -	\$ 24,183
Construction in progress	1,450,387	1,437,937	1,361,040	-	1,527,284
Total capital assets not being depreciated	<u>1,474,570</u>	<u>1,437,937</u>	<u>1,361,040</u>	<u>-</u>	<u>1,551,467</u>
Capital assets being depreciated:					
Buildings and improvements	581,700	-	-	-	581,700
Distribution and collection systems	16,005,959	1,434,606	-	-	17,440,565
Machinery and equipment	846,409	78,420	17,080	-	907,749
Total capital assets being depreciated	<u>17,434,068</u>	<u>1,513,026</u>	<u>17,080</u>	<u>-</u>	<u>18,930,014</u>
Less accumulated depreciation for:					
Buildings and improvements	581,700	-	-	-	581,700
Distribution and collection systems	8,137,652	562,482	-	( 20,546)	8,679,588
Machinery and equipment	721,959	33,559	17,080	20,546	793,144
Total accumulated depreciation	<u>9,441,311</u>	<u>596,041</u>	<u>17,080</u>	<u>-</u>	<u>10,020,272</u>
Total capital assets depreciated, net	<u>7,992,757</u>	<u>916,985</u>	<u>-</u>	<u>-</u>	<u>8,909,742</u>
Business-type activities, capital assets, net	<u>\$ 9,467,327</u>	<u>\$ 2,354,922</u>	<u>\$ 1,361,040</u>	<u>\$ -</u>	<u>\$ 10,461,209</u>

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

Governmental activities:		
General government		\$ 24,641
Public safety		115,062
Public health		1,995
Public works		25,140
Culture and recreation		<u>40,146</u>
Total governmental activities		\$ <u>206,984</u>
Business-type activities:		
Water		\$ 369,642
Sewer		155,173
Garbage		642
Gas		<u>70,584</u>
Total business-type activities		\$ <u>596,041</u>

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

**Due to/Due from**

The composition of the interfund balances as of September 30, 2018, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Utility	\$ <u>151,528</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, 2018, is as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General	Utility	\$ 598,237
General	Nonmajor governmental	10,000
Utility	Nonmajor governmental	418
Nonmajor governmental	General	22,650
Nonmajor governmental	Utility	<u>27,306</u>
		\$ <u>658,611</u>

The General Fund transferred \$22,650 to nonmajor governmental funds to cover future capital purchases. The nonmajor governmental funds transferred \$10,000 to the General Fund for the purchase of equipment. The Utility Fund transferred \$598,237 to the General Fund to cover budgeted indirect costs and for payments in lieu of taxes. The Utility Fund transferred \$27,306 to the nonmajor governmental funds to cover future capital purchases.

## E. Long-term Debt

The following is a summary of changes in long-term liabilities for the year ended September 30, 2018.

### Primary Government

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
Refunding GO bonds	\$ 745,059	\$ -	\$ 63,862	\$ 681,197	\$ 66,903
Compensated absences	<u>33,612</u>	<u>53,212</u>	<u>55,366</u>	<u>31,458</u>	<u>7,864</u>
Total governmental activities	<u>\$ 778,671</u>	<u>\$ 53,212</u>	<u>\$ 119,228</u>	<u>\$ 712,655</u>	<u>\$ 74,767</u>
Business-type activities:					
Certificates of obligation	\$ 2,805,000	\$ -	\$ 120,000	\$ 2,685,000	\$ 125,000
Refunding GO bonds	3,974,942	-	406,138	3,568,804	418,097
Premium on bonds	279,411	-	24,092	255,319	-
Notes payable	374,349	-	184,669	189,680	189,680
Compensated absences	<u>19,934</u>	<u>15,296</u>	<u>18,762</u>	<u>16,468</u>	<u>4,117</u>
Total business-type activities	<u>\$ 7,453,636</u>	<u>\$ 15,296</u>	<u>\$ 753,661</u>	<u>\$ 6,715,271</u>	<u>\$ 736,894</u>

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

### Component Unit

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Columbus Community Industrial and Development Corporation:					
Sales tax revenue bonds	\$ 930,000	\$ -	\$ 115,000	\$ 815,000	\$ 125,000
Premium on bonds	<u>3,053</u>	<u>-</u>	<u>591</u>	<u>2,462</u>	<u>-</u>
Total Columbus Community and Development Corporation:	<u>\$ 933,053</u>	<u>\$ -</u>	<u>\$ 115,591</u>	<u>\$ 817,462</u>	<u>\$ 125,000</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%.

## **Combination Tax & Revenue Certificates of Obligation**

Certificates of obligation were issued in October of 2016 in the amount of \$2,935,000. The \$3,000,000 proceeds will be used for a water filtration system, and gas and sewer improvements. With interest rates ranging from 2.0%-3.0%, the maturity date for the Series 2016 Certificates of Obligations is August 2036.

## **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
2019	\$ 66,903	\$ 25,640	\$ 543,097	\$ 181,797	\$ 125,000	\$ 28,363
2020	66,903	23,633	548,097	168,079	125,000	24,222
2021	69,944	21,458	565,056	153,854	130,000	19,756
2022	72,985	19,098	582,015	137,602	140,000	14,600
2023	74,506	16,178	600,494	119,772	145,000	8,900
2024-2028	329,956	33,634	2,085,045	340,316	150,000	3,000
2029-2033	-	-	795,000	151,500	-	-
2034-2036	-	-	535,000	32,550	-	-
Totals	\$ 681,197	\$ 139,641	\$ 6,253,804	\$ 1,285,470	\$ 815,000	\$ 98,841

	Primary Government	
	Notes Payable	
	Principal	Interest
2019	\$ 189,680	\$ 3,842
	\$ 189,680	\$ 3,842

### 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.

### **C. Employee Retirement Systems**

#### **Defined Benefit Pension Plan – Texas Municipal Retirement System**

##### **Plan Descriptions**

The City participates as one of 883 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 agent 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 Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tMrs.com](http://www.tMrs.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.

The City has approved an annually repeating (automatic) basis a monetary credit referred to as an updated service credit (USC) which is a theoretical amount which takes into account salary increases or plan improvements. If at any time during their career an employee earns a USC, this amount remains in their account earning interest at 5% until retirement. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer match plus employer-financed monetary credits, such as USC, with interest were used to purchase an annuity. Additionally, City provides on an annually repeating (automatic) basis cost of living adjustments (COLA) for retirees equal to a percentage of the change in the consumer price index (CPI).

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
Annuity increase to retirees	70% of CPI repeating

***Employees covered by benefit terms***

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	24
Inactive employees entitled to but not yet receiving benefits	29
Active employees	<u>38</u>
	<u>91</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 13.77% and 13.84% in calendar years 2017 and 2018, respectively. The City’s contributions to TMRS for the year ended September 30, 2018, were \$245,764, and were equal to the required contributions.

**Net Pension Liability**

The City’s Net Pension Liability (NPL) was measured as of December 31, 2017, 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, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% 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.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. 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 plant 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). 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%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.90%
Real Return	10.0%	3.80%
Real Estate	10.0%	4.50%
Absolute Return	10.0%	3.75%
Private Equity	<u>5.0%</u>	7.50%
Total	<u>100.0%</u>	

***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 (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2016	\$ 7,871,604	\$ 6,557,633	\$ 1,313,971
Changes for the year:			
Service cost	250,666	-	250,666
Interest	530,391	-	530,391
Difference between expected and actual experience	( 113,799)	-	( 113,799)
Contributions - employer	-	236,414	( 236,414)
Contributions - employee	-	103,013	( 103,013)
Net investment income	-	909,248	( 909,248)
Benefit payments, including refunds of employee contributions	( 278,571)	( 278,571)	-
Administrative expense	-	( 4,710)	4,710
Other changes	-	( 238)	238
Net changes	<u>388,687</u>	<u>965,156</u>	<u>( 576,469)</u>
Balance at 12/31/2017	<u>\$ 8,260,291</u>	<u>\$ 7,522,789</u>	<u>\$ 737,502</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/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 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/(asset)	\$ 1,847,180	\$ 737,502	\$( 179,226)

### ***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.tmr.org](http://www.tmr.org).

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

For the year ended September 30, 2018, the City recognized pension expense of \$183,282. At September 30, 2018, 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	\$ -	\$ 104,760
Changes in actuarial assumptions	18,062	-
Difference between projected and actual investment earnings	-	194,233
Contributions subsequent to the measurement date	178,077	-
Total	<u>\$ 196,139</u>	<u>\$ 298,993</u>

\$178,077 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, 2019. 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,	
2019	\$( 29,377)
2020	( 41,779)
2021	(116,452)
2022	( 93,323)

### **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](http://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 relatively 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](http://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 their 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, 2018, were \$31,440.

## Actuarial Assumptions

The total pension liability in the August 31, 2018, actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.00%
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 2024 by scale AA.

The actuarial assumptions used in the August 31, 2018 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 (currently 5.01%) and by adding expected inflation (3.00%). In addition, the final 7.75% assumption was selected by “rounding down” and thereby reflects a reduction of 0.26% 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%	5.81%
Small cap domestic	15.0%	5.92%
Developed international	15.0%	6.21%
Emerging markets	5.0%	7.18%
Master limited partnership	5.0%	7.61%
Fixed income	23.0%	1.61%
Real estate	5.0%	4.46%
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, 2018 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. 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	\$ 288,275	\$ 145,058	\$ 48,462

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

At September 30, 2018, the City reported a liability of \$145,058 for its proportionate share of the TESRS's net pension liability. The net pension liability was measured as of August 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to contributions of all participating employers to the plan for the period September 1, 2017 through August 31, 2018.

At August 31, 2018 the employer's proportion of the collective net pension liability was 0.701%, which was an increase of 0.031% when compared to August 31, 2017.

For the year ended September 30, 2018, the City’s pension expense was \$45,984. At September 30, 2018, the City reported its proportionate share of the TESRS’s deferred outflows and 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	\$ 39	\$ 418
Changes in actuarial assumptions	542	-
Difference between projected and actual investment earnings	-	8,017
Contributions paid to TESRS subsequent to the measurement date	21,215	-
Total	<u>\$ 21,796</u>	<u>\$ 8,435</u>

\$21,215 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, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ended September 30,	
2019	\$ 9,347
2020	( 5,201)
2021	( 7,653)
2022	( 4,347)

**D. Defined Other Post-Employment Benefit Plans**

**TMRS SUPPLEMENTAL DEATH BENEFITS FUND**

**Plan Description.** The City voluntarily participates in the Texas Municipal Retirement System Supplemental Death Benefits Fund (TMRS SDBF). The SDBF is a single-employer defined benefit Other Postemployment Benefit (OPEB) plan as defined by GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. It is established and administered in accordance with the TMRS Act identically to the City’s pension plan.

**Benefits Provided.** The SDBF provides group-term life insurance to City employees who are active members in TMRS, including or not including retirees. The City Council opted into this program via an ordinance, and 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.

Payments from this fund are similar to group-term life insurance benefits, and are paid to the designated beneficiaries upon the receipt of an approved application for payment. 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). The death benefit for retirees is considered an other employment benefit and is a fixed amount of \$7,500.

The number of employees currently covered by the benefit terms is as follows:

Inactive employees currently receiving benefits	21
Inactive employees entitled to but not yet receiving benefits	12
Active employees	38
	<hr style="width: 100%; border: 0.5px solid black;"/>
	71

**Contributions.** The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.21% for 2018 and 0.20% for 2017, of which 0.06% represented the retiree-only portion for each year, as a percentage of annual covered payroll. 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 prefund retiree term life insurance during employees' entire careers. The City's contributions to the SDBF for the years ended September 30, 2018 and 2017 were \$3,685 and \$3,334, respectively, representing contributions for both active and retiree coverage, which equaled the required contributions each year.

**Actuarial Assumptions.** The Total OPEB Liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation rate	2.50% per annum
Discount rate	3.31%
Actuarial cost method	Entry Age Normal Method
Projected salary increases	3.50% to 10.5% 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 male 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 became disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Administrative expenses for the SDBF are paid through the TMRS Pension Trust Fund and are wholly accounted for under the provisions of GASB Statement No. 68.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

**Discount Rate.** The SDBF program is treated as an unfunded OPEB plan because the SDBF trust covers both actives and retirees and the assets are not segregated for these groups. As such, a single discount rate of 3.31% was used to measure the Total OPEB Liability. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of December 31, 2017.

**Discount Rate Sensitivity Analysis.** The following schedule shows the impact of the Total OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.31%) in measuring the Total OPEB Liability.

	1% Decrease in Discount Rate (2.31%)	Discount Rate (3.31%)	1% Increase in Discount Rate (4.31%)
Total OPEB Liability	\$ 191,900	\$ 161,528	\$ 137,513

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEBs.** At September 30, 2018, the City reported a liability of \$161,528 for its Total OPEB Liability. The Total OPEB Liability was determined by an actuarial valuation as of December 31, 2017. For the year ended September 30, 2018, the City recognized OPEB expense of \$11,777. There were no changes of benefit terms that affected measurement of the Total OPEB Liability during the measurement period.

**Changes in the Total OPEB Liability**

	Total OPEB Liability
Balance at 12/31/2016	\$ 141,444
Changes for the year:	
Service cost	3,777
Interest	5,399
Changes of assumptions	11,938
Benefit payments	( 1,030)
Net changes	20,084
Balance at 12/31/2017	\$ 161,528

Changes in assumptions reflect a change in the discount rate from 3.78% to 3.3%.

At September 30, 2018, the City reported deferred outflows of resources related to other post-employment benefits from the following sources:

	<u>Deferred Outflows of Resources</u>
Changes in actuarial assumptions	\$ 9,337
Contributions subsequent to the measurement date	<u>772</u>
Total	<u>\$ 10,109</u>

\$772 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB Liability for the year ending September 30, 2019. Other amounts of the reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>For the Year Ended September 30,</u>	
2019	\$ 2,601
2020	2,601
2021	2,601
2022	1,534

**E. Economic Development Agreement**

The City enters into economic development agreements designed to promote development and redevelopment within the City, stimulate commercial activity, generate additional sales tax and enhance the property tax base and economic vitality of the City. This program reduces the assessed property tax values as authorized under Chapter 381 of the Texas Local Government Code.

The City has entered into a tax abatement agreement dated October 2012, with a developer to reduce the assessed property tax value 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. In fiscal year 2018, the City rebated property taxes in the amount of \$16,589.

**F. Prior Period Adjustment – Change in Accounting Principles**

During fiscal year 2018, the City adopted GASB Statement No. 75, *Accounting and Reporting for Post-Employment Benefits Other Than Pensions*. With GASB 75, the City must assume its Total OPEB Liability in connection with the TMRS SDBF. Adoption of GASB 75 required a prior period adjustment to report the effect of the standard retroactively. As such, beginning net position was restated by \$103,674 and \$37,034 for governmental activities and business-type activities, respectively.

Additionally, expenses were overstated in the prior year because an item was expensed despite not being received before year-end. This correction caused an increase in beginning net position in the amount of \$37,921.

**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, 2018**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property	\$ 767,320	\$ 767,320	\$ 778,534	\$ 11,214
Sales	1,000,000	1,000,000	1,009,337	9,337
Franchise	265,000	265,000	238,973	( 26,027)
Licenses and permits	26,100	26,100	33,271	7,171
Fines and forfeitures	114,200	114,700	142,278	27,578
Charges for services	12,310	12,310	14,194	1,884
Intergovernmental	36,000	36,000	159,791	123,791
Investment earnings	8,000	8,000	11,726	3,726
Miscellaneous	7,850	12,496	26,194	13,698
Total revenues	<u>2,236,780</u>	<u>2,241,926</u>	<u>2,414,298</u>	<u>172,372</u>
<b>EXPENDITURES</b>				
General government:				
Personnel	299,054	299,054	292,317	6,737
Supplies and maintenance	20,900	20,900	22,900	( 2,000)
Other services	111,415	111,415	111,730	( 315)
Total general government	<u>431,369</u>	<u>431,369</u>	<u>426,947</u>	<u>4,422</u>
Public safety:				
Police department:				
Personnel	916,399	916,399	897,671	18,728
Supplies and maintenance	112,540	112,540	97,989	14,551
Other services	63,099	63,099	68,136	( 5,037)
Capital outlay	105,360	105,360	105,175	185
Total police department	<u>1,197,398</u>	<u>1,197,398</u>	<u>1,168,971</u>	<u>28,427</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, 2018**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
Public safety:				
Fire department:				
Personnel	\$ 51,200	\$ 51,200	\$ 46,281	\$ 4,919
Supplies and maintenance	77,800	77,800	81,819	( 4,019)
Other services	33,158	33,158	30,597	2,561
Capital outlay	6,850	6,850	6,003	847
Total fire department	<u>169,008</u>	<u>169,008</u>	<u>164,700</u>	<u>4,308</u>
Total public safety	<u>1,366,406</u>	<u>1,366,406</u>	<u>1,333,671</u>	<u>32,735</u>
Public health:				
Personnel	92,681	92,681	83,268	9,413
Supplies and maintenance	7,800	7,800	6,611	1,189
Other services	17,977	17,977	4,967	13,010
Capital outlay	5,500	5,500	10,785	( 5,285)
Total public health	<u>123,958</u>	<u>123,958</u>	<u>105,631</u>	<u>18,327</u>
Public works:				
Personnel	219,517	219,607	219,535	72
Supplies and maintenance	315,050	315,050	258,934	56,116
Other services	89,514	89,514	82,780	6,734
Capital outlay	60,000	60,000	9,968	50,032
Total public works	<u>684,081</u>	<u>684,171</u>	<u>571,217</u>	<u>112,954</u>
Culture and recreation:				
Personnel	398,070	386,398	399,096	( 12,698)
Supplies and maintenance	92,750	112,057	93,288	18,769
Other services	134,258	136,193	113,093	23,100
Capital outlay	56,000	56,000	51,460	4,540
Total culture and recreation	<u>681,078</u>	<u>690,648</u>	<u>656,937</u>	<u>33,711</u>
Total expenditures	<u>3,286,892</u>	<u>3,296,552</u>	<u>3,094,403</u>	<u>202,149</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	612,569	612,569	608,237	( 4,332)
Transfers out	( 22,650)	( 22,650)	( 22,650)	-
Sale of capital assets	-	-	2,576	2,576
Total other financing sources (uses)	<u>589,919</u>	<u>589,919</u>	<u>588,163</u>	<u>( 1,756)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>( 460,193)</u>	<u>( 464,707)</u>	<u>( 91,942)</u>	<u>372,765</u>
<b>FUND BALANCES, BEGINNING</b>	<u>1,186,548</u>	<u>1,186,548</u>	<u>1,186,548</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 726,355</u>	<u>\$ 721,841</u>	<u>\$ 1,094,606</u>	<u>\$ 372,765</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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Hotel occupancy tax	\$ 275,000	\$ 275,000	\$ 225,662	\$( 49,338)
Investment earnings	<u>3,000</u>	<u>3,000</u>	<u>3,968</u>	<u>968</u>
Total revenues	<u>278,000</u>	<u>278,000</u>	<u>229,630</u>	<u>( 48,370)</u>
<b>EXPENDITURES</b>				
Current:				
Economic development	<u>366,500</u>	<u>366,500</u>	<u>324,458</u>	<u>42,042</u>
Total expenditures	<u>366,500</u>	<u>366,500</u>	<u>324,458</u>	<u>42,042</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>( 88,500)</u>	<u>( 88,500)</u>	<u>( 94,828)</u>	<u>( 6,328)</u>
<b>FUND BALANCES, BEGINNING</b>	<u>518,421</u>	<u>518,421</u>	<u>518,421</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 429,921</u>	<u>\$ 429,921</u>	<u>\$ 423,593</u>	<u>\$( 6,328)</u>

**CITY OF COLUMBUS, TEXAS**

**NOTES TO BUDGETARY INFORMATION**

**SEPTEMBER 30, 2018**

**BUDGETARY INFORMATION**

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

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

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

Budgeted amounts are as originally adopted or as amended by the City Council. The Council made several supplemental budgetary appropriations throughout the year which increased total budgeted expenditures by \$60,588. These amendments were as follows:

<u>Date Budget Amended</u>	<u>Purpose</u>	<u>Amount</u>
March 26, 2018	Library Supplies	\$ 8,330
March 26, 2018	Library Books	6,927
March 26, 2018	Library Outside Services	2,685
March 26, 2018	Utility Vehicle	38,000
September 10, 2018	Library Supplies	2,800
September 10, 2018	Library Promotional Supplies	1,070
September 10, 2018	Library Office Supplies	<u>776</u>
		<u>\$ 60,588</u>

# CITY OF COLUMBUS, TEXAS

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Measurement Date December 31,	2014	2015	2016	2017
<b>A. Total pension liability</b>				
Service Cost	\$ 225,111	\$ 231,666	\$ 243,411	\$ 250,666
Interest (on the Total Pension Liability)	463,968	484,124	498,257	530,391
Difference between expected and actual experience	( 115,052)	( 84,508)	( 2,739)	( 113,799)
Change of assumptions	-	80,347	-	-
Benefit payments, including refunds of employee contributions	( 329,185)	( 249,541)	( 254,409)	( 278,571)
Net change in total pension liability	244,842	462,088	484,520	388,687
Total pension liability - beginning	<u>6,680,154</u>	<u>6,924,996</u>	<u>7,387,084</u>	<u>7,871,604</u>
Total pension liability - ending (a)	<u>\$ 6,924,996</u>	<u>\$ 7,387,084</u>	<u>\$ 7,871,604</u>	<u>\$ 8,260,291</u>
<b>B. Plan fiduciary net position</b>				
Contributions - employer	\$ 240,607	\$ 218,650	\$ 219,086	\$ 236,414
Contributions - employee	102,097	97,612	99,963	103,013
Net investment income	325,069	8,879	411,476	909,248
Benefit payments, including refunds of employee contributions	( 329,185)	( 249,541)	( 254,409)	( 278,571)
Administrative expenses	( 3,393)	( 5,407)	( 4,645)	( 4,710)
Other	( 279)	( 268)	( 250)	( 238)
Net change in plan fiduciary net position	334,916	69,925	471,221	965,156
Plan fiduciary net position - beginning	<u>5,681,571</u>	<u>6,016,487</u>	<u>6,086,412</u>	<u>6,557,633</u>
Plan fiduciary net position - ending (b)	<u>\$ 6,016,487</u>	<u>\$ 6,086,412</u>	<u>\$ 6,557,633</u>	<u>\$ 7,522,789</u>
<b>C. Net pension liability - ending (a) - (b)</b>	<u>\$ 908,509</u>	<u>\$ 1,300,672</u>	<u>\$ 1,313,971</u>	<u>\$ 737,502</u>
<b>D. Plan fiduciary net position as a percentage of total pension liability</b>	86.88%	82.39%	83.31%	91.07%
<b>E. Covered payroll</b>	\$ 1,701,613	\$ 1,626,867	\$ 1,666,057	\$ 1,716,888
<b>F. Net position liability as a percentage of covered payroll</b>	53.39%	79.95%	78.87%	42.96%

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, 2018**

<b>Fiscal Year September 30,</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Actuarial determined contribution	\$ 234,237	\$ 222,113	\$ 218,454	\$ 229,867	\$ 245,764
Contributions in relation to the actuarially determined contribution	( 234,237)	( 222,113)	( 218,454)	( 229,867)	( 245,764)
Contribution deficiency (excess)	-	-	-	-	-
Covered payroll	1,659,459	1,629,065	1,651,318	1,690,258	1,690,258
Contributions as a percentage of covered payroll	14.12%	13.63%	13.23%	13.60%	14.54%

**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	28 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 THE CITY'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY - TESRS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

<b>Measurement Date August 31,</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
City's proportion of the net pension liability	0.670%	0.700%	0.670%	0.701%
City's proportionate share of the net pension liability	\$ 178,840	\$ 203,897	\$ 160,811	\$ 168,252
City's covered payroll	-	-	-	-
City's proportionate share of the net pension liability as a percentage of its covered payroll	0%	0%	0%	0%
Plan fiduciary net position as a percentage of the total pension liability	76.90%	76.30%	81.40%	84.26%

**SCHEDULE OF CITY'S TESRS CONTRIBUTIONS**

<b>Fiscal year ended September 30,</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Contractually required contribution	\$ 31,159	\$ 31,650	\$ 32,055	\$ 33,920	\$ 31,440
Contributions in relation to the contractually required contribution	<u>( 31,159)</u>	<u>( 31,650)</u>	<u>( 32,055)</u>	<u>( 33,920)</u>	<u>( 31,440)</u>
Contribution deficiency (excess)	-	-	-	-	-
City's covered payroll	-	-	-	-	-
Contributions as a percentage of covered payroll	0%	0%	0%	0%	0%

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 CHANGES IN TOTAL OPEB LIABILITY  
AND RELATED RATIOS - TEXAS MUNICIPAL RETIREMENT SYSTEM  
SUPPLEMENTAL DEATH BENEFITS FUND**

**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

<b>Measurement Date December 31,</b>	<u><b>2017</b></u>
<b>A. Total OPEB liability</b>	
Service Cost	\$ 3,777
Interest (on the Total OPEB Liability)	5,399
Changes of assumptions	11,938
Benefit payments, including refunds of employee contributions	<u>( 1,030)</u>
Net change in Total OPEB liability	20,084
Total OPEB liability - beginning	<u>141,444</u>
Total OPEB liability - ending (a)	<u><u>\$ 161,528</u></u>
<b>B. Covered-employee payroll</b>	<b>\$ 1,716,888</b>
<b>C. Total OPEB liability as a percentage of covered-employee payroll</b>	<b>9.41%</b>

**Notes to Schedule:**

- No assets are accumulated in a trust for the SDB plan to pay related benefits that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.
- This schedule is required to have 10 years of information, but the information prior to 2017 is not available.
- Included in the changes of assumptions was a reduction to the discount rate from 3.81% to 3.31%.

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**COMBINING AND INDIVIDUAL  
FUND STATEMENTS AND SCHEDULES**

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## **NONMAJOR GOVERNMENTAL FUNDS**

### **CAPITAL PROJECTS FUNDS**

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

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

### **DEBT SERVICE FUNDS**

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

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

**CITY OF COLUMBUS, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2018**

	Capital Projects		
	Equipment	Fire Equipment	Total
<b>ASSETS</b>			
Cash and investments	\$ 30,601	\$ 354,248	\$ 384,849
Taxes receivable, net	-	-	-
Total assets	30,601	354,248	384,849
<b>LIABILITIES</b>			
	-	-	-
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	-	-	-
Total deferred inflows of resources	-	-	-
<b>FUND BALANCES</b>			
Restricted for:			
Debt service	-	-	-
Assigned for:			
Capital outlay	30,601	354,248	384,849
Total fund balances	30,601	354,248	384,849
Total liabilities, deferred inflows of resources and fund balances	\$ 30,601	\$ 354,248	\$ 384,849

Debt Service			Total Nonmajor Governmental Funds
2005 C of O	2008 C of O	Total	
\$ -	\$ 3,169	\$ 3,169	\$ 388,018
<u>-</u>	<u>1,167</u>	<u>1,167</u>	<u>1,167</u>
<u>-</u>	<u>4,336</u>	<u>4,336</u>	<u>389,185</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>337</u>	<u>337</u>	<u>337</u>
<u>-</u>	<u>337</u>	<u>337</u>	<u>337</u>
-	3,999	3,999	3,999
<u>-</u>	<u>-</u>	<u>-</u>	<u>384,849</u>
<u>-</u>	<u>3,999</u>	<u>3,999</u>	<u>388,848</u>
<u>\$ -</u>	<u>\$ 4,336</u>	<u>\$ 4,336</u>	<u>\$ 389,185</u>

**CITY OF COLUMBUS, TEXAS**

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

**NONMAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Capital Projects		
	Equipment	Fire Equipment	Total
<b>REVENUES</b>			
Property taxes	\$ -	\$ -	\$ -
Investment earnings	481	6,493	6,974
Total revenues	481	6,493	6,974
<b>EXPENDITURES</b>			
Current:			
Debt service:			
Principal	-	-	-
Interest and other charges	-	-	-
Total expenditures	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	481	6,493	6,974
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	20,000	29,150	49,150
Transfers out	( 10,000)	-	( 10,000)
Total other financing sources (uses)	10,000	29,150	39,150
<b>NET CHANGE IN FUND BALANCES</b>	10,481	35,643	46,124
<b>FUND BALANCES, BEGINNING</b>	20,120	318,605	338,725
<b>FUND BALANCES, ENDING</b>	\$ 30,601	\$ 354,248	\$ 384,849

2005 C of O	Debt Service		Total Nonmajor Governmental Funds
	2008 C of O	Total	
\$ 418	\$ 93,013	\$ 93,431	\$ 93,431
-	75	75	7,049
<u>418</u>	<u>93,088</u>	<u>93,506</u>	<u>100,480</u>
-	63,862	63,862	63,862
-	27,556	27,556	27,556
<u>-</u>	<u>91,418</u>	<u>91,418</u>	<u>91,418</u>
<u>418</u>	<u>1,670</u>	<u>2,088</u>	<u>9,062</u>
-	806	806	49,956
( 418)	-	( 418)	( 10,418)
<u>( 418)</u>	<u>806</u>	<u>388</u>	<u>39,538</u>
-	2,476	2,476	48,600
-	1,523	1,523	340,248
<u>\$ -</u>	<u>\$ 3,999</u>	<u>\$ 3,999</u>	<u>\$ 388,848</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, 2018**

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget Positive (Negative)
<b>REVENUES</b>				
Investment earnings	\$ 325	\$ 325	\$ 481	\$ 156
Total revenues	325	325	481	156
<b>EXPENDITURES</b>	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	20,000	20,000	20,000	-
Transfers out	( 10,000)	( 10,000)	( 10,000)	-
Total other financing sources (uses)	10,000	10,000	10,000	-
<b>NET CHANGE IN FUND BALANCES</b>	10,325	10,325	10,481	156
<b>FUND BALANCES, BEGINNING</b>	20,120	20,120	20,120	-
<b>FUND BALANCES, ENDING</b>	\$ 30,445	\$ 30,445	\$ 30,601	\$ 156

**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, 2018**

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget Positive (Negative)
<b>REVENUES</b>				
Investment earnings	\$ 3,300	\$ 3,300	\$ 6,493	\$ 3,193
Total revenues	3,300	3,300	6,493	3,193
<b>EXPENDITURES</b>	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	33,000	33,000	29,150	( 3,850)
Total other financing sources (uses)	33,000	33,000	29,150	( 3,850)
<b>NET CHANGE IN FUND BALANCES</b>	36,300	36,300	35,643	( 657)
<b>FUND BALANCES, BEGINNING</b>	318,605	318,605	318,605	-
<b>FUND BALANCES, ENDING</b>	\$ 354,905	\$ 354,905	\$ 354,248	\$( 657)

**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, 2018**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final	Amounts	(Negative)
<b>REVENUES</b>				
Property taxes	\$ 40	\$ 40	\$ 418	\$ 378
Total revenues	<u>40</u>	<u>40</u>	<u>418</u>	<u>378</u>
<b>EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>40</u>	<u>40</u>	<u>418</u>	<u>378</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>-</u>	<u>-</u>	<u>( 418)</u>	<u>( 418)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>( 418)</u>	<u>( 418)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>40</u>	<u>40</u>	<u>-</u>	<u>( 40)</u>
<b>FUND BALANCES, BEGINNING</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u><u>\$ 40</u></u>	<u><u>\$ 40</u></u>	<u><u>\$ -</u></u>	<u><u>\$( 40)</u></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, 2018**

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 90,482	\$ 90,482	\$ 93,013	\$ 2,531
Investment earnings	<u>50</u>	<u>50</u>	<u>75</u>	<u>25</u>
Total revenues	<u>90,532</u>	<u>90,532</u>	<u>93,088</u>	<u>2,556</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	210,000	210,000	63,862	146,138
Interest and other charges	<u>90,613</u>	<u>90,613</u>	<u>27,556</u>	<u>63,057</u>
Total expenditures	<u>300,613</u>	<u>300,613</u>	<u>91,418</u>	<u>209,195</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 210,081)</u>	<u>( 210,081)</u>	<u>1,670</u>	<u>211,751</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>209,194</u>	<u>209,194</u>	<u>806</u>	<u>( 208,388)</u>
Total other financing sources (uses)	<u>209,194</u>	<u>209,194</u>	<u>806</u>	<u>( 208,388)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>( 887)</u>	<u>( 887)</u>	<u>2,476</u>	<u>3,363</u>
<b>FUND BALANCES, BEGINNING</b>	<u>1,523</u>	<u>1,523</u>	<u>1,523</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 636</u>	<u>\$ 636</u>	<u>\$ 3,999</u>	<u>\$ 3,363</u>

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# **STATISTICAL SECTION**

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# Statistical Section

## (Unaudited)

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

	<b><u>Page Number</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance has changed over time.	65 – 78
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the factors affecting the City's most significant local revenue source – gas revenue, as well as its ability to generate its property taxes and information regarding its sales tax sources.	79 – 81
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	82 – 86
<b>Demographic and Economic Information</b> These schedules offer demographics and economic indicators to help the reader understand the environment within which the City's financial activities take place.	87 – 88
<b>Operating Information</b> These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	89 – 91

**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			
	2009	2010	2011	2012
Governmental activities:				
Net investment in capital assets	\$ 1,299,073	\$ 1,459,522	\$ 1,354,636	\$ 1,277,925
Restricted	388,506	204,648	342,880	463,251
Unrestricted	<u>945,314</u>	<u>1,118,030</u>	<u>1,155,658</u>	<u>1,166,208</u>
Total governmental activities net position	<u>\$ 2,632,893</u>	<u>\$ 2,782,200</u>	<u>\$ 2,853,174</u>	<u>\$ 2,907,384</u>
Business-type activities:				
Net investment in capital assets	\$ 1,830,862	\$ 3,261,972	\$ 3,132,994	\$ 3,261,199
Restricted	1,685,888	-	-	-
Unrestricted	<u>2,180,617</u>	<u>2,093,182</u>	<u>2,317,925</u>	<u>2,395,384</u>
Total business-type activities net position	<u>\$ 5,697,367</u>	<u>\$ 5,355,154</u>	<u>\$ 5,450,919</u>	<u>\$ 5,656,583</u>
Primary government:				
Net investment in capital assets	\$ 3,129,935	\$ 4,721,494	\$ 4,487,630	\$ 4,539,124
Restricted	2,074,394	204,648	342,880	463,251
Unrestricted	<u>3,125,931</u>	<u>3,211,212</u>	<u>3,473,583</u>	<u>3,561,592</u>
Total primary government net position	<u>\$ 8,330,260</u>	<u>\$ 8,137,354</u>	<u>\$ 8,304,093</u>	<u>\$ 8,563,967</u>

**TABLE 1**

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 1,395,779	\$ 1,483,520	\$ 1,747,899	\$ 1,831,601	\$ 2,288,216	\$ 2,416,550
285,550	497,101	570,705	754,318	518,421	424,724
<u>1,185,305</u>	<u>1,223,557</u>	<u>626,891</u>	<u>630,750</u>	<u>631,448</u>	<u>604,229</u>
<u>\$ 2,866,634</u>	<u>\$ 3,204,178</u>	<u>\$ 2,945,495</u>	<u>\$ 3,216,669</u>	<u>\$ 3,438,085</u>	<u>\$ 3,445,503</u>
\$ 3,212,280	\$ 2,952,589	\$ 3,689,918	\$ 4,706,157	\$ 4,984,074	\$ 5,590,129
-	-	-	-	-	-
<u>2,043,038</u>	<u>2,115,984</u>	<u>1,420,147</u>	<u>1,000,874</u>	<u>801,956</u>	<u>472,757</u>
<u>\$ 5,255,318</u>	<u>\$ 5,068,573</u>	<u>\$ 5,110,065</u>	<u>\$ 5,707,031</u>	<u>\$ 5,786,030</u>	<u>\$ 6,062,886</u>
\$ 4,608,059	\$ 4,436,109	\$ 5,437,817	\$ 6,537,758	\$ 7,272,290	\$ 8,006,679
285,550	497,101	570,705	754,318	518,421	424,724
<u>3,228,343</u>	<u>3,339,541</u>	<u>2,047,038</u>	<u>1,631,624</u>	<u>1,433,404</u>	<u>1,076,986</u>
<u>\$ 8,121,952</u>	<u>\$ 8,272,751</u>	<u>\$ 8,055,560</u>	<u>\$ 8,923,700</u>	<u>\$ 9,224,115</u>	<u>\$ 9,508,389</u>

# CITY OF COLUMBUS TEXAS

## CHANGES IN NET POSITION

### LAST TEN FISCAL YEARS

(accrual basis of accounting)

	Fiscal Year			
	2009	2010	2011	2012
<b>EXPENSES</b>				
Governmental activities:				
General government	\$ 354,275	\$ 392,785	\$ 389,512	\$ 390,388
Public safety	894,696	952,871	1,012,625	1,010,135
Public health	35,379	38,746	65,505	72,323
Public works	487,126	432,312	506,469	516,638
Culture and recreation	449,684	495,341	504,078	480,353
Economic development	122,134	126,784	91,326	143,712
Interest on long-term debt	51,139	59,024	38,005	37,561
Total governmental activities expenses	<u>2,394,433</u>	<u>2,497,863</u>	<u>2,607,520</u>	<u>2,651,110</u>
Business-type activities:				
Water	833,374	892,209	847,389	907,037
Sewer	571,787	637,526	581,032	575,110
Garbage	615,091	586,244	636,724	680,444
Gas	657,088	837,959	696,535	539,344
Total business-type activities expenses	<u>2,677,340</u>	<u>2,953,938</u>	<u>2,761,680</u>	<u>2,701,935</u>
Total primary government program expenses	<u>\$ 5,071,773</u>	<u>\$ 5,451,801</u>	<u>\$ 5,369,200</u>	<u>\$ 5,353,045</u>
<b>PROGRAM REVENUES</b>				
Governmental activities:				
Charges for services:				
General government	\$ 41,328	\$ 35,003	\$ 33,938	\$ 20,598
Public safety	76,714	57,611	63,885	73,155
Public works	9,655	-	-	-
Culture and recreation	21,013	19,308	23,335	19,652
Operating grants and contributions	103,945	62,195	58,366	61,402
Capital grants and contributions	283,753	75,756	41,016	-
Total governmental activities program revenues	<u>536,408</u>	<u>249,873</u>	<u>220,540</u>	<u>174,807</u>
Business-type activities:				
Charges for services:				
Water	813,882	770,263	1,034,041	912,018
Sewer	618,393	634,215	660,203	699,940
Garbage	637,383	622,420	683,561	764,171
Gas	739,790	942,875	760,700	610,750
Operating grants and contributions	-	-	-	-
Capital grants and contributions	125,000	201,500	109,581	407,819
Total business-type activities program revenues	<u>2,934,448</u>	<u>3,171,273</u>	<u>3,248,086</u>	<u>3,394,698</u>
Total primary government program revenues	<u>\$ 3,470,856</u>	<u>\$ 3,421,146</u>	<u>\$ 3,468,626</u>	<u>\$ 3,569,505</u>

TABLE 2

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 453,776	\$ 419,265	\$ 699,548	\$ 406,885	\$ 455,126	\$ 442,536
1,133,864	1,148,463	1,135,820	1,231,888	1,353,574	1,234,760
82,154	72,318	71,159	79,528	93,290	95,333
486,505	436,314	451,269	491,918	402,189	581,452
497,033	503,013	498,746	596,015	666,036	637,826
257,954	66,034	97,917	89,581	115,700	236,393
37,950	37,896	31,056	30,757	23,375	27,317
<u>2,949,236</u>	<u>2,683,303</u>	<u>2,985,515</u>	<u>2,926,572</u>	<u>3,109,290</u>	<u>3,255,617</u>
1,123,342	869,803	840,349	1,009,153	995,803	1,020,986
559,944	585,847	585,891	575,931	740,254	592,647
723,904	768,391	787,469	787,615	876,489	861,106
643,572	868,726	758,466	515,084	533,692	734,314
<u>3,050,762</u>	<u>3,092,767</u>	<u>2,972,175</u>	<u>2,887,783</u>	<u>3,146,238</u>	<u>3,209,053</u>
<u>\$ 5,999,998</u>	<u>\$ 5,776,070</u>	<u>\$ 5,957,690</u>	<u>\$ 5,814,355</u>	<u>\$ 6,255,528</u>	<u>\$ 6,464,670</u>
\$ 65,255	\$ 20,217	\$ 22,326	\$ 23,375	\$ 40,038	\$ 33,511
67,780	92,136	129,011	189,374	109,306	134,406
-	-	-	-	-	-
21,335	20,955	18,864	18,989	21,067	13,954
123,134	211,482	452,335	65,665	90,532	159,791
-	-	71,750	70,923	145,000	-
<u>277,504</u>	<u>344,790</u>	<u>694,286</u>	<u>368,326</u>	<u>405,943</u>	<u>341,662</u>
881,687	838,031	824,319	867,695	1,061,351	1,075,353
686,360	721,118	707,917	779,310	944,107	956,092
796,801	856,312	856,700	849,245	905,691	910,105
697,765	1,024,124	926,703	660,184	681,432	827,189
-	-	-	-	89,366	90,369
90,000	125,675	497,975	866,610	90,000	190,260
<u>3,152,613</u>	<u>3,565,260</u>	<u>3,813,614</u>	<u>4,023,044</u>	<u>3,771,947</u>	<u>4,049,368</u>
<u>\$ 3,430,117</u>	<u>\$ 3,910,050</u>	<u>\$ 4,507,900</u>	<u>\$ 4,391,370</u>	<u>\$ 4,177,890</u>	<u>\$ 4,391,030</u>

**CITY OF COLUMBUS, TEXAS**

**CHANGES IN NET POSITION**

**LAST TEN FISCAL YEARS**

(accrual basis of accounting)

	Fiscal Year			
	2009	2010	2011	2012
<b>NET (EXPENSE) REVENUES</b>				
Governmental activities	\$( 1,858,025)	\$( 2,247,990)	\$( 2,386,980)	\$( 2,476,303)
Business-type activities	<u>257,108</u>	<u>217,335</u>	<u>486,406</u>	<u>692,763</u>
Total primary government net expense	<u>( 1,600,917)</u>	<u>( 2,030,655)</u>	<u>( 1,900,574)</u>	<u>( 1,783,540)</u>
 <b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>				
Governmental activities:				
Taxes				
Property	614,554	617,831	657,475	665,659
Sales	737,437	674,917	732,969	767,295
Hotel occupancy	154,074	160,242	232,716	263,139
Franchise	253,782	261,061	261,982	255,088
Alcohol beverage	7,895	7,934	9,670	6,843
Investment earnings	13,350	15,277	13,192	13,769
Gain on sale of capital assets	2,610	810	839	-
Miscellaneous	-	12,270	15,731	32,961
Transfers	<u>356,875</u>	<u>614,396</u>	<u>434,293</u>	<u>525,759</u>
Total governmental activities	<u>2,140,577</u>	<u>2,364,738</u>	<u>2,358,867</u>	<u>2,530,513</u>
Business-type activities:				
Other	35,053	54,848	43,652	38,660
Transfers	<u>( 356,876)</u>	<u>( 614,396)</u>	<u>( 434,293)</u>	<u>( 525,759)</u>
Total business-type activities	<u>( 321,823)</u>	<u>( 559,548)</u>	<u>( 390,641)</u>	<u>( 487,099)</u>
Total primary government	<u>1,818,754</u>	<u>1,805,190</u>	<u>1,968,226</u>	<u>2,043,414</u>
 <b>CHANGE IN NET POSITION</b>				
Governmental activities	282,552	116,748	( 28,113)	54,210
Business-type activities	<u>( 64,715)</u>	<u>( 342,213)</u>	<u>95,765</u>	<u>205,664</u>
Total primary government	<u>\$ 217,837</u>	<u>\$( 225,465)</u>	<u>\$ 67,652</u>	<u>\$ 259,874</u>

TABLE 2

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$( 2,671,732)	\$( 2,338,513)	\$( 2,291,229)	\$( 2,558,246)	\$( 2,703,347)	\$( 2,913,955)
<u>101,851</u>	<u>472,493</u>	<u>841,439</u>	<u>1,135,261</u>	<u>625,709</u>	<u>840,315</u>
<u>( 2,569,881)</u>	<u>( 1,866,020)</u>	<u>( 1,449,790)</u>	<u>( 1,422,985)</u>	<u>( 2,077,638)</u>	<u>( 2,073,640)</u>
687,308	712,022	715,735	744,780	811,528	874,437
821,618	865,689	871,911	966,595	998,674	996,317
283,508	274,796	258,465	275,829	225,098	225,662
246,201	247,048	250,639	237,509	236,828	238,973
8,306	11,137	12,509	14,610	13,359	13,020
17,526	15,493	16,872	18,016	21,460	22,743
11,965	329	9,880	-	2,950	2,576
14,805	17,093	17,691	14,102	19,023	26,194
<u>539,745</u>	<u>563,228</u>	<u>594,103</u>	<u>557,979</u>	<u>595,843</u>	<u>625,125</u>
<u>2,630,982</u>	<u>2,706,835</u>	<u>2,747,805</u>	<u>2,829,420</u>	<u>2,924,763</u>	<u>3,025,047</u>
36,628	26,523	25,863	19,684	49,133	60,779
<u>( 539,745)</u>	<u>( 563,228)</u>	<u>( 594,103)</u>	<u>( 557,979)</u>	<u>( 595,843)</u>	<u>( 625,125)</u>
<u>( 503,117)</u>	<u>( 536,705)</u>	<u>( 568,240)</u>	<u>( 538,295)</u>	<u>( 546,710)</u>	<u>( 564,346)</u>
<u>2,127,865</u>	<u>2,170,130</u>	<u>2,179,565</u>	<u>2,291,125</u>	<u>2,378,053</u>	<u>2,460,701</u>
( 40,750)	368,322	456,576	271,174	221,416	111,092
<u>( 401,266)</u>	<u>( 64,212)</u>	<u>273,199</u>	<u>596,966</u>	<u>78,999</u>	<u>275,969</u>
<u>\$( 442,016)</u>	<u>\$ 304,110</u>	<u>\$ 729,775</u>	<u>\$ 868,140</u>	<u>\$ 300,415</u>	<u>\$ 387,061</u>

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CITY OF COLUMBUS, TEXAS

FUND BALANCES  
GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS  
(modified accrual basis of accounting)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General fund										
Reserved	\$ 27,598	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	691,287	844,564	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	456,919
Unassigned	-	-	849,063	844,446	844,528	878,471	1,052,713	1,043,014	1,186,548	637,687
Total general fund	<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>	<u>\$ 1,186,548</u>	<u>\$ 1,094,606</u>
All other governmental funds										
Reserved, reported in:										
Debt service funds	\$ 2,367	\$ 1,938	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital projects funds	240,573	6,497	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	366,317	448,773	-	-	-	-	-	-	-	-
Restricted	-	-	343,847	464,686	287,689	497,767	573,328	754,679	519,944	427,592
Assigned	-	-	267,135	292,060	318,257	344,460	259,568	284,347	338,725	384,849
Total all other governmental funds	<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>	<u>\$ 858,669</u>	<u>\$ 812,441</u>

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

## CITY OF COLUMBUS, TEXAS

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>REVENUES</b>										
Property taxes	\$ 613,903	\$ 618,780	\$ 646,047	\$ 671,801	\$ 692,238	\$ 710,327	\$ 723,757	\$ 742,857	\$ 814,788	\$ 871,965
Other taxes	1,153,187	1,104,154	1,237,337	1,292,365	1,359,633	1,398,670	1,393,524	1,494,543	1,473,959	1,473,972
Licenses and permits	30,897	33,524	31,693	18,366	63,601	17,175	19,850	20,851	38,116	33,271
Fines and forfeitures	75,617	57,720	66,652	78,525	68,194	94,229	130,425	174,178	139,705	142,278
Charges for services	17,717	15,347	18,949	17,025	17,252	17,886	16,007	17,203	16,152	14,194
Intergovernmental	125,770	126,006	84,596	56,694	115,648	210,025	499,003	125,680	70,753	159,791
Miscellaneous	39,567	40,984	37,915	52,499	42,063	35,133	37,171	43,107	52,355	48,937
Total revenues	<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>	<u>2,605,828</u>	<u>2,744,408</u>
<b>EXPENDITURES</b>										
General government	355,284	357,262	360,564	386,077	465,484	394,178	679,478	385,867	406,258	426,947
Public safety	838,387	831,081	876,298	931,916	1,015,739	1,051,456	1,074,401	1,114,031	1,137,015	1,222,493
Public health	34,456	36,404	62,686	69,569	81,482	72,282	72,270	80,334	87,892	94,846
Public works	444,832	391,200	465,266	502,950	478,011	415,204	381,352	428,549	358,904	561,249
Culture and recreation	414,243	448,232	462,583	445,902	462,441	474,920	473,271	569,239	607,569	605,477
Economic development	122,934	126,784	91,326	143,712	465,888	66,034	191,052	96,708	115,700	324,458
Capital outlay	905,824	381,252	92,971	-	-	206,742	298,004	213,471	452,055	183,391
Debt service										
Principal	30,712	54,739	53,219	56,260	56,260	57,780	57,780	60,821	62,342	63,862
Interest and other charges	70,799	81,918	35,913	35,501	35,752	38,183	31,201	30,947	23,609	27,556
Total expenditures	<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>	<u>3,251,344</u>	<u>3,510,279</u>

**CITY OF COLUMBUS, TEXAS**

**CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	\$ ( 1,160,813)	\$ ( 712,357)	\$ ( 377,637)	\$ ( 384,612)	\$ ( 702,428)	\$ ( 293,334)	\$ ( 439,072)	\$ ( 361,548)	\$ ( 645,516)	\$ ( 765,871)
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	483,522	707,772	503,517	578,166	592,235	614,383	756,052	612,547	679,390	658,193
Transfers out	( 126,646)	( 93,376)	( 69,224)	( 52,407)	( 52,490)	( 51,155)	( 161,949)	( 54,568)	( 83,547)	( 33,068)
Issuance of long-term debt	-	1,204,260	-	-	-	-	-	-	-	-
Payment to escrow agent	-	( 1,169,288)	-	-	-	-	-	-	-	-
Premium on bonds	-	3,250	-	-	-	-	-	-	-	-
Sale of capital assets	2,610	810	2,530	-	11,965	329	9,880	-	12,850	2,576
Total other financing sources (uses)	359,486	653,428	436,823	525,759	551,710	563,557	603,983	557,979	608,693	627,701
<b>NET CHANGE IN FUND BALANCES</b>	\$ ( 801,327)	\$ ( 58,929)	\$ 59,186	\$ 141,147	\$ ( 150,718)	\$ 270,223	\$ 164,911	\$ 196,431	\$ ( 36,823)	\$ ( 138,170)
<b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>	4.36%	5.87%	3.71%	3.72%	3.29%	3.75%	3.13%	3.34%	3.24%	2.82%

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TABLE 5

## CITY OF COLUMBUS, TEXAS

## PRINCIPAL GAS PURCHASERS

## CURRENT YEAR AND NINE YEARS AGO

Customer	2018			2009		
	Gas Sales	Rank	Percentage of Total Gas Sales	Gas Sales	Rank	Percentage of Total Gas Sales
KW International, LLC	\$ 77,291	1	12.34%			
Columbus Community Hospital	28,692	2	4.58%	\$ 45,455	1	6.18%
Columbus Independent School District	22,015	3	3.52%	16,712	4	2.27%
Los Cabos Mexican Grill	16,051	4	2.56%	17,615	3	2.40%
Country Fresh Cleaners	15,020	5	2.40%	14,570	6	1.98%
Schobels Restaurant	13,582	6	2.17%	12,840	8	1.75%
Colorado County Detention Center	11,679	7	1.86%	-		
Jack in the Box #3945	9,572	8	1.53%	-		
Columbus Oaks Healthcare Center	8,459	9	1.35%	-		
Nancy's Steakhouse	<u>8,336</u>	10	<u>1.33%</u>	10,991	10	1.50%
River Oaks Convalescent Center				24,796	2	3.37%
Bazar Foods LTD				16,425	5	2.23%
Gary Kulhanek (Washateria)				12,336	9	1.68%
Columbus Inn				<u>12,861</u>	7	<u>1.75%</u>
Total	<u>\$ 210,697</u>		<u>33.64%</u>	<u>\$ 184,601</u>		<u>25.11%</u>

# CITY OF COLUMBUS, TEXAS

## TAXABLE SALES BY CATEGORY

### LAST TEN FISCAL YEARS

	Fiscal Year			
	2009	2010	2011	2012
Agricultural	\$ 31,459	\$ 19,058	\$ 17,117	\$ 28,455
Mining/quarrying/oil extraction	-	-	-	-
Construction	4,110,732	1,242,215	1,598,262	2,113,804
Manufacturing	1,158,673	958,389	1,330,107	1,324,114
Wholesale	1,774,390	1,510,938	1,994,558	1,938,044
Retail	38,024,476	36,624,035	38,192,034	40,794,231
Information	121,475	-	171,952	226,919
Real estate, rental, leasing	57,252	8,051	23,553	32,747
Professional, scientific, technical services	445,954	413,105	506,097	508,547
Health care, social assistance	31,956	138,031	129,348	153,582
Administrative, support, waste management, remediation services	2,222,536	2,361,517	2,630,274	1,571,722
Arts, entertainment, recreation	146,168	324,608	283,926	291,182
Accommodation, food services	14,450,645	13,963,676	15,158,966	15,868,440
Other services	<u>1,886,321</u>	<u>1,850,214</u>	<u>1,919,548</u>	<u>2,133,661</u>
 Total taxable sales	 <u>\$ 64,462,037</u>	 <u>\$ 59,413,837</u>	 <u>\$ 63,955,742</u>	 <u>\$ 66,985,448</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							
		2013	2014	2015	2016	2017	2018		
\$	9,063	\$	6,895	\$	-	\$	-	\$	-
	-		-		-		-		-
	2,732,528		2,183,792		1,736,431		3,679,024		5,328,704
	1,591,674		1,483,024		1,643,144		2,134,778		2,214,946
	2,413,099		2,439,096		2,395,561		2,124,513		2,160,938
	40,605,098		40,943,687		41,825,744		42,171,733		41,661,287
	238,719		447,418		-		752,064		701,157
	6,242		27,354		46,631		39,556		8,611
	533,343		600,572		737,168		1,999,970		3,058,941
	228,443		199,556		267,149		329,803		311,997
	1,380,055		549,919		468,079		516,303		466,992
	238,563		235,375		219,771		175,195		234,307
	16,278,752		16,531,550		16,589,505		16,819,096		17,065,127
	<u>2,047,065</u>		<u>1,946,404</u>		<u>1,917,542</u>		<u>1,901,313</u>		<u>2,095,857</u>
\$	<u>68,302,644</u>	\$	<u>67,594,642</u>	\$	<u>67,846,725</u>	\$	<u>72,643,348</u>	\$	<u>75,308,864</u>
	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
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
2017	796,240	998,674	236,828	225,098	13,360	2,270,200
2018	846,798	996,317	238,973	225,662	13,020	2,320,770
Change 2009-2018	37.9%	35.1%	( 5.8%)	46.5%	64.9%	31.3%

## 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
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%
2017	256,908,123	53,135,559	22,193,497	287,850,185	0.28000	310,043,682	92.84%
2018	268,755,763	58,166,741	18,738,092	308,184,412	0.28000	326,922,504	94.27%

Source: Colorado County Central Appraisal District.

## CITY OF COLUMBUS, TEXAS

## DIRECT AND OVERLAPPING PROPERTY TAX RATES

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

Fiscal Year	City Direct Rates			Overlapping Rates				Total Direct and Overlapping Rates
	Basic Rate	Debt Service	Total Direct Rate	Columbus I.S.D.	Colorado County	Colorado County Ground Water Conservation District		
2009	\$ 0.19202	\$ 0.08110	\$ 0.27312	\$ 1.19000	\$ 0.44900	\$ 0.02000	\$ 1.93212	
2010	0.21024	0.06288	0.27312	1.19000	0.46429	0.02000	1.94741	
2011	0.22364	0.04948	0.27312	1.19000	0.48206	0.01850	1.96368	
2012	0.23576	0.03736	0.27312	1.19000	0.48206	0.01650	1.96168	
2013	0.23626	0.03686	0.27312	1.19000	0.48206	0.01500	1.96018	
2014	0.23693	0.03619	0.27312	1.18000	0.48206	0.01450	1.94968	
2015	0.23925	0.03387	0.27312	1.18000	0.48206	0.01450	1.94968	
2016	0.23925	0.03387	0.27312	1.17000	0.48206	0.01250	1.93768	
2017	0.24877	0.03123	0.28000	1.16000	0.51000	0.01150	1.96150	
2018	0.25042	0.02958	0.28000	1.16000	0.51000	0.01000	1.96000	

Source: Colorado County Central Appraisal District.

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

Customer	2018			2009		
	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation
KWI International LLC	\$ 18,001,335	1	5.51%			
LCRA Transmission Svcs. Corp	4,839,780	2	1.48%	\$ 1,446,620	10	0.66%
Komatsu Financial (Maverick Constr.)	4,553,150	3	1.39%			
DHC Realco - Columbus LLC	4,501,300	4	1.38%			
Colorado Co. Development Group (TLC)	4,027,340	5	1.23%			
Goodmark Lodging, LLC (Holiday Inn)	3,650,000	6	1.12%	2,523,740	1	1.15%
AEP Texas Central Company	3,492,380	7	1.07%			
Maverick Contractors Inc	3,308,840	8	1.01%			
Texas Great Southern Wood, LLC	2,897,120	9	0.89%	1,769,060	6	0.80%
Wal-Mart Stores Texas LP	<u>2,781,050</u>	10	<u>0.85%</u>	2,506,970	2	1.14%
Columbus Associates (Wal-Mart)				1,957,940	4	0.89%
Magnolia Living Center				1,631,860	8	0.74%
Southwestern Bell Telephone				1,535,710	9	0.70%
AEP Central Power & Light				1,780,110	5	0.81%
River Oaks Grocery Company				1,701,850	7	0.77%
H.E. Butt Grocery Company				<u>2,031,660</u>	3	<u>0.92%</u>
Total	\$ <u>52,052,295</u>		<u>15.92%</u>	\$ <u>18,885,520</u>		<u>8.57%</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>
2009	\$ 611,136	\$ 597,118	97.7%	\$ 13,444	\$ 610,562	99.9%
2010	612,157	596,438	97.4%	15,225	611,663	99.9%
2011	649,225	622,322	95.9%	26,430	648,752	99.9%
2012	658,105	637,159	96.8%	20,379	657,538	99.9%
2013	671,533	655,518	97.6%	15,254	670,772	99.9%
2014	686,979	669,270	97.4%	16,374	685,644	97.4%
2015	706,654	696,845	98.6%	8,407	705,252	99.8%
2016	739,862	728,252	98.4%	8,786	737,038	99.6%
2017	805,980	796,240	98.8%	4,138	800,378	99.3%
2018	862,916	846,978	98.2%	-	846,978	98.2%

Source: Colorado County Central Appraisal District.

TABLE 12

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental activities</b>										
2008 certificates of obligation	\$ 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	745,059	681,197
Total governmental activities	<u>1,169,288</u>	<u>1,149,521</u>	<u>1,096,302</u>	<u>1,040,043</u>	<u>983,783</u>	<u>926,003</u>	<u>868,222</u>	<u>807,401</u>	<u>745,059</u>	<u>681,197</u>
<b>Business-type activities</b>										
2005 certificates of obligation	4,080,000	3,890,000	3,690,000	3,485,000	220,000	-	-	-	-	-
2008 certificates of obligation	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	1,704,941	1,558,804
2013 general obligation refunding bonds	-	-	-	-	3,025,000	3,010,000	2,770,000	2,525,000	2,270,000	2,010,000
2016 certificates of obligation	-	-	-	-	-	-	-	-	2,780,000	2,685,000
Premium on bonds	52,617	7,225	6,999	6,561	195,760	179,408	163,056	146,704	270,933	255,319
Capital leases	-	-	-	-	-	900,000	729,183	554,140	374,350	189,680
Total business-type activities	<u>6,808,332</u>	<u>6,527,704</u>	<u>6,205,696</u>	<u>5,871,518</u>	<u>5,691,977</u>	<u>6,208,405</u>	<u>5,649,017</u>	<u>5,073,443</u>	<u>7,400,224</u>	<u>6,698,803</u>
Total primary government	<u>\$ 7,977,620</u>	<u>\$ 7,677,225</u>	<u>\$ 7,301,998</u>	<u>\$ 6,911,561</u>	<u>\$ 6,675,760</u>	<u>\$ 7,134,408</u>	<u>\$ 6,517,239</u>	<u>\$ 5,880,844</u>	<u>\$ 8,145,283</u>	<u>\$ 7,380,000</u>
(1) Percentage of personal income	12.9%	12.3%	10.0%	8.6%	6.6%	8.6%	8.6%	7.0%	10.0%	7.6%
(1) Per capita	\$ 2,037	\$ 2,087	\$ 1,986	\$ 1,879	\$ 1,775	\$ 1,904	\$ 1,740	\$ 1,570	\$ 2,161	\$ 2,019

(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	Certificate of Obligation Bonds	Less Debt Service Resources Available	Total		
2009	\$ 1,169,288	\$ -	\$ 2,367	\$ 1,166,921	0.53%	\$ 298
2010	3,787,225	3,890,000	1,938	7,675,287	3.44%	2,100
2011	3,611,998	3,690,000	2,097	7,299,901	3.07%	1,997
2012	3,426,560	3,485,000	1,864	6,909,696	2.87%	1,890
2013	6,455,760	220,000	2,759	6,673,001	2.71%	1,826
2014	6,234,407	-	-	6,234,407	2.48%	1,706
2015	5,788,056	-	-	5,788,056	2.24%	1,584
2016	5,326,704	-	-	5,326,704	1.97%	1,457
2017	4,851,400	2,953,012	-	7,804,412	2.71%	2,135
2018	4,372,109	2,818,211	1,131	7,189,189	2.33%	1,967

## 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, 2018

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable <sup>(1)</sup>	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Columbus Independent School District	\$ 9,339,989	30.19%	\$ 2,819,743
Colorado County	7,041,475	12.48%	<u>878,776</u>
Subtotal overlapping debt			3,698,519
City of Columbus direct debt			<u>681,197</u>
Total direct and overlapping debt			<u>\$ 4,379,716</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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Tax roll year	2008	2009	2010	2011
Net assessed value	\$ 220,381,289	\$ 222,975,210	\$ 237,706,903	\$ 240,958,188
Plus exempt property	<u>6,085,022</u>	<u>6,149,715</u>	<u>6,331,457</u>	<u>6,616,621</u>
Total assessed value	<u>226,466,311</u>	<u>229,124,925</u>	<u>244,038,360</u>	<u>247,574,809</u>
Debt limit (1)	\$ <u>22,646,631</u>	\$ <u>22,912,493</u>	\$ <u>24,403,836</u>	\$ <u>24,757,481</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					
2013	2014	2015	2016	2017	2018
2012	2013	2014	2015	2016	2017
\$ 245,874,717	\$ 251,530,226	\$ 258,733,790	\$ 270,892,714	\$ 287,850,185	\$ 308,184,412
<u>6,940,764</u>	<u>6,949,549</u>	<u>23,148,726</u>	<u>24,633,804</u>	<u>22,193,497</u>	<u>18,738,092</u>
<u>252,815,481</u>	<u>258,479,775</u>	<u>281,882,516</u>	<u>295,526,518</u>	<u>310,043,682</u>	<u>326,922,504</u>
<u>\$ 25,281,548</u>	<u>\$ 25,847,978</u>	<u>\$ 28,188,252</u>	<u>\$ 29,552,652</u>	<u>\$ 31,004,368</u>	<u>\$ 32,692,250</u>

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

Fiscal Year	Population <sup>(1)</sup>	Personal Income <sup>(1)</sup>	Per Capita Personal Income <sup>(1)</sup>	Median Age <sup>(1)</sup>	Percent of Population With Bachelor's Degree or Higher (1)	School Enrollment <sup>(2)</sup>	Unemployment Rate <sup>(3)</sup>
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	3.9%
2016	3,655	82,526,245	22,579	49	21.0%	1,516	5.6%
2017	3,655	82,672,445	22,619	45	19.3%	1,483	3.6%
2018	3,655	97,548,295	26,689	45	18.9%	1,516	3.2%

## 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	2018			2009		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Columbus Independent School District	228	1	1.82%	269	1	2.66%
Colorado County (Government)	153	2	1.22%	187	2	1.85%
Columbus Community Hospital	173	3	1.38%	184	3	1.82%
Drymalla Construction Co.	130	4	1.04%	160	4	1.58%
KWI	109	5	0.87%			
Wal-Mart	101	6	0.81%	99	6	0.98%
Columbus Oaks Healthcare Community	88	7	0.70%			
TruCare	72	8	0.58%			
HEB Grocery Company, LP	66	9	0.53%	58	8	0.57%
Schobels Restaurant	60	10	0.48%	70	7	0.69%
River Oaks Convalescent Home				128	5	1.27%
Great Southern Wood	55		0.44%	55	9	0.54%
Brookshire Brothers (Grocery)	35		0.28%	43	10	0.43%
City of Columbus	38		0.30%			
Total	<u>1,308</u>		<u>10.46%</u>	<u>1,253</u>		<u>12.39%</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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Administrative and general	3.00	2.77	2.87	3.00	3.00	2.98	3.02	3.00	3.00	3.07
Police department	12.14	11.92	11.96	11.74	13.23	13.13	13.43	13.39	13.42	13.11
Streets and drainage	4.87	5.10	4.88	5.02	4.94	4.17	3.07	3.99	3.91	4.24
Parks and recreation										
Parks	3.57	3.58	3.58	3.35	3.47	3.47	2.82	2.55	3.15	3.20
Swimming pool	1.00	0.90	1.12	1.08	0.91	0.92	0.86	1.14	1.01	1.04
Library	3.73	3.89	3.81	4.02	3.92	3.53	3.47	3.81	3.80	3.79
Public health	0.53	0.54	0.74	1.01	1.01	1.01	1.00	1.13	1.39	1.55
Tourism and economic development	0.51	0.41	-	-	-	-	-	-	-	-
Water	2.93	3.46	2.76	3.29	3.29	4.32	3.96	4.21	4.33	4.16
Sewer	3.02	3.12	2.72	2.69	2.70	2.68	3.08	2.69	2.42	2.06
Garbage	0.50	0.48	0.49	0.58	0.64	0.49	0.72	0.75	0.55	0.43
Gas	4.68	4.64	4.52	4.39	4.37	4.17	3.42	3.38	3.35	3.17
Total	<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>	<u>40.33</u>	<u>39.82</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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government										
Building permits issued	34	40	32	29	23	26	29	41	61	85
Building inspections conducted	36	39	40	35	37	32	50	24	118	136
Gas inspections	15	4	30	55	32	40	70	11	36	41
Electrical inspections	82	57	84	77	50	63	100	58	143	158
Plumbing inspections	36	56	73	78	44	20	110	39	110	139
Mechanical inspections	22	76	70	59	26	32	66	42	137	114
Police										
Case reports opened	460	500	406	477	422	259	379	282	246	236
Calls of service	1,934	2,124	2,332	2,117	2,378	2,469	2,281	2,194	2,410	2,312
Citations issued	1,522	2,109	1,850	1,885	2,685	3,525	2,234	3,051	1,405	1,268
Fire										
Fire/other calls										
Structure fires	27	11	15	16	22	24	11	9	15	19
Grass/brush fires	48	26	98	41	38	41	23	46	45	47
Car fires	13	11	17	19	17	20	24	18	25	17
Rescues	31	15	18	31	27	17	26	32	20	16
Hazardous	16	7	12	14	16	6	24	11	17	12
False alarms	3	28	16	7	15	19	24	21	27	20
Others	3	10	23	11	37	37	40	35	39	39
Total man hours	4,750	4,279	7,722	4,201	4,916	4,460	4,085	4,028	4,103	3,217
Total training hours	1,500	1,500	1,346	1,666	1,398	1,610	1,308	1,382	1,284	1,172
Total maintenance hours	1,500	1,500	321	720	715	750	750	798	846	825
Municipal court										
Cases filed										
Traffic - non-parking	612	570	443	705	594	786	1,338	1,565	1,268	1,085
Traffic - parking	22	47	78	114	27	8	11	5	6	1
Non-traffic - state law	152	157	75	158	179	167	149	152	165	123
Non-traffic - city ordinance	23	13	18	11	27	14	10	9	13	3
Cases disposed										
Traffic - non-parking	537	492	635	686	462	648	1,053	1,497	1,148	1,218
Traffic - parking	22	30	100	97	34	9	13	10	5	2
Non-traffic - state law	132	84	140	191	158	144	141	153	140	108
Non-traffic - city ordinance	24	12	6	16	28	15	9	10	10	2
Solid waste										
Customers	1,585	1,598	1,594	1,595	1,600	1,606	1,609	1,595	1,626	1,625
Recyclables (tons per day)	.31	.30	.51	0.41	0.37	0.33	0.29	0.30	0.30	0.30
Water										
Customers	1,638	1,651	1,650	1,656	1,664	1,672	1,678	1,666	1,694	1,693
New water taps	3	4	8	6	7	10	7	8	5	13
Average daily consumption (thousands of gallons)	761	678	867	672	679	694	542	729	718	709
Sewer										
Customers	1,574	1,587	1,584	1,583	1,584	1,590	1,591	1,573	1,694	1,605
New sewer taps	3	4	4	6	5	9	7	8	5	11
Average daily discharge (thousands of gallons)	350	314	437	313	284	310	304	329	280	369
Gas										
Customers	1,232	1,241	1,241	1,218	1,216	1,208	1,192	1,171	1,199	1,190
New gas meters	6	4	3	5	3	5	5	5	3	6
Average daily consumption (mcf)	188.95	229.70	194.59	172.95	175.94	239.91	235.19	184.34	167.44	205.93

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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
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	10	10	9	10	11	11
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Fire trucks	10	10	11	11	11	12	12	12	11	11
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	106.7	106.8	106.8	106.8	106.8
Community buildings	1	1	1	1	1	1	1	1	1	2
Playgrounds	3	3	3	3	3	3	3	3	3	3
Baseball/softball diamonds	6	6	6	6	6	6	6	6	6	6
Golf courses	1	1	1	1	1	1	1	1	1	1
Libraries	1	1	1	1	1	1	1	1	1	1
Swimming pool	1	1	1	1	1	1	1	1	1	1
Soccer fields	5	5	5	5	5	5	5	5	5	5
Water										
Wells (active)	4	4	3	3	4	4	4	4	4	4
Water mains (miles)	41.62	41.62	41.70	41.70	41.70	41.70	41.70	41.70	41.70	41.70
Fire hydrants	205	205	207	207	207	207	207	207	207	207
Storage capacity	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	1,340,000
Sewer										
Sewer mains (miles)	29.3	29.3	29.3	29.3	29.3	29.3	29.3	29.3	29.3	29.3
Lift stations	6	6	6	6	6	6	6	6	6	6

Source: Various City departments

# **COMPLIANCE SECTION**

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

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

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Columbus, Texas (the "City") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statement and have issued our report thereon dated March 27, 2019.

***Internal Control Over Financial Reporting***

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

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

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

### ***Compliance and Other Matters***

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

### ***Purpose of this Report***

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

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

Waco, Texas  
March 27, 2019