



CITY OF COLUMBUS, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2012**

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

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INTRODUCTORY SECTION

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The City of Columbus

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

March 22, 2013

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, 2012.

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

Pattillo, Brown, & Hill L.L.P., has issued an unqualified (“clean”) opinion on the City of Columbus’ financial statements for the year ended September 30, 2012. 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 complements 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 10 years. With sales tax revenues for fiscal year-end 2003 of \$545,516 and for the current year of \$767,295, the growth for the period was 40%. While 2010 saw a decrease in sales tax revenue of 8% over the prior year, mirroring the general downturn in the national economy, the current year showed a healthy 4.5% increase. No single large new business arrived to drive up the City's sales tax revenue. Instead steady, sound growth is being experienced throughout the business sector.

Because of the volatility in the national economy, the City is carefully monitoring its economy. As the City of Columbus is located almost midway between Houston, Austin, and San Antonio, the City monitors the sales tax revenues of each of these cities to see if any potential change could affect the City of Columbus.

2012 saw the completion of a project designed to enhance the hospital and medical clinics located in the City. A new medical clinic and a shopping center were built adjacent to the hospital. The shopping center houses a health and fitness center, café and medical related offices. The hospital, which is one of the largest employers in the City, saw the completion of a major renovation and expansion project.

The City lies on the edge of the Eagle Ford Shale which has brought added oil and gas activity to the area. In 2011, an oil and gas fabricating company acquired land in the City's industrial park. They began construction of a new \$14.5 million fabricating facility at the park in 2012 with completion expected in 2013. This facility is expected to initially employ 50 with expected expansion to 150. A cable manufacturing company also acquired land in the industrial park in late 2012. They have committed to building a \$1.4 million facility. The City's advantage lies in the fact that markets will grow to the City from at least three different directions. As this Sun Belt region grows, as the energy sector expands, and as the City's fundamentals improve, Columbus has the potential to be a leading small town in this area for years to come.

Long-term Financial Planning

The City of Columbus maintains sufficient cash reserves and unreserved fund balances/unrestricted net assets in its General and Utility Funds 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 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. During 2012, City Hall renovations were completed with the replacement of City Hall windows funded partially through a federal grant. These new, energy efficient windows have lowered electrical costs at City Hall. The remaining \$2.8 million of the proceeds from the 2008 certificates of obligation are being utilized to continue improvements to the Water system and to enhance the Gas delivery system. The Water system improvements were ongoing in 2012 with the replacement of two-inch water lines continuing. In addition, a new water well, which was partially funded through a grant, went online in September of 2012. Planned gas system improvements include boosting gas delivery to the City's industrial park and replacement of supply lines.

During fiscal year 2010, the City refunded the 2008 certificates of obligation by obtaining a general obligation refunding bond. 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.

Relevant Financial Policies

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

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 2012, 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 improvements continue 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 cars 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.

The Water and Gas Improvement Projects, as mentioned earlier, are continuing. It is anticipated that these projects will upgrade the water and gas systems which will in turn benefit all the citizens of Columbus and continue to enhance economic development. The City anticipates the Water/Gas project will be completed in 2013.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Columbus for its comprehensive annual financial report for the fiscal year ended September 30, 2011. This was the sixth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectively submitted,



Donald Warschak, PE
City Manager



Linda Lakich, CPA
Finance Director/City Secretary

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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Morrell

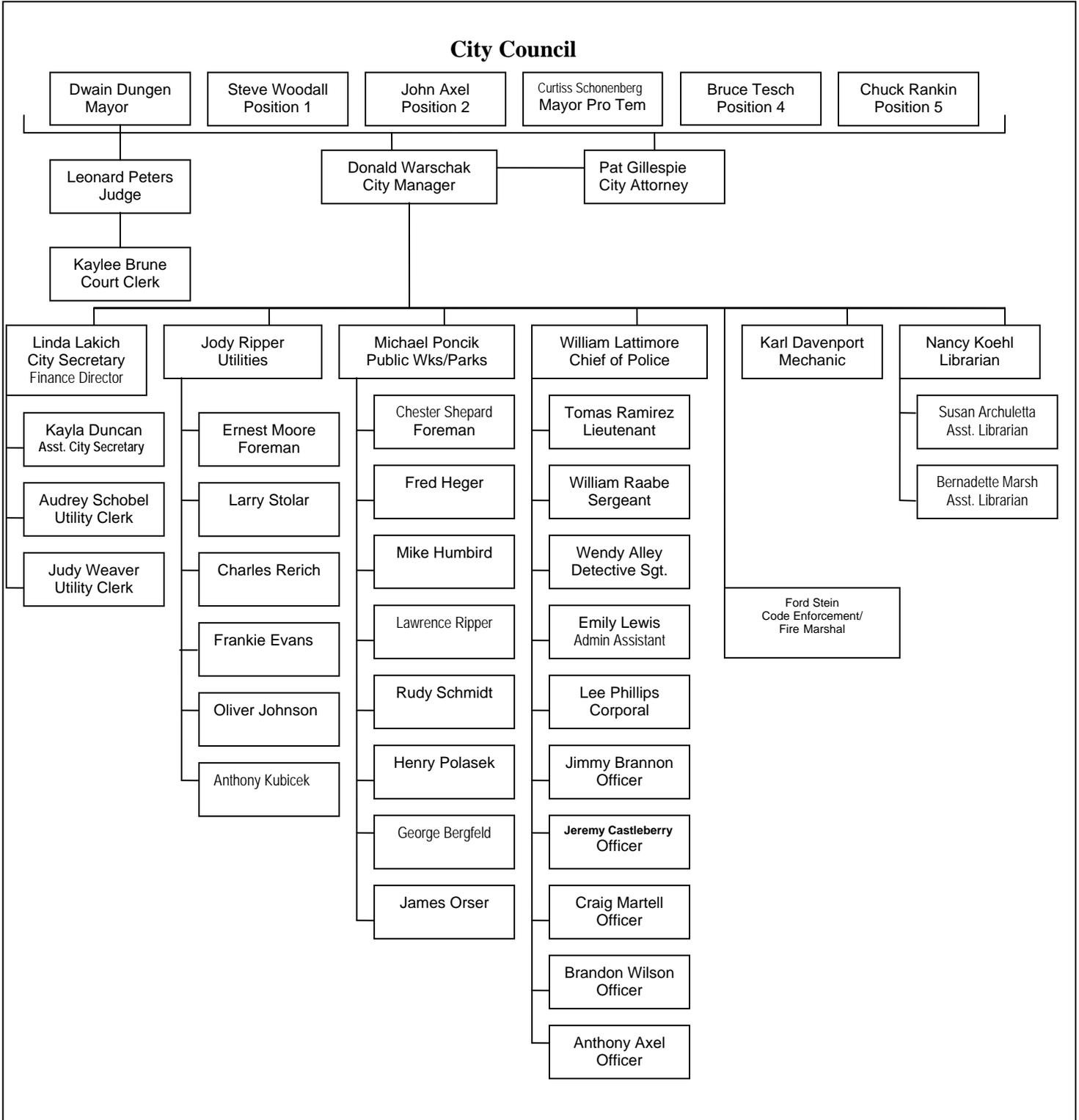
President

Jeffrey R. Enen

Executive Director

City of Columbus Organizational Chart

September 30, 2012



CITY OF COLUMBUS, TEXAS

LIST OF PRINCIPAL OFFICIALS

SEPTEMBER 30, 2012

Title	Name
Mayor	Dwain Dungen
Councilman (Mayor Pro-Tem)	Curtiss Schonenberg
Councilman	Steve Woodall
Councilman	John Axel
Councilman	Bruce Tesch
Councilman	Chuck Rankin
City Manager	Donald Warschak
City Secretary/Finance Director	Linda Lakich
Police Chief	William Lattimore
Fire Chief	Walter Glaeser
Parks/Public Works Supervisor	Michael Poncik
Utility Supervisor	Jody Ripper
Fire Marshall/Building Inspector	Ford Stein
Library Director	Nancy Koehl
Municipal Court Judge	Leonard Peters

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Columbus, Texas, as of and for the year ended September 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Columbus, Texas' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Columbus, Texas, as of September 30, 2012, and the respective changes in financial position and, where applicable, cash flows where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2013, on our consideration of the City of Columbus, Texas' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and required supplementary information on pages 3 through 12 and 41 through 44 be presented to supplement the basic financial statements. Such information, although not a required 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.

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 as a whole. 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. 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 express no opinion or provide any assurance on it.

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

March 22, 2013

**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

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CITY OF COLUMBUS, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2012

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, 2012. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the City for its governmental and business-type activities exceeded its liabilities at the close of the fiscal year by \$8,563,967. Of this amount, \$4,539,124 are capital assets, net of related debt, \$430 was restricted for debt service, \$462,821 was restricted for Economic Development. \$3,561,592 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 assets increased by \$259,874. A major contributing factor in this increase was an improvement in sales and hotel occupancy tax revenues, due in large part to a general improvement in the local economy. The demand for city provided utilities remains strong and the City continues to maintain effective spending controls in those departments.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,601,192, an increase of \$141,147 in comparison with the prior year. Approximately 53% of this total, or \$844,446 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 \$844,446 or 36% percent of total General Fund expenditures for the fiscal year.
- The City's total debt decreased by \$52,715 (5%) during the current fiscal year due to scheduled payments of the 2005 Certificates of Obligation and 2010 General Obligation Bonds.

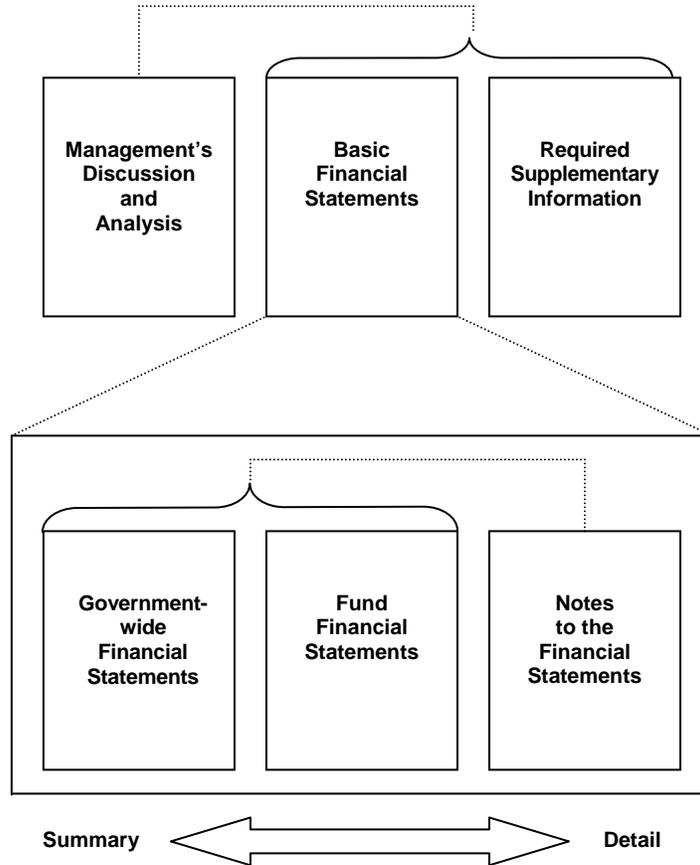
OVERVIEW OF THE FINANCIAL STATEMENTS

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

REQUIRED COMPONENTS OF ANNUAL FINANCIAL REPORT

Figure 1

Figure A-1, Required Components of the District'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 assets and how they have changed. Net assets are the difference between the City's total assets and total liabilities. Measuring net assets 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 Industrial Development Corporation is fiscally dependent upon the City and the City exercises control over the organization by appointing its members.

Fund Financial Statements

The fund financial statements (see Figure 2) provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like all other governmental entities, uses fund accounting to ensure and reflect compliance with finance-related legal requirements, such as the general statutes or the City's budget ordinance. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be a major fund. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

Unrestricted net assets of the water, sewer, garbage and gas departments at the end of the fiscal year amounted to \$2,395,384. The total increase in net assets was \$205,664. Other factors concerning the finances of this fund are addressed later in the discussion of the City's business-type activities.

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

Other Information. In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information (RSI) concerning the City's progress in funding its obligation to provide pension benefits to its employees. Schedules comparing actual results with the original budget and the final amended budget for the City's General Fund are also presented in the RSI section. RSI can be found after the notes on pages 41 – 44 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 45 – 53 of this report.

City of Columbus' Net Assets
Figure 2

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 1,835,922	\$ 1,718,455	\$ 3,617,782	\$ 3,732,236	\$ 5,453,704	\$ 5,450,691
Capital assets	2,317,967	2,447,845	8,166,014	8,204,905	10,483,981	10,652,750
Total assets	<u>4,153,889</u>	<u>4,166,300</u>	<u>11,783,796</u>	<u>11,937,141</u>	<u>15,937,685</u>	<u>16,103,441</u>
Current and other liabilities	181,724	195,630	284,308	314,141	466,032	509,771
Long-term liabilities	1,064,781	1,117,496	5,842,905	6,172,081	6,907,686	7,289,577
Total liabilities	<u>1,246,505</u>	<u>1,313,126</u>	<u>6,127,213</u>	<u>6,486,222</u>	<u>7,373,718</u>	<u>7,799,348</u>
Net assets:						
Invested in capital assets, net of related debt	1,277,925	1,354,636	3,261,199	3,132,994	4,539,124	4,487,630
Restricted	463,251	342,880	-	-	463,251	342,880
Unrestricted	<u>1,166,208</u>	<u>1,155,658</u>	<u>2,395,384</u>	<u>2,317,925</u>	<u>3,561,592</u>	<u>3,473,583</u>
	<u>\$ 2,907,384</u>	<u>\$ 2,853,174</u>	<u>\$ 5,656,583</u>	<u>\$ 5,450,919</u>	<u>\$ 8,563,967</u>	<u>\$ 8,304,093</u>

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the City of Columbus exceeded liabilities by \$8,563,967 as of September 30, 2012. The City's net assets increased by \$259,874 for the fiscal year ended September 30, 2012. Investment in capital assets, net of related debt of \$4,539,124 accounts for the greatest portion (53%) of net assets.

An additional portion of the City's net assets (5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$3,561,592 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 assets:

- 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 Assets
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program revenues:						
Charges for services	\$ 113,405	\$ 121,158	\$ 2,986,879	\$ 3,138,505	\$ 3,100,284	\$ 3,259,663
Operating grants and contributions	61,402	58,366	-	-	61,402	58,366
Capital grants and contributions	-	41,016	407,819	109,581	407,819	150,597
General revenues:						
Property taxes	665,659	657,475	-	-	665,659	657,475
Other taxes	1,292,365	1,237,337	-	-	1,292,365	1,237,337
Other	46,730	29,762	38,660	43,652	85,390	73,414
Total revenues	<u>2,179,561</u>	<u>2,145,114</u>	<u>3,433,358</u>	<u>3,291,738</u>	<u>5,612,919</u>	<u>5,436,852</u>
Expenses:						
General government	390,388	389,512	-	-	390,388	389,512
Public safety	1,010,135	1,012,625	-	-	1,010,135	1,012,625
Public health	72,323	65,505	-	-	72,323	65,505
Public works	516,638	506,469	-	-	516,638	506,469
Culture and recreation	480,353	504,078	-	-	480,353	504,078
Economic development	143,712	91,326	-	-	143,712	91,326
Interest on long-term debt	37,561	38,005	-	-	37,561	38,005
Water	-	-	907,037	847,389	907,037	847,389
Sewer	-	-	575,110	581,032	575,110	581,032
Garbage	-	-	680,444	636,724	680,444	636,724
Gas	-	-	539,344	696,535	539,344	696,535
Total expenses	<u>2,651,110</u>	<u>2,607,520</u>	<u>2,701,935</u>	<u>2,761,680</u>	<u>5,353,045</u>	<u>5,369,200</u>
Increase (decrease) in net assets before transfers	(471,549)	(462,406)	731,423	530,058	259,874	67,652
Transfers	<u>525,759</u>	<u>434,293</u>	(525,759)	(434,293)	-	-
Change in net assets	<u>54,210</u>	<u>(28,113)</u>	<u>205,664</u>	<u>95,765</u>	<u>259,874</u>	<u>67,652</u>
Net assets, beginning	2,853,174	2,782,200	5,450,919	5,355,154	8,304,093	8,137,354
Prior period adjustment	-	99,087	-	-	-	99,087
Net assets, beginning, as restated	<u>2,853,174</u>	<u>2,881,287</u>	<u>5,450,919</u>	<u>5,355,154</u>	<u>8,304,093</u>	<u>8,236,441</u>
Net assets, ending	<u>\$ 2,907,384</u>	<u>\$ 2,853,174</u>	<u>\$ 5,656,583</u>	<u>\$ 5,450,919</u>	<u>\$ 8,563,967</u>	<u>\$ 8,304,093</u>

Governmental Activities. Governmental activities increased the City's net assets by \$54,210.

Key elements of this increase are as follows:

- Transfers from Business-type activities to Governmental activities increased \$91,466. These transfers represent overhead allocations to offset costs of governmental activities services provided to business-type activities and payments in lieu of taxes for utility rights of way.
- Other tax revenues increased \$55,028 (4%). The major components of this increase are a \$34,326 increase in sales tax and a \$30,423 increase in hotel occupancy tax. The addition of two new hotels in 2011 continues to have a positive impact on hotel occupancy tax collections.

- Other revenues increase by \$16,968 due to a grant received to upgrade windows at City Hall. This upgrade also resulted in savings in the city's governmental activities costs for electricity.

Business-type Activities. Business-type activities increased the City of Columbus' net assets by \$205,664.

Key elements of this increase are as follows:

- The City received a federal grant for over \$308,000 to drill a new water well. This new well is part of the City's continued effort to upgrade its utility systems.
- Due to continuing drought conditions, the consumer demand for water remained strong. While charges for water and sewer service were not as high as in 2011, they did not fall to predrought levels.

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 \$844,446. 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 36% percent of total General Fund expenditures.

The fund balance of the City's General Fund decreased by \$4,617 during the current fiscal year. This decrease is a result of the City's intention to budget appropriations in excess of revenues to fund programs from the City's fund balance.

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 assets of the Utility Fund at the end of the year amounted to \$2,395,384. The total increase in net assets was \$205,664. 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 (\$4,730), and library donations (\$4,797).

Budgeted expenditures increased \$24,077 as supplemental appropriations were needed for the following: \$3,050 for a Fire Department gear washer, \$9,527 for library books and supplies, \$3,200 for Police Patrol unit equipment, \$4,800 for a power lift at the swimming pool, and \$3,500 for software to import police call sheet information.

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, 2012, totals \$10,483,981 (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	
	2012	2011	2012	2011	2012	2011
Land	\$ 253,152	\$ 253,152	\$ 24,183	\$ 24,183	\$ 277,335	\$ 277,335
Buildings and improvements	2,710,265	2,675,739	581,700	581,700	3,291,965	3,257,439
Distribution and collection systems	-	-	13,894,352	13,404,080	13,894,352	13,404,080
Machinery and equipment	2,760,060	2,689,848	733,355	672,128	3,493,415	3,361,976
Construction in progress	-	-	60,630	146,895	60,630	146,895
Accumulated depreciation	<u>(3,405,510)</u>	<u>(3,170,894)</u>	<u>(7,128,206)</u>	<u>(6,624,081)</u>	<u>(10,533,716)</u>	<u>(9,794,975)</u>
	<u>\$ 2,317,967</u>	<u>\$ 2,447,845</u>	<u>\$ 8,166,014</u>	<u>\$ 8,204,905</u>	<u>\$ 10,483,981</u>	<u>\$ 10,652,750</u>

Major capital asset events during the year included the following:

- Purchase of a new police vehicle for \$32,184.
- Purchase of public works vehicle for \$23,621.
- New windows for the City Hall for \$23,938.
- Fuel station for maintenance yard for \$31,820.
- New water lines for \$50,160.
- Cardinal Hill Water Well improvements for \$469,323.
- Sewer machine for \$44,095.

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

Long-term Debt. As of September 30, 2012, the City of Columbus had total long-term certificates of obligation outstanding of \$6,904,999. This debt is backed by the full faith and credit of the City.

City of Columbus' Outstanding Debt
Figure 5

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Certificates of obligation	\$ -	\$ -	\$ 3,485,000	\$ 3,690,000	\$ 3,485,000	\$ 3,690,000
Refunding general obligation bonds	<u>1,040,042</u>	<u>1,096,302</u>	<u>2,379,957</u>	<u>2,508,697</u>	<u>3,419,999</u>	<u>3,604,999</u>
	<u>\$ 1,040,042</u>	<u>\$ 1,096,302</u>	<u>\$ 5,864,957</u>	<u>\$ 6,198,697</u>	<u>\$ 6,904,999</u>	<u>\$ 7,294,999</u>

The City's total debt decreased by \$390,000 (5.3%) during the current fiscal year. The key factor in this decrease was scheduled bond payments were made.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The unemployment rate for Colorado County is currently 5.6 percent (Columbus is the largest of the three incorporated cities in the county), which is a decrease from a rate of 7.8 percent a year ago. This compares favorably to the state's average unemployment rate of 6.4 percent and the national average rate of 7.8 percent.
- Inflationary trends in the region compare favorably to national indices.
- The State Comptroller reported an increase of 4.7 percent in taxable sales for the City. Sales tax revenue has increased 40.7 percent since 2003. The City expects sales tax revenue growth to continue to remain strong with an increase of 4% budgeted for 2013.
- Property tax values continue to climb in Colorado County and the region in general. Real property values in the City of Columbus increased \$921,879 from the prior year. Values have increased 72.4 percent from 2003. The City's overall property tax rate remained the same for the 2013 budget.
- For the 2013 Budget, the City's water, sewer and gas rates remained the same as in 2012. It was determined that the rate increases put into effect for 2012 were sufficient to cover projected utilities costs.

All of these factors were considered in preparing the City's budget for the 2013 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.

**BASIC
FINANCIAL STATEMENTS**

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CITY OF COLUMBUS, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012

	Governmental	Business-type	Total	Component Unit Columbus Industrial Development Corporation
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>	<u>Corporation</u>
ASSETS				
Cash and investments	\$ 1,465,562	\$ 2,125,361	\$ 3,590,923	\$ 808,734
Receivable (net of allowances for estimated uncollectibles)				
Taxes	325,727	-	325,727	65,887
Other	7,451	490,021	497,472	-
Internal balances	4,205	(4,205)	-	-
Investment in land	-	-	-	283,950
Restricted assets:				
Cash and investments	-	924,558	924,558	-
Debt issue costs	32,977	82,047	115,024	66,204
Capital assets:				
Non-depreciable	253,152	84,813	337,965	-
Depreciable, net	<u>2,064,815</u>	<u>8,081,201</u>	<u>10,146,016</u>	<u>-</u>
Total assets	<u>4,153,889</u>	<u>11,783,796</u>	<u>15,937,685</u>	<u>1,224,775</u>
LIABILITIES				
Accounts payable	153,687	118,035	271,722	2,891
Accrued payroll	23,737	8,906	32,643	-
Accrued interest	4,300	27,782	32,082	19,266
Customer deposits	-	129,585	129,585	-
Noncurrent liabilities:				
Due within one year	62,445	339,751	402,196	96,558
Due in more than one year	<u>1,002,336</u>	<u>5,503,154</u>	<u>6,505,490</u>	<u>1,328,444</u>
Total liabilities	<u>1,246,505</u>	<u>6,127,213</u>	<u>7,373,718</u>	<u>1,447,159</u>
NET ASSETS				
Invested in capital assets, net of related debt	1,277,925	3,261,199	4,539,124	-
Restricted for:				
Economic development	462,821	-	462,821	-
Debt service	430	-	430	129,338
Unrestricted	<u>1,166,208</u>	<u>2,395,384</u>	<u>3,561,592</u>	<u>(351,722)</u>
Total net assets	<u>\$ 2,907,384</u>	<u>\$ 5,656,583</u>	<u>\$ 8,563,967</u>	<u>\$ (222,384)</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, 2012

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 390,388	\$ 20,598	\$ 16,348	\$ -
Public safety	1,010,135	73,155	19,016	-
Public health	72,323	-	-	-
Public works	516,638	-	-	-
Culture and recreation	480,353	19,652	13,538	-
Economic development	143,712	-	12,500	-
Interest on long-term debt	37,561	-	-	-
Total governmental activities	<u>2,651,110</u>	<u>113,405</u>	<u>61,402</u>	<u>-</u>
Business-type activities:				
Water	907,037	912,018	-	407,819
Sewer	575,110	699,940	-	-
Garbage	680,444	764,171	-	-
Gas	539,344	610,750	-	-
Total business-type activities	<u>2,701,935</u>	<u>2,986,879</u>	<u>-</u>	<u>407,819</u>
Total primary government	<u>\$ 5,353,045</u>	<u>\$ 3,100,284</u>	<u>\$ 61,402</u>	<u>\$ 407,819</u>
Component unit:				
Columbus Community Industrial Development Corporation	<u>\$ 220,702</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:
Property taxes
Sales taxes
Hotel occupancy tax
Franchise taxes
Alcoholic beverage taxes
Interest revenue
Miscellaneous

Transfers

Total general revenues and transfers

Change in net assets

Net assets, beginning

Net assets, ending

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

Net (Expenses) Revenues and Changes in Net Assets

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Columbus Industrial Development Corporation
\$(353,442)	\$ -	\$(353,442)	\$ -
(917,964)	-	(917,964)	-
(72,323)	-	(72,323)	-
(516,638)	-	(516,638)	-
(447,163)	-	(447,163)	-
(131,212)	-	(131,212)	-
<u>(37,561)</u>	<u>-</u>	<u>(37,561)</u>	<u>-</u>
<u>(2,476,303)</u>	<u>-</u>	<u>(2,476,303)</u>	<u>-</u>
-	412,800	412,800	-
-	124,830	124,830	-
-	83,727	83,727	-
<u>-</u>	<u>71,406</u>	<u>71,406</u>	<u>-</u>
<u>-</u>	<u>692,763</u>	<u>692,763</u>	<u>-</u>
<u>\$(2,476,303)</u>	<u>\$ 692,763</u>	<u>\$(1,783,540)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$(220,702)</u>
\$ 665,659	\$ -	\$ 665,659	\$ -
767,295	-	767,295	383,648
263,139	-	263,139	-
255,088	-	255,088	-
6,843	-	6,843	-
13,769	38,481	52,250	1,613
32,961	179	33,140	-
<u>525,759</u>	<u>(525,759)</u>	<u>-</u>	<u>-</u>
<u>2,530,513</u>	<u>(487,099)</u>	<u>2,043,414</u>	<u>385,261</u>
54,210	205,664	259,874	164,559
<u>2,853,174</u>	<u>5,450,919</u>	<u>8,304,093</u>	<u>(386,943)</u>
<u>\$ 2,907,384</u>	<u>\$ 5,656,583</u>	<u>\$ 8,563,967</u>	<u>\$(222,384)</u>

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CITY OF COLUMBUS, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2012

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and investments	\$ 744,882	\$ 720,680	\$ 1,465,562
Receivables, net			
Taxes	254,229	71,498	325,727
Accounts	7,451	-	7,451
Due from other funds	<u>4,205</u>	<u>-</u>	<u>4,205</u>
Total assets	<u>1,010,767</u>	<u>792,178</u>	<u>1,802,945</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	121,120	32,567	153,687
Accrued payroll	23,737	-	23,737
Deferred revenue	<u>21,464</u>	<u>2,865</u>	<u>24,329</u>
Total liabilities	<u>166,321</u>	<u>35,432</u>	<u>201,753</u>
Fund balances:			
Restricted for:			
Economic development	-	462,821	462,821
Debt service	-	1,865	1,865
Assigned for equipment	-	292,060	292,060
Unassigned	<u>844,446</u>	<u>-</u>	<u>844,446</u>
Total fund balances	<u>844,446</u>	<u>756,746</u>	1,601,192
 Total liabilities and fund balances	 <u>\$ 1,010,767</u>	 <u>\$ 792,178</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,317,967
Other long-term assets are not available to pay for current period expenditures and, therefore are deferred in the funds.	
Deferred property tax revenue	20,945
Deferred municipal court revenue	3,384
Long-term liabilities such as certificates of obligation and compensated absences are not due and payable in the current period and therefore are not reported in the funds.	
Interest payable	(4,300)
Bond issuance cost	32,977
Compensated absences	(24,739)
Certificates of obligation	<u>(1,040,042)</u>
Net assets of governmental activities	<u>\$ 2,907,384</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, 2012

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Property taxes	\$ 578,625	\$ 93,176	\$ 671,801
Sales taxes	774,138	-	774,138
Franchise taxes	255,088	-	255,088
Hotel occupancy tax	-	263,139	263,139
Licenses and permits	18,366	-	18,366
Fines and forfeitures	78,525	-	78,525
Charges for services	17,025	-	17,025
Intergovernmental	56,694	-	56,694
Investment earnings	6,856	6,913	13,769
Miscellaneous	<u>38,710</u>	<u>20</u>	<u>38,730</u>
Total revenues	<u>1,824,027</u>	<u>363,248</u>	<u>2,187,275</u>
EXPENDITURES			
Current:			
General government	384,673	1,404	386,077
Public safety	931,916	-	931,916
Public health	69,569	-	69,569
Public works	502,950	-	502,950
Culture and recreation	445,902	-	445,902
Economic development	-	143,712	143,712
Debt service:			
Principal	-	56,260	56,260
Interest and other charges	<u>-</u>	<u>35,501</u>	<u>35,501</u>
Total expenditures	<u>2,335,010</u>	<u>236,877</u>	<u>2,571,887</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(510,983)</u>	<u>126,371</u>	<u>(384,612)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	529,016	49,150	578,166
Transfers out	<u>(22,650)</u>	<u>(29,757)</u>	<u>(52,407)</u>
Total other financing sources (uses)	<u>506,366</u>	<u>19,393</u>	<u>525,759</u>
NET CHANGE IN FUND BALANCES	(4,617)	145,764	141,147
FUND BALANCES, BEGINNING	<u>849,063</u>	<u>610,982</u>	<u>1,460,045</u>
FUND BALANCES, ENDING	<u>\$ 844,446</u>	<u>\$ 756,746</u>	<u>\$ 1,601,192</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, 2012

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

Net change in fund balances - total governmental funds	\$ 141,147
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital outlay	104,738
Depreciation	(234,616)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Deferred tax revenue	(6,142)
Deferred municipal court revenue	(1,572)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>	
Bond principal payments	56,260
Amortization of bond cost	(2,199)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Compensated absences	(3,545)
Accrued interest	<u>139</u>
Change in net assets of governmental activities.	<u>\$ 54,210</u>

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

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CITY OF COLUMBUS, TEXAS

STATEMENT OF NET ASSETS

PROPRIETARY FUND

SEPTEMBER 30, 2012

	<u>Utility Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,125,361
Accounts receivable, net	490,021
Restricted assets:	
Cash and cash equivalents	<u>924,558</u>
Total current assets	3,539,940
Noncurrent assets:	
Deferred charges	82,047
Capital assets:	
Non-depreciable	84,813
Depreciable, net	<u>8,081,201</u>
Total noncurrent assets	<u>8,248,061</u>
Total assets	<u>11,788,001</u>
LIABILITIES	
Current liabilities:	
Accounts payable	118,035
Accrued payroll	8,906
Due to other funds	4,205
Accrued interest	27,782
Customer deposits	129,585
Bonds payable - current	336,368
Compensated absences	<u>3,383</u>
Total current liabilities	628,264
Noncurrent liabilities:	
Bonds payable	5,493,005
Compensated absences	<u>10,149</u>
Total noncurrent liabilities	<u>5,503,154</u>
Total liabilities	<u>6,131,418</u>
NET ASSETS	
Invested in capital assets, net of related debt	3,261,199
Unrestricted	<u>2,395,384</u>
Total net assets	<u>\$ 5,656,583</u>

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

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CITY OF COLUMBUS, TEXAS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>Utility Fund</u>
OPERATING REVENUES	
Charges for sales and services:	
Water sales	\$ 912,018
Sewer charges	699,940
Garbage fees	764,171
Gas sales	610,750
Other	<u>179</u>
Total operating revenues	<u>2,987,058</u>
OPERATING EXPENSES	
Personnel	562,529
Maintenance and operations	1,396,373
Depreciation	<u>504,125</u>
Total operating expenses	<u>2,463,027</u>
OPERATING INCOME	<u>524,031</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	38,481
Interest and other charges	<u>(238,908)</u>
Total nonoperating revenues (expenses)	<u>(200,427)</u>
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	323,604
Capital contributions	407,819
Transfers in	1,757
Transfers out	<u>(527,516)</u>
CHANGE IN NET ASSETS	205,664
NET ASSETS, BEGINNING	<u>5,450,919</u>
NET ASSETS, ENDING	<u>\$ 5,656,583</u>

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

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CITY OF COLUMBUS, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>Utility Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 2,879,024
Cash paid to suppliers	(1,431,308)
Cash paid to employees	(563,126)
Net cash provided by operating activities	<u>884,590</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer from other funds	1,757
Transfer to other funds	(527,516)
Net cash used by noncapital financing activities	<u>(525,759)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital contributions - intergovernmental	407,819
Purchase of capital assets	(465,234)
Principal paid on capital debt	(333,740)
Interest and other charges paid on debt	(232,051)
Net cash used by capital and related financing activities	<u>(623,206)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>38,481</u>
Net cash provided by investing activities	<u>38,481</u>
NET DECREASE IN CASH AND EQUIVALENTS	(225,894)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>3,275,813</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 3,049,919</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Net operating income	\$ 524,031
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	504,125
(Increase) decrease in accounts receivable	(84,118)
Increase (decrease) in accounts payable	(34,935)
Increase (decrease) in accrued payroll	(2,789)
Increase (decrease) in due to other funds	(33,031)
Increase (decrease) in compensated absences	2,192
Increase (decrease) in customer deposits	<u>9,115</u>
Net cash provided by operations	<u>\$ 884,590</u>

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

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CITY OF COLUMBUS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

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.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. The Reporting Entity (Continued)

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

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

B. Government-wide Financial Statements

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the activities of the City. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given program; and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

C. Measurement Focus/Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus/Basis of Accounting (Continued)

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 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.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus/Basis of Accounting (Continued)

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 personal and contractual services, suppose, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Cash and Investments

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

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

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

E. Investment in Land

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

F. Interfund Receivables and Payables

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

(continued)

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

G. Interfund Services Provided and Used

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

H. Restricted Assets

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

I. Capital Assets

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

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

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

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

J. 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.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Compensated Absences (Continued)

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.

K. 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 assets. Bond premiums and discounts, as well as issuance costs, 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. Bond issuance costs are reported as unamortized debt issue costs and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. 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.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Fund Balance (Continued)

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.

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt 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 assets are reported as restricted when there are limitations imposed on their 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.

N. 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 FUNDS

A. Cash, Cash Equivalents and Investments

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

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

(continued)

2. DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash, Cash Equivalents and Investments (Continued)

At year-end, the City's investments were in the Texas Cooperative Liquid Assets Securities System (Texas CLASS). The carrying amount and fair value of the investments was \$900,012. Texas CLASS is a local government investment pool supervised by a Board of Trustees who is elected by its participants. Texas CLASS invests solely in securities permitted under the Public Funds Investment Act. Texas CLASS is not registered with the SEC. As an intergovernmental trust comprised solely of governmental entities, it is statutorily exempt from registration. The Program Administrator/Investment Advisor to Texas CLASS, MBIA Municipal Investors Service Corp., is registered with the SEC as a Registered Investment Advisor. The Texas CLASS program is rated AAAM by Standard & Poor's, and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

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 30 days.

At year-end, the Columbus Industrial Development Corporation's investments were with the Texas Local Government Investment Cooperative (LOGIC). The carrying amount and fair value of the investments was \$439,205.

The Cooperative's governing body is a six-member Board of Directors comprised of employees, officers or elected officials of participant government entities or individuals who do not have a business relationship with the Cooperative and are qualified to advise it. A maximum of two advisory Board members represent the Co-Administrators of the Cooperative. Day-to-day administration of the Cooperative will be performed by First Southwest Asset Management, Inc. and JP Morgan Chase Investment Management, Inc. First Southwest will provide administrative, participant support and marketing services. JP Morgan Chase will provide investment management, custody, fund and transfer agency services. The LOGIC fund is rated AAAM by Standard & Poor's and have a weighted average maturity of 42 days.

(continued)

2. **DETAILED NOTES ON ALL FUNDS** (Continued)

A. **Cash, Cash Equivalents and Investments** (Continued)

LOGIC invests in those instruments that are allowed under the Texas Public Funds Investment Act. LOGIC further limits its investments to obligations of the U. S. or its agencies and instrumentalities, other obligations unconditionally guaranteed by the U. S. with repurchase agreements collateralized by such obligations.

B. **Receivables**

Receivables at September 30, 2012, were as follows:

	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Utility</u>	<u>Total Receivables</u>
Property taxes	\$ 39,094	\$ 7,531	\$ -	\$ 46,625
Sales taxes	131,774	-	-	131,774
Hotel/motel taxes	-	68,632	-	68,632
Franchise taxes	102,573	-	-	102,573
Mixed beverage taxes	1,802	-	-	1,802
Intergovernmental	-	-	141,674	141,674
Utility accounts	4,067	-	378,512	382,579
Municipal court	<u>59,323</u>	<u>-</u>	<u>-</u>	<u>59,323</u>
Less: allowance for doubtful accounts	<u>(76,953)</u>	<u>(4,665)</u>	<u>(30,165)</u>	<u>(111,783)</u>
	<u>\$ 261,680</u>	<u>\$ 71,498</u>	<u>\$ 490,021</u>	<u>\$ 823,199</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.

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue in the governmental funds were as follows:

(continued)

2. DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables (Continued)

	<u>Unavailable</u>	<u>Unearned</u>
General fund		
Delinquent property taxes receivable	\$ 18,080	\$ -
Court fines	<u>3,384</u>	<u>-</u>
Total general fund	<u>21,464</u>	<u>-</u>
Nonmajor governmental		
Delinquent property taxes receivable	<u>2,865</u>	<u>-</u>
Total nonmajor governmental	<u>2,865</u>	<u>-</u>
Total governmental funds	<u>\$ 24,329</u>	<u>\$ -</u>

C. Capital Assets

Capital asset activity for the year ended September 30, 2012, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 253,152	\$ -	\$ -	\$ 253,152
Total capital assets not being depreciated	<u>253,152</u>	<u>-</u>	<u>-</u>	<u>253,152</u>
Capital assets being depreciated:				
Buildings and improvements	2,675,739	34,526	-	2,710,265
Machinery and equipment	<u>2,689,848</u>	<u>70,212</u>	<u>-</u>	<u>2,760,060</u>
Total capital assets being depreciated	<u>5,365,587</u>	<u>104,738</u>	<u>-</u>	<u>5,470,325</u>
Less accumulated depreciation for:				
Buildings and improvements	1,136,240	63,868	-	1,200,108
Machinery and equipment	<u>2,034,654</u>	<u>170,748</u>	<u>-</u>	<u>2,205,402</u>
Total accumulated depreciation	<u>3,170,894</u>	<u>234,616</u>	<u>-</u>	<u>3,405,510</u>
Total capital assets depreciated, net	<u>2,194,693</u>	<u>(129,878)</u>	<u>-</u>	<u>2,064,815</u>
Governmental activities, capital assets, net	<u>\$ 2,447,845</u>	<u>\$(129,878)</u>	<u>\$ -</u>	<u>\$ 2,317,967</u>

(continued)

2. DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 24,183	\$ -	\$ -	\$ 24,183
Construction in progress	<u>146,895</u>	<u>50,161</u>	<u>136,426</u>	<u>60,630</u>
Total capital assets not being depreciated	<u>171,078</u>	<u>50,161</u>	<u>136,426</u>	<u>84,813</u>
Capital assets being depreciated:				
Buildings and improvements	581,700	-	-	581,700
Distribution and collection systems	13,404,080	490,272	-	13,894,352
Machinery and equipment	<u>672,128</u>	<u>61,227</u>	<u>-</u>	<u>733,355</u>
Total capital assets being depreciated	<u>14,657,908</u>	<u>551,499</u>	<u>-</u>	<u>15,209,407</u>
Less accumulated depreciation for:				
Buildings and improvements	575,086	3,051	-	578,137
Distribution and collection systems	5,476,470	459,235	-	5,935,705
Machinery and equipment	<u>572,525</u>	<u>41,839</u>	<u>-</u>	<u>614,364</u>
Total accumulated depreciation	<u>6,624,081</u>	<u>504,125</u>	<u>-</u>	<u>7,128,206</u>
Total capital assets depreciated, net	<u>8,033,827</u>	<u>47,374</u>	<u>-</u>	<u>8,081,201</u>
Business-type activities, capital assets, net	<u>\$ 8,204,905</u>	<u>\$ 97,535</u>	<u>\$ 136,426</u>	<u>\$ 8,166,014</u>

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

Governmental activities:	
General government	\$ 27,208
Public safety	124,162
Public health	2,754
Public works	41,452
Culture and recreation	<u>39,040</u>
Total governmental activities	<u>\$ 234,616</u>
Business-type activities:	
Water	\$ 290,537
Sewer	184,431
Garbage	1,573
Gas	<u>27,584</u>
Total business-type activities	<u>\$ 504,125</u>

(continued)

2. **DETAILED NOTES ON ALL FUNDS** (Continued)

D. Interfund Receivables, Payables, and Transfers

Due to/Due from

The composition of the interfund balances as of September 30, 2012, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Utility	\$ <u>4,205</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, 2012, is as follows:

<u>Transfer in Fund</u>	<u>Transfer Out Fund</u>	<u>Amount</u>
General	Utility	\$ 501,016
General	Nonmajor governmental	28,000
Nonmajor governmental	General	22,650
Nonmajor governmental	Utility	26,500
Utility	Nonmajor governmental	<u>1,757</u>
		<u>\$ 579,923</u>

The General Fund transferred \$10,000 and \$12,650 to the Equipment and Fire Equipment Fund, respectively to cover future capital purchases. The Equipment Fund transferred \$28,000 to the General Fund for the purchase of equipment. The Utility Fund transferred \$342,382 to the General Fund to cover budgeted indirect costs. The Utility Fund transferred payments in lieu of taxes of \$158,634 to the General Fund. The Utility Fund transferred \$16,500 to the Fire Equipment Fund and \$10,000 to the Equipment Fund to cover future capital purchases. The 2005 Certificates of Obligation fund transferred \$1,757 to the Utility Fund to aid in reducing the outstanding certificates of obligation debt.

(continued)

2. DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-term Debt

The following is a summary of changes in long-term liabilities for the year ended September 30, 2012.

Primary Government

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
Refunding GO bonds	\$ 1,096,302	\$ -	\$ 56,260	\$ 1,040,042	\$ 56,260
Compensated absences	21,194	365,915	362,370	24,739	6,185
Total governmental activities	<u>\$ 1,117,496</u>	<u>\$ 365,915</u>	<u>\$ 418,630</u>	<u>\$ 1,064,781</u>	<u>\$ 62,445</u>
Business-type activities:					
Certificates of obligation	\$ 3,690,000	\$ -	\$ 205,000	\$ 3,485,000	\$ 210,000
Refunding GO bonds	2,508,697	-	128,740	2,379,957	128,740
Premium on bonds	6,999	-	438	6,561	438
Deferred loss on refunding	(44,955)	-	(2,810)	(42,145)	(2,810)
Compensated absences	11,340	194,550	192,358	13,532	3,383
Total business-type activities	<u>\$ 6,172,081</u>	<u>\$ 194,550</u>	<u>\$ 523,726</u>	<u>\$ 5,842,905</u>	<u>\$ 339,751</u>

Component Unit

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Columbus Community Industrial and Development Corporation:					
Sales tax revenue bonds	\$ 1,560,000	\$ -	\$ 100,000	\$ 1,460,000	\$ 100,000
Premium on bonds	6,599	-	591	6,008	591
Deferred loss on refunding	(45,039)	-	(4,033)	(41,006)	(4,033)
Total Columbus Community and Development Corporation:	<u>\$ 1,521,560</u>	<u>\$ -</u>	<u>\$ 96,558</u>	<u>\$ 1,425,002</u>	<u>\$ 96,558</u>

Certificates of Obligation

The City has issued certificates of obligation to provide funds for the acquisition and construction of major capital facilities. Certificates of obligation have been issued for the City's governmental and business-type activities. The original amount of certificates of obligation issued in 2005 was \$4,750,000 for water and sewer improvements at annual interest rates from 3.00% to 4.85% with a maturity date of August 2025.

General Obligation Bonds

Certificates of obligation were issued in 2008 was \$4,000,000 for water and gas improvements and remodeling City Hall. These bonds were refunded in by the 2010 Refunding General Obligation Bonds at annual interest rates from 2.00% to 4.00% with a maturity date of August 2027.

(continued)

2. DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-term Debt (Continued)

Sales Tax Revenue Bonds

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

Defeased Bonds

In prior years, the City and component unit defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide all future debt service payments on the old bonds. Accordingly, the trust accounts and the defeased bonds are not included in the financial statements. At September 30, 2012, the City and component unit did not have bonds considered defeased.

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
2013	\$ 56,260	\$ 34,383	\$ 338,740	\$ 222,297	\$ 100,000	\$ 45,644
2014	57,780	33,258	352,220	212,372	105,000	43,594
2015	57,780	32,102	357,220	202,028	105,000	41,494
2016	60,821	30,947	374,179	191,283	105,000	38,869
2017	62,342	29,426	387,658	179,109	115,000	35,569
2018-2022	340,599	117,384	2,154,401	675,710	635,000	119,060
2023-2027	404,461	49,813	1,900,539	210,017	295,000	11,900
Totals	<u>\$ 1,040,043</u>	<u>\$ 327,313</u>	<u>\$ 5,864,957</u>	<u>\$ 1,892,816</u>	<u>\$ 1,460,000</u>	<u>\$ 336,130</u>

3. OTHER INFORMATION

A. Risk Management

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

(continued)

3. OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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 has been no significant reductions in insurance coverage and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

B. Contingent Liabilities

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

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

C. Employee Retirement Systems and Plans

Plan Description

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

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

(continued)

3. **OTHER INFORMATION** (Continued)

C. **Employee Retirement Systems and Plans** (Continued)

Plan Description (Continued)

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

	<u>Plan Year 2011</u>	<u>Plan Year 2012</u>
Employee deposit rate	6.0%	6.0%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/25	60/5, 0/25
Updated service credit	100% repeating, transfers	100% repeating, transfers
Annuity increase (to retirees)	70% of CPI repeating	70% of CPI repeating

Contributions

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. The annual pension cost and net pension obligation/(asset) are as follows:

Annual Required Contribution (ARC)	\$ 206,505
Interest on Net Pension Asset	(2,897)
Adjustment to the ARC	<u>2,490</u>
Annual Pension Cost	206,098
Contributions Made	(210,687)
Increase in Net Pension Asset	(4,589)
Net Pension Asset, beginning of year	<u>(41,383)</u>
Net Pension Asset, ending of year	<u><u>\$ (45,972)</u></u>

(continued)

3. OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Plans (Continued)

Contributions (Continued)

Fiscal Year Ending	Annual Pension Cost (APC)	Annual Contribution Made	Percentage of APC Contributed	Net Pension Obligation (Asset)
09/30/10	\$ 223,510	\$ 223,510	100%	\$(35,622)
09/30/11	213,124	218,885	102%	(41,383)
09/30/12	206,098	210,687	102%	(45,972)

The City has not recorded a net pension asset as the amount was determined to be immaterial to the financial statements.

The required contribution rates for fiscal year 2012 were determined as part of the December 31, 2009 and 2010 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2011, also follows:

Valuation date	12/31/09	12/31/11	12/31/12
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization method	Level percent of payroll	Level percent of payroll	Level percent of payroll
Single amortization period	27.9 years; closed period	26.9 years; closed period	25.8 years; closed period
Amortization period for new gains/losses	30 years	30 years	30 years
Asset valuation method	10-yr smoothed market	10-yr smoothed market	10-yr smoothed market
Actuarial assumptions:			
Investment rate of return*	7.5%	7.5%	7.5%
Projected salary increases*	Varies by age and service	Varies by age and service	Varies by age and service
*Includes inflation at	3.0%	3.0%	3.0%

Funded Status and Funding Progress

The funded status as of December 31, 2011, the most recent actuarial valuation date, is presented as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/11	\$ 4,402,710	\$ 5,428,129	\$ 1,025,419	81.1%	\$ 1,025,419	100.0%

(continued)

3. OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Plans (Continued)

Funded Status and Funding Progress (Continued)

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

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

Other Postemployment Benefits

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

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

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

The City's contributions to the TMRS SDBF for the years ended 2012, 2011, and 2010, were \$4,181, \$5,308, and \$4,854, respectively, which equaled the required contributions each year.

(continued)

3. **OTHER INFORMATION** (Continued)

C. **Employee Retirement Systems and Plans** (Continued)

Texas Statewide Emergency Services Personnel Retirement Fund

The City acts as agent for the Texas Statewide Emergency Services Personnel Retirement Fund (the “Fund”) which is a component unit of the State of Texas. The City reimbursed the Fund \$40,158 for benefits paid on a pay-as-you-go basis during the year in recognition of services provided to the City by volunteer firemen. The Fund has a Board of Directors not designated by City officials and is administered by the State Fire Fighters’ Pension Commissioner. There are 35 active participants currently covered by the Fund and payments are being made to 28 retirees or their survivors. The Fund does not prepare separate financial statements for participating departments; however, financial statements for the Fund as a whole may be obtained from the administrator at Fire Fighters’ Pension Commissioner, P. O. Box 12577, Austin, Texas 78711.

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**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, 2012

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 577,583	\$ 577,583	\$ 578,625	1,042
Sales	738,000	738,000	774,138	\$ 36,138
Franchise	260,000	260,000	255,088	(4,912)
Licenses and permits	31,560	31,560	18,366	(13,194)
Fines and forfeitures	62,525	62,525	78,525	16,000
Charges for services	135,950	135,950	17,025	(118,925)
Intergovernmental	141,730	146,460	56,694	(89,766)
Investment earnings	11,500	11,500	6,856	(4,644)
Miscellaneous	<u>30,950</u>	<u>35,747</u>	<u>38,710</u>	<u>2,963</u>
Total revenues	<u>1,989,798</u>	<u>1,999,325</u>	<u>1,824,027</u>	<u>(175,298)</u>
EXPENDITURES				
General government:				
Personnel	239,764	239,764	238,556	1,208
Supplies and maintenance	18,800	18,800	17,477	1,323
Other services	115,140	115,140	104,896	10,244
Capital outlay	<u>23,000</u>	<u>23,000</u>	<u>23,744</u>	<u>(744)</u>
Total general government	<u>396,704</u>	<u>396,704</u>	<u>384,673</u>	<u>12,031</u>
Public safety:				
Police department:				
Personnel	710,469	699,469	656,037	43,432
Supplies and maintenance	57,725	61,225	58,511	2,714
Other services	61,349	72,349	60,868	11,481
Capital outlay	<u>53,000</u>	<u>56,200</u>	<u>37,575</u>	<u>18,625</u>
Total police department	<u>882,543</u>	<u>889,243</u>	<u>812,991</u>	<u>76,252</u>

(continued)

CITY OF COLUMBUS, TEXAS

GENERAL FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Public safety (continued):				
Fire department:				
Personnel	\$ 44,300	\$ 44,300	\$ 42,022	\$ 2,278
Supplies and maintenance	37,400	37,400	40,310	(2,910)
Other services	31,843	31,843	26,975	4,868
Capital outlay	<u>7,000</u>	<u>10,050</u>	<u>9,618</u>	<u>432</u>
Total fire department	<u>120,543</u>	<u>123,593</u>	<u>118,925</u>	<u>4,668</u>
Total public safety	<u>1,003,086</u>	<u>1,012,836</u>	<u>931,916</u>	<u>80,920</u>
Public health:				
Personnel	62,316	62,316	58,291	4,025
Supplies and maintenance	3,270	3,270	3,098	172
Other services	<u>19,239</u>	<u>19,239</u>	<u>8,180</u>	<u>11,059</u>
Total public health	<u>84,825</u>	<u>84,825</u>	<u>69,569</u>	<u>15,256</u>
Public works:				
Personnel	245,042	245,042	249,302	(4,260)
Supplies and maintenance	157,150	157,150	147,533	9,617
Other services	84,660	84,660	77,101	7,559
Capital outlay	<u>29,000</u>	<u>29,000</u>	<u>29,014</u>	<u>(14)</u>
Total public works	<u>515,852</u>	<u>515,852</u>	<u>502,950</u>	<u>12,902</u>
Culture and recreation:				
Personnel	400,799	400,799	327,856	72,943
Supplies and maintenance	73,475	83,002	48,907	34,095
Other services	93,259	93,259	64,350	28,909
Capital outlay	<u>114,100</u>	<u>118,900</u>	<u>4,789</u>	<u>114,111</u>
Total culture and recreation	<u>681,633</u>	<u>695,960</u>	<u>445,902</u>	<u>250,058</u>
Total expenditures	<u>2,682,100</u>	<u>2,706,177</u>	<u>2,335,010</u>	<u>371,167</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	543,659	543,659	529,016	(14,643)
Transfers out	<u>(22,650)</u>	<u>(22,650)</u>	<u>(22,650)</u>	<u>-</u>
Total other financing sources (uses)	<u>521,009</u>	<u>521,009</u>	<u>506,366</u>	<u>(14,643)</u>
NET CHANGE IN FUND BALANCES	<u>(171,293)</u>	<u>(185,843)</u>	<u>(4,617)</u>	<u>181,226</u>
FUND BALANCES, BEGINNING	<u>849,063</u>	<u>849,063</u>	<u>849,063</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 677,770</u>	<u>\$ 663,220</u>	<u>\$ 844,446</u>	<u>\$ 181,226</u>

CITY OF COLUMBUS, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2012

BUDGETARY INFORMATION

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

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

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

Budgeted amounts are as originally adopted or as amended by the City Council. The Council made several supplemental budgetary appropriations throughout the year which increased total budgeted expenditures by \$24,077. These amendments were as follows:

<u>Date Budget Amended</u>	<u>Purpose</u>	<u>Amount</u>
February 23, 2012	Incode Police Call Sheet Import	\$ 3,500
April 12, 2012	Swimming Pool Power Lift	4,800
April 26, 2012	Police Patrol Unit	3,200
April 26, 2012	Library Books	1,000
April 26, 2012	Library Supplies	3,730
June 14, 2012	Fire Department Gear Washer	3,050
August 23, 2012	Library Books	3,000
August 23, 2012	Library Audio/Visual	808
August 23, 2012	Library Supplies	<u>989</u>
		<u>\$ 24,077</u>

CITY OF COLUMBUS, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR TMRS
SEPTEMBER 30, 2012

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/09	\$ 2,546,306	\$ 3,751,006	\$ 1,204,700	67.88%	\$ 1,384,317	87.02%
12/31/10	3,948,983	4,976,716	1,027,733	79.35%	1,478,012	69.53%
12/31/11	4,402,710	5,428,129	1,025,419	81.11%	1,453,320	70.56%

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**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES**

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUND

Hotel Occupancy Tax Fund – This fund is used to account for the City’s hotel occupancy tax revenues and related tourism and economic development expenditures.

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.

Capital Projects Fund – This fund is used to account for 2008 Certificates of Obligation proceeds for major capital improvements.

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, 2012

	Special Revenue	Capital Projects			
	Hotel/Motel Tax	Equipment	Fire Equipment	Capital Projects	Total
ASSETS					
Cash and investments	\$ 426,756	\$ 57,646	\$ 234,414	\$ -	\$ 292,060
Taxes receivable, net	<u>68,632</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 495,388</u>	<u>\$ 57,646</u>	<u>\$ 234,414</u>	<u>\$ -</u>	<u>\$ 292,060</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 32,567	\$ -	\$ -	\$ -	\$ -
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>32,567</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:					
Restricted for:					
Economic development	462,821	-	-	-	-
Debt service	-	-	-	-	-
Assigned for equipment	<u>-</u>	<u>57,646</u>	<u>234,414</u>	<u>-</u>	<u>292,060</u>
Total fund balances	<u>462,821</u>	<u>57,646</u>	<u>234,414</u>	<u>-</u>	<u>292,060</u>
Total liabilities and fund balances	<u>\$ 495,388</u>	<u>\$ 57,646</u>	<u>\$ 234,414</u>	<u>\$ -</u>	<u>\$ 292,060</u>

Debt Service			Total Nonmajor Governmental Funds
2005 C of O	2008 C of O	Total	
\$ 90	\$ 1,774	\$ 1,864	\$ 720,680
<u>-</u>	<u>2,866</u>	<u>2,866</u>	<u>71,498</u>
<u>\$ 90</u>	<u>\$ 4,640</u>	<u>\$ 4,730</u>	<u>\$ 792,178</u>
\$ -	\$ -	\$ -	\$ 32,567
<u>-</u>	<u>2,865</u>	<u>2,865</u>	<u>2,865</u>
<u>-</u>	<u>2,865</u>	<u>2,865</u>	<u>35,432</u>
-	-	-	462,821
90	1,775	1,865	1,865
<u>-</u>	<u>-</u>	<u>-</u>	<u>292,060</u>
<u>90</u>	<u>1,775</u>	<u>1,865</u>	<u>756,746</u>
<u>\$ 90</u>	<u>\$ 4,640</u>	<u>\$ 4,730</u>	<u>\$ 792,178</u>

CITY OF COLUMBUS, TEXAS

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Special Revenue	Capital Projects			
	Hotel/Motel Tax	Equipment	Fire Equipment	Capital Projects	Total
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel occupancy tax	263,139	-	-	-	-
Investment earnings	3,026	673	3,102	2	3,777
Miscellaneous	20	-	-	-	-
Total revenues	<u>266,185</u>	<u>673</u>	<u>3,102</u>	<u>2</u>	<u>3,777</u>
EXPENDITURES					
Current:					
General government	-	-	-	1,404	1,404
Economic development	143,712	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Total expenditures	<u>143,712</u>	<u>-</u>	<u>-</u>	<u>1,404</u>	<u>1,404</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>122,473</u>	<u>673</u>	<u>3,102</u>	<u>(1,402)</u>	<u>2,373</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	20,000	29,150	-	49,150
Transfers out	-	(28,000)	-	-	(28,000)
Total other financing sources (uses)	<u>-</u>	<u>(8,000)</u>	<u>29,150</u>	<u>-</u>	<u>21,150</u>
NET CHANGE IN FUND BALANCES	122,473	(7,327)	32,252	(1,402)	23,523
FUND BALANCES, BEGINNING	<u>340,348</u>	<u>64,973</u>	<u>202,162</u>	<u>1,402</u>	<u>268,537</u>
FUND BALANCES, ENDING	<u>\$ 462,821</u>	<u>\$ 57,646</u>	<u>\$ 234,414</u>	<u>\$ -</u>	<u>\$ 292,060</u>

Debt Service			Total Nonmajor Governmental Funds
2005 C of O	2008 C of O	Total	
\$ 1,757	\$ 91,419	\$ 93,176	\$ 93,176
-	-	-	263,139
-	110	110	6,913
-	-	-	20
<u>1,757</u>	<u>91,529</u>	<u>93,286</u>	<u>363,248</u>
-	-	-	1,404
-	-	-	143,712
-	56,260	56,260	56,260
-	<u>35,501</u>	<u>35,501</u>	<u>35,501</u>
-	<u>91,761</u>	<u>91,761</u>	<u>236,877</u>
<u>1,757</u>	<u>(232)</u>	<u>1,525</u>	<u>126,371</u>
-	-	-	49,150
<u>(1,757)</u>	<u>-</u>	<u>(1,757)</u>	<u>(29,757)</u>
<u>(1,757)</u>	<u>-</u>	<u>(1,757)</u>	<u>19,393</u>
-	<u>(232)</u>	<u>(232)</u>	145,764
<u>90</u>	<u>2,007</u>	<u>2,097</u>	<u>610,982</u>
<u>\$ 90</u>	<u>\$ 1,775</u>	<u>\$ 1,865</u>	<u>\$ 756,746</u>

CITY OF COLUMBUS, TEXAS

HOTEL OCCUPANCY TAX SPECIAL REVENUE FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	Final Budget
				Positive
				(Negative)
REVENUES				
Hotel occupancy tax	\$ 165,000	\$ 165,000	\$ 263,139	\$ 98,139
Investment earnings	2,000	2,000	3,026	1,026
Miscellaneous	<u>-</u>	<u>-</u>	<u>20</u>	<u>20</u>
Total revenues	<u>167,000</u>	<u>167,000</u>	<u>266,185</u>	<u>99,185</u>
EXPENDITURES				
Current:				
Economic development	<u>161,850</u>	<u>161,850</u>	<u>143,712</u>	<u>18,138</u>
Total expenditures	<u>161,850</u>	<u>161,850</u>	<u>143,712</u>	<u>18,138</u>
NET CHANGE IN FUND BALANCES	<u>5,150</u>	<u>5,150</u>	<u>122,473</u>	<u>117,323</u>
FUND BALANCES, BEGINNING	<u>340,348</u>	<u>340,348</u>	<u>340,348</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 345,498</u>	<u>\$ 345,498</u>	<u>\$ 462,821</u>	<u>\$ 117,323</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Investment earnings	\$ 900	\$ 900	\$ 673	\$(227)
Total revenues	<u>900</u>	<u>900</u>	<u>673</u>	<u>(227)</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	20,000	20,000	20,000	-
Transfers out	<u>(28,000)</u>	<u>(28,000)</u>	<u>(28,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(8,000)</u>	<u>(8,000)</u>	<u>(8,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(7,100)	(7,100)	(7,327)	(227)
FUND BALANCES, BEGINNING	<u>64,973</u>	<u>64,973</u>	<u>64,973</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 57,873</u>	<u>\$ 57,873</u>	<u>\$ 57,646</u>	<u>\$(227)</u>

CITY OF COLUMBUS, TEXAS

FIRE EQUIPMENT CAPITAL PROJECTS FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ 2,000	\$ 2,000	\$ 3,102	\$ 1,102
Total revenues	<u>2,000</u>	<u>2,000</u>	<u>3,102</u>	<u>1,102</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>29,150</u>	<u>29,150</u>	<u>29,150</u>	<u>-</u>
Total other financing sources (uses)	<u>29,150</u>	<u>29,150</u>	<u>29,150</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	31,150	31,150	32,252	1,102
FUND BALANCES, BEGINNING	<u>202,162</u>	<u>202,162</u>	<u>202,162</u>	<u>-</u>
FUND BALANCES, ENDING	\$ <u>233,312</u>	\$ <u>233,312</u>	\$ <u>234,414</u>	\$ <u>1,102</u>

CITY OF COLUMBUS, TEXAS

DEBT SERVICE FUND 2005

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

FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 2,500	\$ 2,500	\$ 1,757	\$(743)
Total revenues	2,500	2,500	1,757	(743)
EXPENDITURES				
Debt service:				
Principal	205,000	205,000	-	205,000
Interest and other charges	150,793	150,793	-	150,793
Total expenditures	355,793	355,793	-	355,793
OTHER FINANCING SOURCES (USES)				
Transfers in	353,293	353,293	-	(353,293)
Transfers out	-	-	(1,757)	(1,757)
Total other financing sources (uses)	353,293	353,293	(1,757)	(355,050)
NET CHANGE IN FUND BALANCES	355,793	355,793	-	(355,793)
FUND BALANCES, BEGINNING	90	90	90	-
FUND BALANCES, ENDING	\$ 355,883	\$ 355,883	\$ 90	\$(355,793)

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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	Final Budget
				Positive
				(Negative)
REVENUES				
Property taxes	\$ 91,796	\$ 91,796	\$ 91,419	\$(377)
Investment earnings	<u>100</u>	<u>100</u>	<u>110</u>	<u>10</u>
Total revenues	<u>91,896</u>	<u>91,896</u>	<u>91,529</u>	<u>(367)</u>
EXPENDITURES				
Debt service:				
Principal	185,000	185,000	56,260	128,740
Interest and other charges	<u>116,763</u>	<u>116,763</u>	<u>35,501</u>	<u>81,262</u>
Total expenditures	<u>301,763</u>	<u>301,763</u>	<u>91,761</u>	<u>210,002</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(209,867)</u>	<u>(209,867)</u>	<u>(232)</u>	<u>209,635</u>
FUND BALANCES, BEGINNING	<u>2,007</u>	<u>2,007</u>	<u>2,007</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 385</u>	<u>\$ 385</u>	<u>\$ 1,775</u>	<u>\$ 1,390</u>

STATISTICAL SECTION

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Statistical Section

(Unaudited)

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

	<u>Page Number</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance has changed over time.	54 – 62
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City's most significant local revenue source – gas revenue, as well as its ability to generate its property taxes and information regarding its sales tax sources.	63 – 70
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	71 – 76
Demographic and Economic Information These schedules offer demographics and economic indicators to help the reader understand the environment within which the City's financial activities take place.	77 – 78
Operating Information These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	79 – 80

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The City implemented Statement 34 in 2004; schedules presenting government-wide information include information beginning in that year.

CITY OF COLUMBUS, TEXAS

NET ASSETS BY COMPONENT

LAST NINE FISCAL YEARS

(accrual basis of accounting)

	Fiscal Year			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental activities:				
Invested in capital assets, net of related debt	\$ 1,034,160	\$ 1,145,267	\$ 1,319,184	\$ 1,375,223
Restricted	36,512	36,871	1,089	2,130
Unrestricted	<u>1,845,395</u>	<u>1,885,626</u>	<u>1,609,595</u>	<u>1,304,614</u>
Total governmental activities net assets	<u>\$ 2,916,067</u>	<u>\$ 3,067,764</u>	<u>\$ 2,929,868</u>	<u>\$ 2,681,967</u>
Business-type activities:				
Invested in capital assets, net of related debt	\$ 3,803,943	\$ 3,571,131	\$ 3,957,138	\$ 3,727,320
Restricted	-	-	-	-
Unrestricted	<u>1,053,265</u>	<u>1,055,325</u>	<u>1,175,124</u>	<u>1,759,621</u>
Total business-type activities net assets	<u>\$ 4,857,208</u>	<u>\$ 4,626,456</u>	<u>\$ 5,132,262</u>	<u>\$ 5,486,941</u>
Primary government:				
Invested in capital assets, net of related debt	\$ 4,838,103	\$ 4,716,398	\$ 5,276,322	\$ 5,102,543
Restricted	36,512	36,871	1,089	2,130
Unrestricted	<u>2,898,660</u>	<u>2,940,951</u>	<u>2,784,719</u>	<u>3,064,235</u>
Total primary government net assets	<u>\$ 7,773,275</u>	<u>\$ 7,694,220</u>	<u>\$ 8,062,130</u>	<u>\$ 8,168,908</u>

Note:

The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2004.

TABLE 1

		Fiscal Year				
2008	2009	2010	2011	2012		
\$ 1,370,592	\$ 1,299,073	\$ 1,459,522	\$ 1,354,636	\$ 1,277,925		
3,367	388,506	204,648	342,880	463,251		
<u>976,383</u>	<u>945,314</u>	<u>1,118,030</u>	<u>1,155,658</u>	<u>1,166,208</u>		
<u>\$ 2,350,342</u>	<u>\$ 2,632,893</u>	<u>\$ 2,782,200</u>	<u>\$ 2,853,174</u>	<u>\$ 2,907,384</u>		
\$ 3,738,667	\$ 1,830,862	\$ 3,261,972	\$ 3,132,994	\$ 3,261,199		
-	1,685,888	-	-	-		
<u>2,023,416</u>	<u>2,180,617</u>	<u>2,093,182</u>	<u>2,317,925</u>	<u>2,395,384</u>		
<u>\$ 5,762,083</u>	<u>\$ 5,697,367</u>	<u>\$ 5,355,154</u>	<u>\$ 5,450,919</u>	<u>\$ 5,656,583</u>		
\$ 5,109,259	\$ 3,129,935	\$ 4,721,494	\$ 4,487,630	\$ 4,539,124		
3,367	2,074,394	204,648	342,880	463,251		
<u>2,999,799</u>	<u>3,125,931</u>	<u>3,211,212</u>	<u>3,473,583</u>	<u>3,561,592</u>		
<u>\$ 8,112,425</u>	<u>\$ 8,330,260</u>	<u>\$ 8,137,354</u>	<u>\$ 8,304,093</u>	<u>\$ 8,563,967</u>		

CITY OF COLUMBUS TEXAS

CHANGES IN NET ASSETS

LAST NINE FISCAL YEARS

(accrual basis of accounting)

	Fiscal Year		
	2004	2005	2006
EXPENSES			
Governmental activities:			
General government	\$ 183,218	\$ 176,743	\$ 299,796
Public safety	658,875	639,122	768,000
Public health	24,214	28,548	30,820
Public works	232,502	409,441	417,553
Culture and recreation	360,990	332,045	412,540
Economic development	116,263	123,031	128,374
Interest on long-term debt	-	1,349	4,730
Total governmental activities expenses	<u>1,576,062</u>	<u>1,710,279</u>	<u>2,061,813</u>
Business-type activities:			
Water	490,701	453,288	543,185
Sewer	363,082	394,298	393,120
Garbage	435,503	534,369	555,312
Gas	687,792	786,602	791,360
Total business-type activities expenses	<u>1,977,078</u>	<u>2,168,557</u>	<u>2,282,977</u>
Total primary government program expenses	<u>\$ 3,553,140</u>	<u>\$ 3,878,836</u>	<u>\$ 4,344,790</u>
PROGRAM REVENUES			
Governmental activities:			
Charges for services:			
General government	\$ 20,609	\$ 27,304	\$ 19,203
Public safety	45,228	31,896	49,691
Public works	2,317	16,717	11,676
Culture and recreation	31,737	15,124	18,715
Operating grants and contributions	6,422	140,685	21,742
Capital grants and contributions	50,380	39,208	124,318
Total governmental activities program revenues	<u>156,693</u>	<u>270,934</u>	<u>245,345</u>
Business-type activities:			
Charges for services:			
Water	423,125	456,607	587,506
Sewer	338,023	302,882	463,335
Garbage	406,552	500,181	599,853
Gas	678,193	723,293	931,557
Operating grants and contributions	-	-	1,547
Capital grants and contributions	-	-	101,110
Total business-type activities program revenues	<u>1,845,893</u>	<u>1,982,963</u>	<u>2,684,908</u>
Total primary government program revenues	<u>\$ 2,002,586</u>	<u>\$ 2,253,897</u>	<u>\$ 2,930,253</u>

TABLE 2

		Fiscal Year									
		2007	2008	2009	2010	2011	2012				
\$	359,485	\$	324,635	\$	354,275	\$	392,785	\$	389,512	\$	390,388
	792,484		891,435		894,696		952,871		1,012,625		1,010,135
	32,546		34,689		35,379		38,746		65,505		72,323
	401,228		481,732		487,126		432,312		506,469		516,638
	456,391		435,819		449,684		495,341		504,078		480,353
	125,276		131,556		122,134		126,784		91,326		143,712
	10,117		-		51,139		59,024		38,005		37,561
	<u>2,177,527</u>		<u>2,299,866</u>		<u>2,394,433</u>		<u>2,497,863</u>		<u>2,607,520</u>		<u>2,651,110</u>
	534,162		646,858		833,374		892,209		847,389		907,037
	392,061		469,715		571,787		637,526		581,032		575,110
	620,013		609,423		615,091		586,244		636,724		680,444
	748,644		813,248		657,088		837,959		696,535		539,344
	<u>2,294,880</u>		<u>2,539,244</u>		<u>2,677,340</u>		<u>2,953,938</u>		<u>2,761,680</u>		<u>2,701,935</u>
\$	<u>4,472,407</u>	\$	<u>4,839,110</u>	\$	<u>5,071,773</u>	\$	<u>5,451,801</u>	\$	<u>5,369,200</u>	\$	<u>5,353,045</u>
\$	18,928	\$	46,790	\$	41,328	\$	35,003	\$	33,938	\$	20,598
	48,060		62,614		76,714		57,611		63,885		73,155
	5		5,077		9,655		-		-		-
	18,747		27,673		21,013		19,308		23,335		19,652
	61,521		14,242		103,945		62,195		58,366		61,402
	15,076		44,250		283,753		75,756		41,016		-
	<u>162,337</u>		<u>200,646</u>		<u>536,408</u>		<u>249,873</u>		<u>220,540</u>		<u>174,807</u>
	509,935		659,474		813,882		770,263		1,034,041		912,018
	469,919		497,712		618,393		634,215		660,203		699,940
	637,545		660,369		637,383		622,420		683,561		764,171
	870,845		917,565		739,790		942,875		760,700		610,750
	-		-		-		-		-		-
	<u>90,000</u>		<u>135,000</u>		<u>125,000</u>		<u>201,500</u>		<u>109,581</u>		<u>407,819</u>
	<u>2,578,244</u>		<u>2,870,120</u>		<u>2,934,448</u>		<u>3,171,273</u>		<u>3,248,086</u>		<u>3,394,698</u>
\$	<u>2,740,581</u>	\$	<u>3,070,766</u>	\$	<u>3,470,856</u>	\$	<u>3,421,146</u>	\$	<u>3,468,626</u>	\$	<u>3,569,505</u>

(continued)

CITY OF COLUMBUS, TEXAS

**CHANGES IN NET ASSETS
(Continued)**

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

	Fiscal Year		
	<u>2004</u>	<u>2005</u>	<u>2006</u>
NET (EXPENSE) REVENUES			
Governmental activities	\$(1,419,369)	\$(1,439,345)	\$(1,816,468)
Business-type activities	<u>(131,185)</u>	<u>(185,594)</u>	<u>401,931</u>
Total primary government net expense	<u>(1,550,554)</u>	<u>(1,624,939)</u>	<u>(1,414,537)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS			
Governmental activities:			
Taxes			
Property	310,524	322,787	424,250
Sales	596,037	634,052	653,999
Hotel occupancy	116,263	123,031	128,374
Franchise	358,702	348,785	259,168
Alcohol beverage	1,448	1,854	4,948
Investment earnings	22,068	47,365	72,356
Gain on sale of capital assets	-	1,695	13
Miscellaneous	-	-	-
Transfers	<u>100,426</u>	<u>102,644</u>	<u>135,467</u>
Total governmental activities	<u>1,505,468</u>	<u>1,582,213</u>	<u>1,678,575</u>
Business-type activities:			
Other	15,426	57,487	239,342
Transfers	<u>(100,426)</u>	<u>(102,644)</u>	<u>(135,467)</u>
Total business-type activities	<u>(85,000)</u>	<u>(45,157)</u>	<u>103,875</u>
Total primary government	<u>1,420,468</u>	<u>1,537,056</u>	<u>1,782,450</u>
CHANGE IN NET ASSETS			
Governmental activities	86,099	142,868	(137,893)
Business-type activities	<u>(216,185)</u>	<u>(230,751)</u>	<u>505,806</u>
Total primary government	<u>\$(130,086)</u>	<u>\$(87,883)</u>	<u>\$ 367,913</u>

Note:

The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2004.

TABLE 2

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$(2,015,190)	\$(2,099,220)	\$(1,858,025)	\$(2,247,990)	\$(2,386,980)	\$(2,476,303)
<u>283,364</u>	<u>330,876</u>	<u>257,108</u>	<u>217,335</u>	<u>486,406</u>	<u>692,763</u>
<u>(1,731,826)</u>	<u>(1,768,344)</u>	<u>(1,600,917)</u>	<u>(2,030,655)</u>	<u>(1,900,574)</u>	<u>(1,783,540)</u>
444,169	469,274	614,554	617,831	657,475	665,659
698,441	698,525	737,437	674,917	732,969	767,295
125,276	131,930	154,074	160,242	232,716	263,139
257,381	261,436	253,782	261,061	261,982	255,088
5,460	5,483	7,895	7,934	9,670	6,843
71,409	34,714	13,350	15,277	13,192	13,769
15,589	8,945	2,610	810	839	-
-	-	-	12,270	15,731	32,961
<u>149,564</u>	<u>157,287</u>	<u>356,875</u>	<u>614,396</u>	<u>434,293</u>	<u>525,759</u>
<u>1,767,289</u>	<u>1,767,594</u>	<u>2,140,577</u>	<u>2,364,738</u>	<u>2,358,867</u>	<u>2,530,513</u>
220,876	101,555	35,053	54,848	43,652	38,660
<u>(149,564)</u>	<u>(157,287)</u>	<u>(356,876)</u>	<u>(614,396)</u>	<u>(434,293)</u>	<u>(525,759)</u>
<u>71,312</u>	<u>(55,732)</u>	<u>(321,823)</u>	<u>(559,548)</u>	<u>(390,641)</u>	<u>(487,099)</u>
<u>1,838,601</u>	<u>1,711,862</u>	<u>1,818,754</u>	<u>1,805,190</u>	<u>1,968,226</u>	<u>2,043,414</u>
(247,901)	(331,626)	282,552	116,748	(28,113)	54,210
<u>354,676</u>	<u>275,144</u>	<u>(64,715)</u>	<u>(342,213)</u>	<u>95,765</u>	<u>205,664</u>
<u>\$ 106,775</u>	<u>\$(56,482)</u>	<u>\$ 217,837</u>	<u>\$(225,465)</u>	<u>\$ 67,652</u>	<u>\$ 259,874</u>

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CITY OF COLUMBUS, TEXAS

**FUND BALANCES
GOVERNMENTAL FUNDS**

LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General fund										
Reserved	\$ 10,354	\$ 13,540	\$ 15,681	\$ 18,079	\$ 19,722	\$ 22,736	\$ 27,598	\$ -	\$ -	\$ -
Unreserved	1,271,701	1,355,048	1,458,053	1,390,565	1,090,074	740,197	691,287	844,564	-	-
Unassigned	-	-	-	-	-	-	-	-	849,063	844,446
Total general fund	<u>\$ 1,282,055</u>	<u>\$ 1,368,588</u>	<u>\$ 1,473,734</u>	<u>\$ 1,408,644</u>	<u>\$ 1,109,796</u>	<u>\$ 762,933</u>	<u>\$ 718,885</u>	<u>\$ 844,564</u>	<u>\$ 849,063</u>	<u>\$ 844,446</u>
All other governmental funds										
Reserved, reported in:										
Debt service funds	\$ -	\$ -	\$ -	\$ -	\$ 186	\$ 186	\$ 2,367	\$ 1,938	\$ -	\$ -
Capital projects funds	62,314	36,512	36,871	-	-	1,137,009	240,573	6,497	-	-
Unreserved, reported in:										
Special revenue funds	297,975	342,266	391,470	210,549	202,457	222,867	366,317	448,773	-	-
Restricted	-	-	-	-	-	-	-	-	343,847	464,686
Assigned	-	-	-	-	-	-	-	-	267,135	292,060
Total all other governmental funds	<u>\$ 360,289</u>	<u>\$ 378,778</u>	<u>\$ 428,341</u>	<u>\$ 210,549</u>	<u>\$ 202,643</u>	<u>\$ 1,360,062</u>	<u>\$ 609,257</u>	<u>\$ 457,208</u>	<u>\$ 610,982</u>	<u>\$ 756,746</u>

CITY OF COLUMBUS, TEXAS

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
REVENUES										
Property taxes	\$ 288,594	\$ 307,843	\$ 323,454	\$ 426,701	\$ 441,603	\$ 467,410	\$ 613,903	\$ 618,780	\$ 646,047	\$ 671,801
Other taxes	876,978	971,067	1,019,120	1,046,489	1,086,558	1,097,375	1,153,187	1,104,154	1,237,337	1,292,365
Licenses and permits	19,434	15,023	19,146	12,551	11,912	37,783	30,897	33,524	31,693	18,366
Fines and forfeitures	36,536	43,227	31,624	48,253	46,227	52,744	75,617	57,720	66,652	78,525
Charges for services	26,727	14,840	16,769	13,915	15,893	24,785	17,717	15,347	18,949	17,025
Intergovernmental	122,789	47,746	157,982	146,293	76,097	43,914	125,770	126,006	84,596	56,694
Miscellaneous	65,704	57,925	91,496	98,402	86,132	59,184	39,567	40,984	37,915	52,499
Total revenues	<u>1,436,762</u>	<u>1,457,671</u>	<u>1,659,591</u>	<u>1,792,604</u>	<u>1,764,422</u>	<u>1,783,195</u>	<u>2,056,658</u>	<u>1,996,515</u>	<u>2,123,189</u>	<u>2,187,275</u>
EXPENDITURES										
General government	136,031	168,477	168,854	320,752	351,438	307,755	355,284	357,262	360,564	386,077
Public safety	576,531	645,442	573,789	1,012,663	739,381	863,991	838,387	831,081	876,298	931,916
Public health	24,062	24,017	28,123	30,724	34,247	43,952	34,456	36,404	62,686	69,569
Public works	245,323	224,341	486,905	465,536	491,700	518,859	444,832	391,200	465,266	502,950
Culture and recreation	285,450	372,416	431,115	369,913	367,039	404,403	414,243	448,232	462,583	445,902
Economic development	105,451	119,763	126,031	132,874	129,981	136,556	122,934	126,784	91,326	143,712
Industrial development	80,508	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	63,354	905,824	381,252	92,971	-
Debt service										
Principal	-	-	10,427	34,964	112,426	-	30,712	54,739	53,219	56,260
Interest and other charges	-	-	1,349	4,730	10,117	-	70,799	81,918	35,913	35,501
Total expenditures	<u>1,453,356</u>	<u>1,554,456</u>	<u>1,826,593</u>	<u>2,372,156</u>	<u>2,236,329</u>	<u>2,338,870</u>	<u>3,217,471</u>	<u>2,708,872</u>	<u>2,500,826</u>	<u>2,571,887</u>

(continued)

CITY OF COLUMBUS, TEXAS

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (16,594)</u>	<u>\$ (96,785)</u>	<u>\$ (167,002)</u>	<u>\$ (579,552)</u>	<u>\$ (471,907)</u>	<u>\$ (555,675)</u>	<u>\$ (1,160,813)</u>	<u>\$ (712,357)</u>	<u>\$ (377,637)</u>	<u>\$ (384,612)</u>
OTHER FINANCING SOURCES (USES)										
Transfers in	266,922	224,809	203,896	489,650	294,388	274,753	483,522	707,772	503,517	578,166
Transfers out	(38,000)	(23,000)	(12,650)	(354,183)	(144,824)	(117,466)	(126,646)	(93,376)	(69,224)	(52,407)
Issuance of long-term debt	-	-	-	-	-	1,200,000	-	1,204,260	-	-
Payment to escrow agent	-	-	-	-	-	-	-	(1,169,288)	-	-
Premium on bonds	-	-	-	-	-	-	-	3,250	-	-
Capital leases	-	-	75,625	82,191	-	-	-	-	-	-
Sale of capital assets	-	-	46,012	13	15,589	8,945	2,610	810	2,530	-
Total other financing sources (uses)	<u>228,922</u>	<u>201,809</u>	<u>312,883</u>	<u>217,671</u>	<u>165,153</u>	<u>1,366,232</u>	<u>359,486</u>	<u>653,428</u>	<u>436,823</u>	<u>525,759</u>
SPECIAL ITEMS										
Sale of capital assets	<u>39,500</u>	<u>-</u>	<u>-</u>	<u>79,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total special items	<u>39,500</u>	<u>-</u>	<u>-</u>	<u>79,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ 251,828</u>	<u>\$ 105,024</u>	<u>\$ 145,881</u>	<u>\$ (282,881)</u>	<u>\$ (306,754)</u>	<u>\$ 810,557</u>	<u>\$ (801,327)</u>	<u>\$ (58,929)</u>	<u>\$ 59,186</u>	<u>\$ 141,147</u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	<u>- %</u>	<u>- %</u>	<u>0.76%</u>	<u>2.09%</u>	<u>5.82%</u>	<u>- %</u>	<u>4.36%</u>	<u>5.87%</u>	<u>3.71%</u>	<u>3.72%</u>

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TABLE 5

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

Customer	2012			2004		
	Gas Sales	Rank	Percentage of Total Gas Sales	Gas Sales	Rank	Percentage of Total Gas Sales
Columbus Community Hospital	\$ 35,226	1	5.83%	\$ 5,844	7	0.87%
River Oaks Convalescent Center	20,107	2	3.33%	18,206	2	2.72%
Los Cabos Mexican Grill	17,384	3	2.88%	-		- %
Texas Great Southern Wood, LLC	17,065	4	2.83%	-		- %
Country Fresh Cleaners	13,992	5	2.32%	10,895	3	1.63%
Columbus Independent School District	11,699	6	1.94%	24,664	1	3.69%
Schobels Restaurant	11,202	7	1.85%	8,290	4	1.24%
Tru Care Living Centers	11,040	8	1.83%	-		- %
Columbus Inn	9,381	9	1.55%	5,228	8	0.78%
Gary Kulhanek (Washateria)	8,807	10	1.46%	7,867	5	1.18%
Columbus Care Center	-		- %	7,069	6	1.06%
Colorado County Detention Center	-		- %	4,963	9	0.74%
H E Butt Co #256	-		- %	4,193	10	0.63%
Total	<u>\$ 155,903</u>		<u>25.82%</u>	<u>\$ 97,219</u>		<u>14.54%</u>

Note: Data for top 10 gas purchasers is not available for 2003 due to utility billing software changes.

CITY OF COLUMBUS, TEXAS

TAXABLE SALES BY CATEGORY

LAST TEN FISCAL YEARS

	Fiscal Year			
	2003	2004	2005	2006
Agricultural	\$ 4,242	\$ 4,309	\$ 9,828	\$ 10,666
Mining/quarrying/oil extraction	-	-	-	-
Construction	1,823,716	1,914,369	2,956,791	1,646,997
Manufacturing	1,758,528	1,254,508	1,713,351	1,947,293
Wholesale	27,707	5,055	32,578	707,913
Retail	31,360,300	33,279,328	35,529,503	37,641,393
Information	-	23,000	19,117	24,540
Real estate, rental, leasing	468,936	463,987	235,926	60,392
Professional, scientific, technical services	344,918	415,859	535,534	838,902
Health care, social assistance	-	-	-	-
Administrative, support, waste management, remediation services	532,591	529,801	763,428	1,395,782
Arts, entertainment, recreation	174,095	87,306	156,268	327,348
Accommodation, food services	10,768,432	10,928,691	12,218,846	12,583,383
Other services	2,286,424	2,363,511	2,072,611	1,856,074
Total taxable sales	\$ <u>49,549,889</u>	\$ <u>51,269,724</u>	\$ <u>56,243,781</u>	\$ <u>59,040,683</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.

2003 is the earliest year data is available.

TABLE 6

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 11,996	\$ 11,194	\$ 31,459	\$ 19,058	\$ 17,117	\$ 28,455
41,146	12,894	-	-	-	-
1,742,347	1,461,977	4,110,732	1,242,215	1,598,262	2,113,804
2,896,616	1,888,360	1,158,673	958,389	1,330,107	1,324,114
2,074,619	2,244,137	1,774,390	1,510,938	1,994,558	1,938,044
37,887,867	38,234,724	38,024,476	36,624,035	38,192,034	40,794,231
38,436	138,654	121,475	-	171,952	226,919
137,734	114,849	57,252	8,051	23,553	32,747
796,969	665,880	445,954	413,105	506,097	508,547
-	-	31,956	138,031	129,348	153,582
1,694,613	1,891,695	2,222,536	2,361,517	2,630,274	1,571,722
324,552	307,289	146,168	324,608	283,926	291,182
12,901,396	13,741,559	14,450,645	13,963,676	15,158,966	15,868,440
1,902,834	1,865,236	1,886,321	1,850,214	1,919,548	2,133,661
<u>\$ 62,451,125</u>	<u>\$ 62,578,448</u>	<u>\$ 64,462,037</u>	<u>\$ 59,413,837</u>	<u>\$ 63,955,742</u>	<u>\$ 66,985,448</u>
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

CITY OF COLUMBUS, TEXAS

TAX REVENUE BY SOURCE, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

Fiscal Year	Property Tax	Sales Tax	Gross Receipts Tax	Hotel Occupancy Tax	Mixed Beverage Tax	Totals
2003	\$ 288,594	\$ 545,516	\$ 228,002	\$ 101,951	\$ 1,509	\$ 1,165,572
2004	307,843	596,037	257,318	116,263	1,448	1,278,909
2005	323,454	634,052	260,183	123,031	1,854	1,342,574
2006	424,250	653,999	259,168	128,374	4,948	1,470,739
2007	441,603	698,441	257,381	125,276	5,460	1,528,161
2008	467,410	698,525	261,436	131,930	5,483	1,564,784
2009	613,903	737,437	253,782	154,074	7,895	1,767,091
2010	618,780	674,917	261,061	160,242	7,934	1,722,934
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
Change 2003-2012	132.8%	40.7%	11.9%	158.1%	353.5%	68.5%

TABLE 8

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
2003	\$ 127,547,707	\$ 19,492,810	\$ 5,171,845	\$ 141,868,672	\$ 0.19881	\$ 141,868,672	100.00%
2004	140,936,806	19,994,470	4,927,107	156,004,169	0.19581	156,004,169	100.00%
2005	151,683,597	20,303,750	4,671,763	167,315,584	0.19017	167,315,584	100.00%
2006	162,895,625	21,228,450	5,108,213	179,015,862	0.23312	179,015,862	100.00%
2007	171,581,944	22,062,400	5,212,305	188,432,039	0.23312	188,432,039	100.00%
2008	185,060,381	21,636,780	5,695,690	201,001,471	0.23312	201,001,471	100.00%
2009	202,170,771	24,295,540	6,085,022	220,381,289	0.27312	220,381,289	100.00%
2010	206,241,587	25,375,000	8,641,377	222,975,210	0.27312	231,616,587	96.27%
2011	218,954,455	27,303,920	8,551,472	237,706,903	0.27312	246,258,375	96.53%
2012	219,876,334	29,992,938	8,911,084	240,958,188	0.27312	249,869,272	96.43%

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	
2003	\$ 0.19881	\$ -	\$ 0.19881	\$ 1.42100	\$ 0.39750	\$ -	\$ 2.01731
2004	0.19581	-	0.19581	1.42000	0.43000	-	2.04581
2005	0.19017	-	0.19017	1.58000	0.42800	-	2.19817
2006	0.19312	0.04000	0.23312	1.61500	0.42758	-	2.27570
2007	0.19312	0.04000	0.23312	1.49750	0.41890	-	2.14952
2008	0.19312	0.04000	0.23312	1.19000	0.43000	-	1.85312
2009	0.19202	0.08110	0.27312	1.19000	0.44900	0.02000	1.93212
2010	0.21024	0.06288	0.27312	1.19000	0.46429	0.02000	1.94741
2011	0.22364	0.04948	0.27312	1.19000	0.48206	0.01850	1.96368
2012	0.23576	0.03736	0.27312	1.19000	0.48206	0.01650	1.96168

TABLE 10

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

Customer	2012			2003		
	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation
LCRA Transmission Srvs Corp	\$ 4,614,660	1	1.92%	\$ -		- %
Great Southern Wood	4,609,490	2	1.91%	1,148,610	10	0.81%
Frisco Health Investments LP (TLC)	4,534,870	3	1.88%	-		- %
Brookfield Lodgings Inc	3,693,590	4	1.53%	-		- %
Wal-Mart Stores, Inc.	2,661,320	5	1.10%	2,201,640	1	1.55%
Columbus Associates (Wal-Mart)	2,259,010	6	0.94%	1,449,100	7	1.02%
Mega Texas Realty Inc. (Comfort Inn)	2,084,200	7	0.86%	-		- %
Goodmark Lodging, LLC (Holiday Inn)	1,987,890	8	0.82%	-		- %
Magnolia Living Center	1,954,530	9	0.81%	-		- %
H. E. Butt Grocery Company	1,948,700	10	0.81%	1,563,740	6	1.10%
Southwestern Bell Telephone	-		- %	2,103,670	2	1.48%
Columbus Fortune Eight	-		- %	1,958,900	3	1.38%
AEP Central Power & Light	-		- %	1,726,020	4	1.22%
River Oaks Convalescent	-		- %	1,645,610	5	1.16%
Drymalla Construction Co.	-		- %	1,201,270	8	0.85%
First State Bank-Columbus	-		- %	1,188,020	9	0.84%
Total	\$ <u>30,348,260</u>		<u>12.59%</u>	\$ <u>16,186,580</u>		<u>11.41%</u>

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

Fiscal Year Ended	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	\$ 282,049	\$ 277,313	98.3%	\$ 4,250	\$ 281,563	99.8%
2004	305,472	297,977	97.5%	6,992	304,969	99.8%
2005	317,479	312,172	98.3%	4,727	316,899	99.8%
2006	417,321	411,167	98.5%	5,392	416,559	99.8%
2007	439,273	430,994	98.1%	6,352	437,346	99.6%
2008	468,574	458,536	97.9%	7,798	466,334	99.5%
2009	611,136	597,118	99.2%	9,716	606,834	99.3%
2010	612,157	596,438	97.4%	10,897	607,335	99.2%
2011	649,225	622,274	95.8%	16,957	639,279	98.5%
2012	658,105	637,159	96.8%	-	637,159	96.8%

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
2008 certificates of obligation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,200,000	\$ 1,169,288	\$ -	\$ -	\$ -
2010 general obligation refunding bonds	-	-	-	-	-	-	-	1,149,521	1,096,302	1,040,043
Capital leases	-	-	65,199	11,426	-	-	-	-	-	-
Total governmental activities	<u>-</u>	<u>-</u>	<u>65,199</u>	<u>11,426</u>	<u>-</u>	<u>1,200,000</u>	<u>1,169,288</u>	<u>1,149,521</u>	<u>1,096,302</u>	<u>1,040,043</u>
Business-type activities										
Note payable	\$ 61,611	\$ 30,686	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2005 certificates of obligation	-	-	4,750,000	4,620,000	4,445,000	4,265,000	4,080,000	3,890,000	3,690,000	3,485,000
2008 certificates of obligation	-	-	-	-	-	2,800,000	2,675,715	-	-	-
2010 general obligation refunding bonds	-	-	-	-	-	-	-	2,630,479	2,508,697	2,379,957
Capital leases	-	-	-	30,644	-	-	-	-	-	-
Total business-type activities	<u>61,611</u>	<u>30,686</u>	<u>4,750,000</u>	<u>4,650,644</u>	<u>4,445,000</u>	<u>7,065,000</u>	<u>6,755,715</u>	<u>6,520,479</u>	<u>6,198,697</u>	<u>5,864,957</u>
Total primary government	<u>\$ 61,611</u>	<u>\$ 30,686</u>	<u>\$ 4,815,199</u>	<u>\$ 4,662,070</u>	<u>\$ 4,445,000</u>	<u>\$ 8,265,000</u>	<u>\$ 7,925,003</u>	<u>\$ 7,670,000</u>	<u>\$ 7,294,999</u>	<u>\$ 6,905,000</u>
(1) Percentage of personal income	0.1%	-	7.9%	7.6%	7.3%	13.4%	12.9%	12.5%	10.1%	8.6%
(1) Per capita	\$ 16	\$ 8	\$ 1,246	\$ 1,207	\$ 1,150	\$ 2,125	\$ 2,037	\$ 2,112	\$ 1,996	\$ 1,889

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

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

CITY OF COLUMBUS, TEXAS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST FIVE FISCAL YEARS

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

Notes:

In fiscal years 2002 - 2007 the City did not have general bonded debt outstanding

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

See Table 8 for property value data.

See Table 16 for population data.

CITY OF COLUMBUS, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF SEPTEMBER 30, 2012

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ⁽¹⁾	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Columbus Independent School District	\$ 14,435,499	30.190%	\$ 4,358,077
Colorado County	7,824,924	12.480%	<u>976,551</u>
Subtotal overlapping debt			5,334,628
City of Columbus direct debt			<u>1,040,043</u>
Total direct and overlapping debt			<u>\$ 6,374,671</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

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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Tax roll year	2002	2003	2004	2005
Net assessed value	\$ 141,868,672	\$ 156,004,169	\$ 167,315,584	\$ 179,015,962
Plus exempt property	<u>5,171,845</u>	<u>4,927,107</u>	<u>4,671,763</u>	<u>5,108,213</u>
Total assessed value	<u>\$ 147,040,517</u>	<u>\$ 160,931,276</u>	<u>\$ 171,987,347</u>	<u>\$ 184,124,175</u>
Debt limit (1)	<u>\$ 14,704,052</u>	<u>\$ 16,093,128</u>	<u>\$ 17,198,735</u>	<u>\$ 18,412,418</u>

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

TABLE 15

Fiscal Year					
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
2006	2007	2008	2009	2010	2011
\$ 188,432,039	\$ 201,001,471	\$ 220,381,289	\$ 222,975,210	\$ 237,706,903	\$ 240,958,188
<u>5,212,305</u>	<u>5,695,690</u>	<u>6,085,022</u>	<u>6,149,715</u>	<u>6,331,457</u>	<u>6,616,621</u>
\$ <u>193,644,344</u>	\$ <u>206,697,161</u>	\$ <u>226,466,311</u>	\$ <u>229,124,925</u>	\$ <u>244,038,360</u>	\$ <u>247,574,809</u>
\$ <u>19,364,434</u>	\$ <u>20,669,716</u>	\$ <u>22,646,631</u>	\$ <u>22,912,493</u>	\$ <u>24,403,836</u>	\$ <u>24,757,481</u>

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

Fiscal Year	Population ⁽¹⁾	Personal Income ⁽¹⁾	Per Capita Personal Income ⁽¹⁾	Median Age ⁽¹⁾	Percent of Population With Bachelor's Degree or Higher (1)	School Enrollment ⁽²⁾	Unemployment Rate ⁽³⁾
2003	3,916	\$ 61,958,952	\$ 15,822	40	16.7%	1,639	5.4%
2004	3,916	61,958,952	15,822	40	16.7%	1,701	4.8%
2005	3,916	61,958,952	15,822	40	16.7%	1,728	4.5%
2006	3,916	61,958,952	15,822	40	16.7%	1,685	4.1%
2007	3,916	61,958,952	15,822	40	16.7%	1,660	3.6%
2008	3,916	61,958,952	15,822	40	16.7%	1,627	4.0%
2009	3,916	61,958,952	15,822	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%

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	2012			2003		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Columbus Independent School District	249	1	2.19%	220	2	2.20%
Columbus Community Hospital	213	2	1.87%	233	1	2.33%
Colorado County (Government)	133	3	1.17%	122	5	1.22%
River Oaks Convalescent Home	115	4	1.01%	126	4	1.26%
Wal Mart	111	5	0.98%	102	6	1.02%
Drymalla Construction	101	6	0.89%	150	3	1.50%
Schobels Restaurant	95	7	0.83%	75	7	0.75%
Tru Care	75	8	0.66%	-		- %
HEB Grocery Company LP	65	9	0.57%	60	8	0.60%
Texas Great Southern Wood	50	10	0.44%	35	9	0.35%
Brookshire Bros. (Grocery)	-		- %	35	10	0.35%
Total	<u>1,207</u>		<u>10.61%</u>	<u>\$ 1,158</u>		<u>11.58%</u>

Brookshire Brothers (grocery)

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

Data Sources:

Texas Workforce Commission
Local Employers

CITY OF COLUMBUS, TEXAS
FULLTIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM
LAST NINE FISCAL YEARS

Function	Fulltime Equivalent Employees as of September 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Administrative and general	0.73	1.25	2.97	3.00	3.00	3.00	2.77	2.87	3.00
Police department	10.91	11.97	12.02	12.15	12.24	12.14	11.92	11.96	11.74
Streets and drainage	3.04	4.05	4.88	4.91	4.93	4.87	5.10	4.88	5.02
Parks and recreation									
Parks	3.84	3.82	3.97	4.39	3.69	3.57	3.58	3.58	3.35
Swimming pool	0.88	0.91	0.94	0.87	0.94	1.00	0.90	1.12	1.08
Library	3.64	3.59	3.80	3.76	3.81	3.73	3.89	3.81	4.02
Public health	0.56	0.55	1.03	0.54	0.54	0.53	0.54	0.74	1.01
Tourism and economic development	-	-	-	-	-	0.51	0.41	-	-
Water	4.71	3.97	2.97	4.09	3.13	2.93	3.46	2.76	3.29
Sewer	1.90	2.92	1.29	2.61	2.65	3.02	3.12	2.72	2.69
Garbage	5.62	4.11	0.30	0.49	0.49	0.50	0.48	0.49	0.58
Gas	6.42	6.95	4.98	3.77	4.54	4.68	4.64	4.52	4.39
Total	<u>42.25</u>	<u>44.09</u>	<u>39.15</u>	<u>40.58</u>	<u>39.96</u>	<u>40.48</u>	<u>40.81</u>	<u>39.45</u>	<u>40.17</u>

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.
Data for years prior to 2004 is not available.

TABLE 19

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

Function/Program	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government									
Building permits issued	47	27	33	32	42	34	40	32	29
Building inspections conducted	61	67	49	56	34	36	39	40	35
Gas inspections	27	15	17	26	22	15	4	30	55
Electrical inspections	88	60	57	60	65	82	57	84	77
Plumbing inspections	23	63	39	26	25	36	56	73	78
Mechanical inspections	20	48	31	45	15	22	76	70	59
Police									
Case reports opened	141	149	159	168	203	460	500	406	477
Calls of service	1,986	2,578	2,179	2,551	2,422	1,934	2,124	2,332	2,117
Citations issued	1,146	1,519	1,917	1,519	1,239	1,522	2,109	1,850	1,885
Fire									
Fire/other calls									
Structure fires	23	29	29	26	25	27	11	15	16
Grass/brush fires	37	51	50	29	68	48	26	98	41
Car fires	27	23	18	16	9	13	11	17	19
Rescues	30	30	49	29	29	31	15	18	31
Hazardous	16	8	12	10	6	16	7	12	14
False alarms	7	7	5	8	6	3	28	16	7
Others	4	5	4	8	4	3	10	23	11
Total man hours	2,137	2,322	2,667	2,614	4,561	4,750	4,279	7,722	4,201
Total training hours	1,842	1,726	1,636	1,935	1,500	1,500	1,500	1,346	1,666
Total maintenance hours	810	910	1,050	1,152	1,500	1,500	1,500	321	720
Municipal court									
Cases filed									
Traffic - non-parking	490	381	440	273	394	612	570	443	705
Traffic - parking	6	11	45	13	25	22	47	78	114
Non-traffic - state law	47	125	239	156	206	152	157	75	158
Non-traffic - city ordinance	11	13	28	24	38	23	13	18	11
Cases disposed									
Traffic - non-parking	199	144	327	269	436	537	492	635	686
Traffic - parking	4	3	40	16	18	22	30	100	97
Non-traffic - state law	12	44	159	120	156	132	84	140	191
Non-traffic - city ordinance	4	4	24	11	34	24	12	6	16
Solid waste									
Customers	1,872	1,860	1,833	1,829	1,826	1,585	1,598	1,594	1,595
Recyclables (tons per day)	.4	.59	.42	.47	.34	.31	.30	.51	0.41
Water									
Customers	1,653	1,649	1,633	1,619	1,641	1,638	1,651	1,650	1,656
New water taps	7	10	7	15	12	3	4	8	6
Average daily consumption (thousands of gallons)	567	587	684	550	716	761	678	867	672
Sewer									
Customers	1,598	1,590	1,577	1,566	1,576	1,574	1,587	1,584	1,583
New sewer taps	6	6	6	7	13	3	4	4	6
Average daily discharge (thousands of gallons)	355	365	383	333	376	350	314	437	313
Gas									
Customers	1,287	1,266	1,241	1,230	1,239	1,232	1,241	1,241	1,218
New gas meters	6	5	-	5	3	6	4	3	5
Average daily consumption (mcf)	191.34	184.10	183.23	205.45	186.37	188.95	229.70	194.59	172.95

TABLE 20

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

Function/Program	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government									
Municipal buildings	1	1	1	1	1	1	1	1	1
Community buildings	2	2	2	2	2	2	2	2	2
Public safety									
Police									
Stations	1	1	1	1	1	1	1	1	1
Patrol units	7	9	9	9	9	9	9	9	9
Fire									
Stations	1	1	1	1	1	1	1	1	1
Fire trucks	8	8	9	9	9	10	10	11	11
Highways and streets									
Streets (miles)	29	29	29	29	29	29	29	29	29
Culture and recreation									
Acreage	106.1	106.1	106.1	106.1	106.1	106.1	106.1	106.1	106.1
Community buildings	1	1	1	1	1	1	1	1	1
Playgrounds	3	3	3	3	3	3	3	3	3
Baseball/softball diamonds	6	6	6	6	6	6	6	6	6
Golf courses	1	1	1	1	1	1	1	1	1
Libraries	1	1	1	1	1	1	1	1	1
Swimming pool	1	1	1	1	1	1	1	1	1
Soccer fields	5	5	5	5	5	5	5	5	5
Water									
Wells (active)	4	4	4	3	4	4	4	3	3
Water mains (miles)	37.62	37.62	37.62	41.62	41.62	41.62	41.62	41.70	41.70
Fire hydrants	158	158	158	193	193	205	205	207	207
Storage capacity	1,548,000	1,548,000	1,548,000	1,548,000	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
Lift stations	6	6	6	6	6	6	6	6	6

Source: Various City departments

Note: Data for years prior to 2004 is not available.

COMPLIANCE SECTION

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

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

We have audited the financial statements of the governmental activities, the business-type activities, 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, 2012, which collectively comprise the City’s basic financial statements and have issued our report thereon dated March 22, 2013. 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.

Internal Control Over Financial Reporting

Management of City of Columbus, Texas is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City’s internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of management, City Council, others within the City, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

March 22, 2013