

CITY OF COLUMBUS, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the fiscal year ended September 30, 2008

Prepared by:

Director of Finance

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CITY OF COLUMBUS, TEXAS
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2008

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INTRODUCTORY SECTION

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City of Columbus

P.O. Box 87 • Columbus, Texas 78934-0087 • 979-732-2366 • Fax 979-732-8213

July 28, 2009

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, 2008.

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 it 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.

Wm. Pierce Arthur, Certified Public Accountant, has issued an unqualified (“clean”) opinion on the City of Columbus’ financial statements for the year ended September 30, 2008. The independent auditor’s report is located at the front of the financial section of this report.

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

Profile of the Government

The City of Columbus was established in 1835, first incorporated on June 5, 1837. Current incorporation occurred on January 10, 1927. It is located in Colorado County on Interstate Highway 10 and State Highway 71, in central Texas, approximately 73 miles west of Houston and approximately 120 miles east of San Antonio. The City currently has a land area of 2 square miles and a population of 3,916. 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 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, 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 numbered 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 the 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 recreational activities, including parks and a swimming pool. In addition to general 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 Convention and Visitor's Bureau and the Columbus Community Industrial Development Corporation legally separate entities, which are reported separately within the City of Columbus' financial statements. The contract with the Columbus Convention and Visitor's Bureau was not renewed when it expired on September 30, 2008. In subsequent years the City of Columbus will directly administer use of its Hotel Occupancy Tax revenues.

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 the 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 unprecedented economic growth over the past five years. For fiscal years 2004-2007 sales tax revenues were reported at \$596,037, \$635,052, \$653,999 and \$698,441 respectively. These years showed growth of 9% , 6% ,3% and 7% over the prior years. In fiscal year 2008, sales tax remained stable at \$698,525.

The City's economy is experiencing broad sector growth. No single large new business arrived to drive up the City's sales tax result. Steady, sound growth is being experienced throughout the business sector.

Despite the recent downturn in the national economy, the future of the City's economy appears bright. As the City of Columbus is located almost midway between Houston, Austin and San Antonio, the City is buoyed by the growth of these large metropolitan areas. The City annexed 9.5 acres of land in 2008 which will be the location of two new hotels and a new restaurant. The restaurant was completed in 2008 and is locally owned and operated. The two hotel chains have purchased property and begun construction with the intent of completing their new establishments by the end of 2009. Also, within the current City limits, a 100-bed nursing home facility has been completed. 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 have allowed the City to drill a new water well, install new water and sewer lines throughout the City, and enhance the air piping system at the sewer plant. In 2008 the city completed improvements to the water plant chlorination system and installed two generators. This work allowed the City to achieve its goal of converting from two pressure heads in the water distribution system, each with two water wells to one pressure head with four wells. This allows the City to take a well offline for maintenance without affecting the water supply to the citizens. This project is expected to be completed in 2009.

During fiscal year 2008, the City obtained certificates of obligation for \$4 million. \$1.2 million of these funds will be used for a major renovation of City Hall facilities and the Fire Station. These renovations include making City Hall ADA compliant, removing asbestos, and adding a ground floor Council Chambers. At the Fire Station, the funds are to be used to remove asbestos and replace windows. The remainder of the proceeds will be utilized to continue improvements to the Water System replacing two inch water lines and fire hydrants throughout town and to make improvements to the Gas delivery system.

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. The current depository contract with The First State Bank expires September 30, 2008.

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 \$100,000 which is insured by the Federal Deposit Insurance Corporation. Evidence of the pledged collateral is maintained by a third party financial institution.

During 2008, the City Council renewed the existing Investment Policy as required by state law and no changes were made to the policy.

Major initiatives

Technology improvements will continue to be a big area of change for the City. The City implemented technology enhancements with a new utility billing software system in 2007. A new building projects software system was added in 2008.

The Water and Sewer Improvement and Water and Gas Improvement Projects, as mentioned earlier, are continuing. It is anticipated that these projects will insure the lives of the water, sewer and gas systems which will in turn benefit all the citizens of Columbus. The City anticipates the Water/Sewer project will be completed in 2009 and the Water/Gas project will be completed in 2010. The improvements to City Hall and the Fire Station should be completed in 2009.

Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Columbus for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2007. This was the second year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied 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 CAFR 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.

Respectfully submitted,



David Meisell
City Manager



Patti Glasser
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, 2007

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



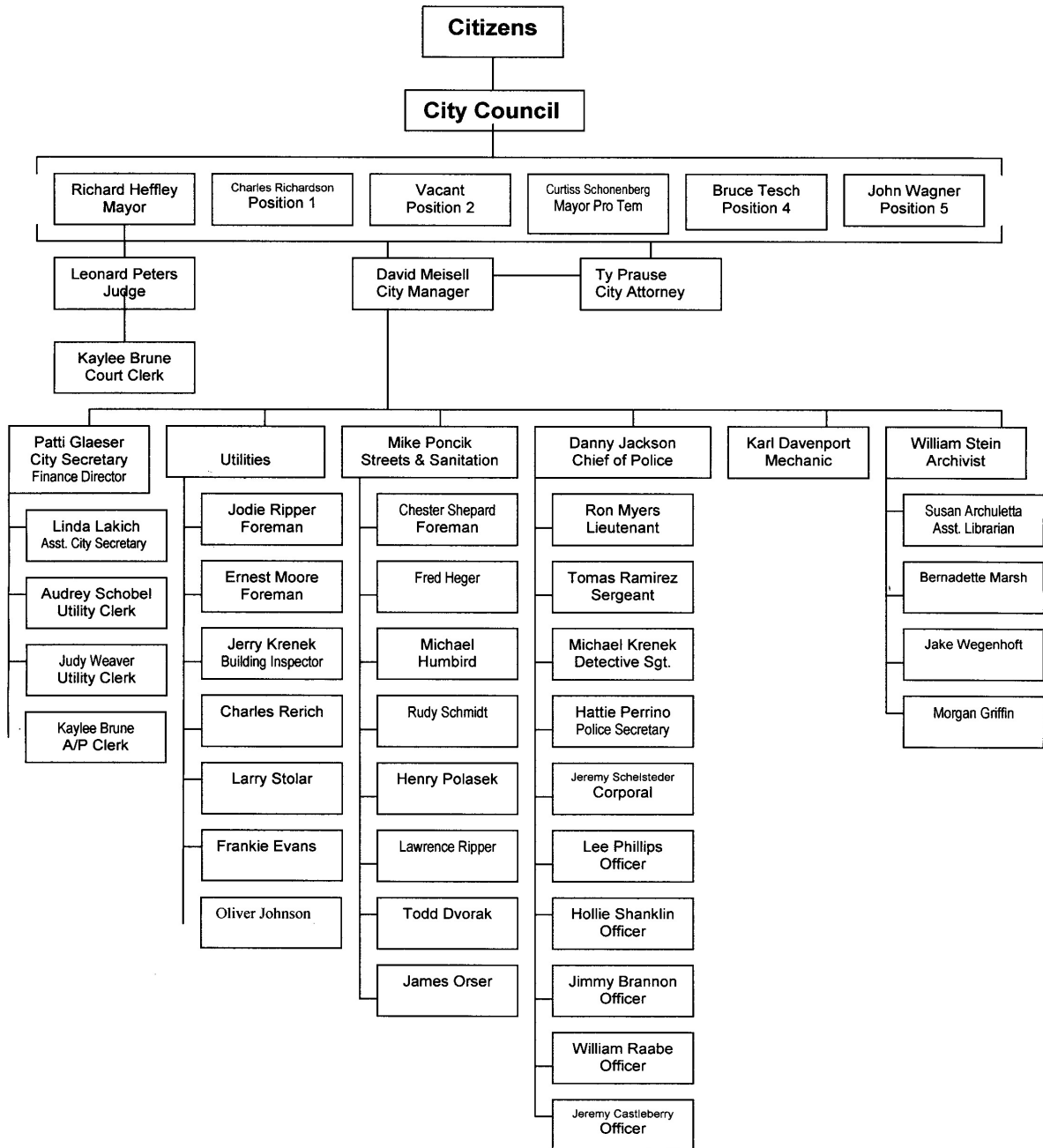
A handwritten signature in black ink, appearing to read "M. L. Rut".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

City of Columbus, Texas Organizational Chart



**City of Columbus, Texas
List of Principal Officials
September 30, 2008**

<u>Title</u>	<u>Name</u>
Mayor	Richard Heffley
Councilman (Mayor Pro-Tem)	Curtiss Schonenberg
Councilman	Vacant
Councilman	Charles T. Richardson
Councilman	John Wagner
Councilman	Bruce Tesch
City Manager	David Meisell
City Secretary/Finance Director	Patti Glaeser
Police Chief	Danny Jackson
Fire Chief	Robert C. Walla
Utility Supervisor	Vacant
Street and Sanitation Supervisor	Michael Poncik
Fire Marshal/Building Inspector	Jerry Krenek
Municipal Judge	Leonard Peters

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Columbus, Texas, as of and for the year ended September 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Columbus's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinions.

In my 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 units, each major fund, and the aggregate remaining fund information of the City of Columbus, Texas, as of September 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and required supplementary information on pages 15 through 24 and 51 through 56, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on them.

A handwritten signature in cursive script, reading "Wm. Pierce Arthur".

Columbus, Texas
July 12, 2009

City of Columbus, Texas

Management's Discussion and Analysis

As management of the City of Columbus, we offer readers of the City of Columbus's financial statements this narrative overview and analysis of the financial activities of the City of Columbus for the fiscal year ended September 30, 2008. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City of Columbus's financial statements, which follow this section.

Financial Highlights

The assets of the City of Columbus for its governmental and business-type activities exceeded its liabilities at the close of the fiscal year by \$8,112,426. Of this amount, \$5,109,259 are capital assets, net of related debt, \$2,605 was reserved for debt service, and \$2,999,799 is for unrestricted uses in accordance with finance related legal requirements reflected in the City's fund structure.

The City's total net assets decreased by \$56,481, mostly due to static sales tax revenue, lower investment interest income due to lower rates, and modest increases in operating costs.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2,122,995, an increase of \$810,556 in comparison with the prior year. Approximately 45 percent of this total amount, or \$963,064, is available for spending at the City's discretion (unreserved fund balance).

At the end of the current fiscal year, unreserved fund balance for the General Fund was \$740,197 or 34 percent of total general fund expenditures for the fiscal year.

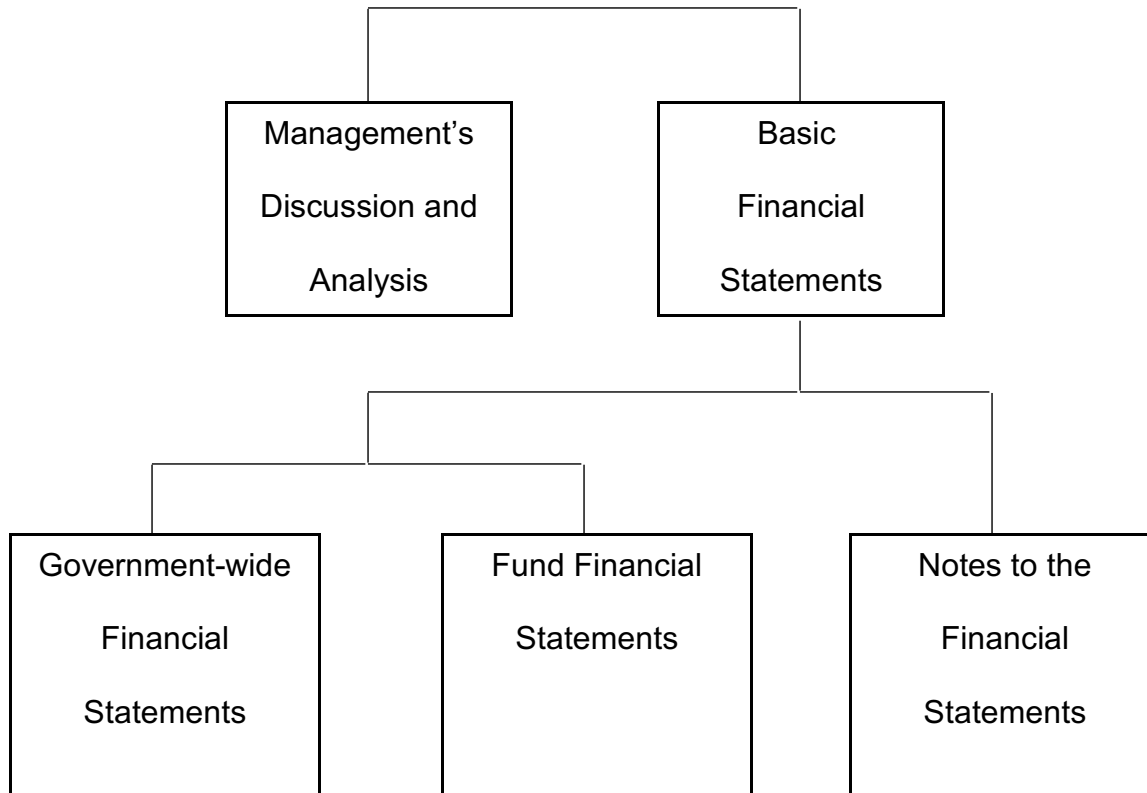
The City's total debt increased by \$ 3,816,643 (85%) during the current fiscal year. In 2008 the City issued \$4 million in Certificates of Obligation to fund City Hall and Fire Station and major water and gas improvements. The City also made its third payment on its outstanding certificates of obligation which were issued in 2005 to fund major water and sewer improvements.

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



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 also can be found in this part of the statements.

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) component units. The governmental activities encompass most of the City's basic services such as public safety, public health, parks and recreation, and general administration and include the General and Capital Projects major funds. The governmental activities also include non-major funds such as the Equipment Special Revenue Fund, the Fire Equipment Special Revenue Fund, the Hotel Occupancy Special Revenue Fund and the Debt Service Fund. 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 of Columbus. The final category is the component units. The City of Columbus has two component units. Although legally separate from the City, the Columbus Community Industrial Development Corporation and the Columbus Convention and Visitors Bureau are important to the City because each component unit is fiscally dependent upon the City and the City exercises control over the Boards by appointing their 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 of Columbus, like all other governmental entities in Texas, 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 of Columbus 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 of Columbus maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Capital Projects Fund, which are considered to be major funds. Data from the other four 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 of Columbus has one kind of proprietary fund. Its Enterprise Fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Columbus uses its enterprise fund (the Utility Fund) to account for its water, sewer, garbage and gas operations. This fund is the same as those functions 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 \$ 2,023,416. The total increase in net assets was \$275,144. 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 of Columbus'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 51-56 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 57-64 of this report.

The City of Columbus Net Assets

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	Restated 2007	2008	Restated 2007
Current and other assets	\$ 2,310,934	\$ 1,465,448	\$ 5,864,355	\$ 3,744,131	\$ 8,175,289	\$ 5,209,579
Capital assets	1,433,946	1,375,223	7,275,186	6,496,503	8,709,132	7,871,726
Total assets	3,744,880	2,840,671	13,139,541	10,240,634	16,884,421	13,081,305
Current and other liabilities	194,537	158,704	256,484	249,363	451,021	408,067
Long-term liabilities	1,200,000	0	7,120,974	4,504,332	8,320,974	4,504,332
Total liabilities	1,394,537	158,704	7,377,458	4,753,695	8,771,995	4,912,399
Net assets:						
Invested in capital assets, net of related debt	1,370,592	1,375,223	3,738,667	3,716,060	5,109,259	5,091,273
Restricted	3,367	2,130			3,367	2,130
Unrestricted	976,383	1,304,614	2,023,416	1,770,889	2,999,799	3,075,503
	\$ 2,350,343	\$ 2,681,968	\$ 5,762,083	\$ 5,486,939	\$ 8,112,426	\$ 8,168,906

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 \$8,112,426 as of September 30, 2008. The City's net assets decreased by \$56,481 for the fiscal year ended September 30, 2008. Investments in Capital Assets, net of related debt of \$5,109,259 account for the greatest portion (63%) of net assets. A small portion (\$3,367) of the City of Columbus's net assets represents resources that are restricted to debt service and other uses. The remaining balance of \$2,999,799 is unrestricted.

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 97.9%.

Although sales tax revenues did not increase significantly, the local economy remained stable despite national downward trends.

City of Columbus Changes in Net Assets

Figure 3

	Governmental Activities	Governmental Activities	Business Type Activities	Business Type Activities	Total	Total
	2008	2007	2008	Restated 2007	2008	Restated 2007
Revenues:						
Program revenues:						
Charges for services	\$ 142,153	\$ 87,063	\$ 2,735,121	\$ 2,488,244	\$ 2,877,274	\$ 2,575,307
Operating grants and contributions	14,242	61,521			14,242	61,521
Capital grants and contributions	44,250	15,076	135,000	90,000	179,250	105,076
General revenues:						
Property taxes	469,274	444,169			469,274	444,169
Other taxes	1,097,374	1,086,558			1,097,374	1,086,558
Other	43,661	86,996	101,555	220,876	145,216	307,874
	<u>1,810,954</u>	<u>1,781,385</u>	<u>2,971,676</u>	<u>2,799,120</u>	<u>4,782,630</u>	<u>4,580,505</u>
Expenses:						
General government	324,635	369,485			324,635	369,485
Public safety	891,435	792,484			891,435	792,484
Public Health	34,689	33,869			34,689	33,869
Public Works	481,732	401,228			481,732	401,228
Culture and recreation	435,819	456,391			435,819	456,391
Tourism	131,596	125,276			131,596	125,276
Interest on long-term debt	0	10,117			0	10,117
Water			646,858	534,162	646,858	534,162
Sewer			469,715	392,060	469,715	392,060
Garbage			609,423	620,013	609,423	620,013
Gas			813,248	748,644	813,248	748,644
	<u>2,299,866</u>	<u>2,178,850</u>	<u>2,539,244</u>	<u>2,294,879</u>	<u>4,839,110</u>	<u>4,473,729</u>
Increase in netassets before transfers	<u>(488,912)</u>	<u>(397,465)</u>	<u>432,432</u>	<u>504,241</u>	<u>(56,480)</u>	<u>106,776</u>
Transfers	<u>157,287</u>	<u>149,564</u>	<u>(157,287)</u>	<u>(149,564)</u>	<u>0</u>	<u>0</u>
Increase (decrease) in netassets	<u>(331,625)</u>	<u>(247,901)</u>	<u>275,145</u>	<u>354,677</u>	<u>(56,480)</u>	<u>106,776</u>
Netassets, October 1	<u>2,681,968</u>	<u>2,929,869</u>	<u>5,486,939</u>	<u>5,132,262</u>	<u>8,168,908</u>	<u>8,062,132</u>
Netassets, September 30	<u>\$ 2,350,343</u>	<u>\$ 2,681,968</u>	<u>\$ 5,762,083</u>	<u>\$ 5,486,939</u>	<u>\$ 8,112,428</u>	<u>\$ 8,168,908</u>

Governmental activities. Governmental activities decreased the City's net assets by \$331,625.

Key elements of this decrease are as follows:

The City's chargeback transfers from the business-type activities were lower than necessary to maintain net assets. These chargeback transfers allow for proration of general and administrative expenses to the proprietary fund. All administration salaries are currently charged to the General Fund.

Historically the City's wages have been much lower than the average wages in surrounding cities. The City raised overall wages in an attempt to stay competitive and improve employee retention. Also, the Federal Minimum Wage increased for the second year in a row to \$6.55 in July 2008. The City has made a conscious attempt to proportionally increase wages due to this event. Because of these two items, wages in the General Fund increased by \$92,256.

Business-type activities. Business-type activities increased the City of Columbus's net assets by \$275,145.

Key elements of this increase are as follows:

The City's chargeback transfers to the governmental activities were lower than necessary to maintain net assets. As mentioned above, these chargeback transfers allow for proration of general and administrative expenses to the proprietary fund.

In February 2007 the City entered into a Joint Purchase Gas Contract that continues to allow it to purchase gas at a lower cost. The City saved \$55,347 this year due to this venture.

In an effort to keep up with increasing costs, the City increased base water, sewer and gas rates, while rates on usage above the base rates were increased from 14% to 43% based on volume consumption with larger increases on the larger volume users.

The City received a \$135,000 capital grant from the Columbus Community Industrial Development Corporation (CCIDC). This is the third year the City has received funds from the CCIDC. The funds will help the City meet its debt service requirements of its certificates of obligation, which were issued to provide funds for water and sewer improvements.

Financial Analysis of the City's Funds

As noted earlier, the City of Columbus uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City of Columbus'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 of Columbus's financing requirements. Specifically, unreserved 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 of Columbus. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$740,197, while total fund balance reached \$762,934. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 34 percent of total General Fund expenditures, whereas total fund balance represents 36 percent of total General Fund expenditures.

The fund balance of the City's General Fund decreased by \$346,863 during the current fiscal year. Key factors in this decrease are as follows:

- Interfund transfers were lower than necessary to maintain fund balance.
- Two obsolete dump trucks were replaced with a tandem axle flatbed dump truck and a 2008 6x4 dump truck (cost shared with the Utility Fund) for a total cost to the General Fund of \$74,659.

Proprietary Fund. The City of Columbus'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 \$2,023,416. The total growth in net assets was \$275,144. Other factors concerning the finances of the Utility Fund have already been addressed in the discussion of the City of Columbus'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 grants (\$17,600), library donations (\$3,746) and an insurance payment for a police patrol car totaled in an accident (\$7,767).

Budgeted expenditures increased \$188,000 as supplemental appropriations were needed for the following: \$15,000 for an air compressor system to fill breathing apparatus for the Fire Department; \$32,000 for a flatbed dump truck for the Public Works Department, and \$38,000 for a large dump truck (shared with the Utility Departments); \$25,000 for the purchase of a Ford Explorer police vehicle (with \$7,767 offset by insurance proceeds); and \$40,000 for costs to be incurred in the planning stages of the City Hall renovation. After funding was received through certificates of obligation for the City Hall renovations, these planning costs were instead charged to the Capital Projects Fund.

Capital Asset and Debt Administration

Capital assets. The City of Columbus's investment in capital assets for its governmental and business-type activities as of September 30, 2008, totals \$7,453,051 (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	Governmental Activities	Business-type Activities	Business-type Activities	Total	Total
	2008	2007	2008	Restated 2007	2008	Restated 2007
Land	\$ 253,152	\$ 253,152	\$ 24,183	\$ 24,183	\$ 277,335	\$ 277,335
Buildings and Improvements	320,457	362,090	44,462	59,089	364,919	421,179
Distribution and collection systems			6,713,164	5,599,113	6,713,164	5,599,113
Machinery and equipment	796,983	759,981	227,297	165,886	1,024,280	925,867
Construction in progress	63,354		266,078	648,231	329,432	648,231
Total	\$ 1,433,946	\$ 1,375,223	\$ 7,275,184	\$ 6,496,502	\$ 8,709,130	\$ 7,871,725

Major capital asset events during the year included the following:

- Purchase of two new police vehicles for \$24,449 and \$24,871
- A new dump truck was acquired for \$75,850 to be used by the Public Works and Utilities Departments.
- A new dump truck was acquired for \$36,734 to be used by the Public Works Department.
- Water and Sewer Projects were completed:
 - The water plant was rehabilitated for \$648,504 which allowed the City to replace old pumps and booster pumps which had a high rate of failure. The chlorination system was also rehabed for \$152,535.
 - A new water well was drilled for \$452,221.
 - Badly deteriorating sewer lines were replaced for \$59,868.
 - A Water Department generator for \$61,961 and a Sewer Department generator for \$64,983 were placed in service.
- A loader/back hoe was purchased for \$54,314.

Additional information on the City's capital assets can be found in Note I.H. and Note II.C. of the Basic Financial Statements.

Long-term Debt. As of September 30, 2008, the City of Columbus had total long-term certificates of obligation outstanding of \$8,265,000. This debt is backed by the full faith and credit of the City.

City of Columbus Outstanding Debt

Figure 5

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Certificates of obligation	1,200,000		7,065,000	4,445,000	8,265,000	4,445,000
Premium on certificates			55,975	59,332	55,975	59,332
Total	\$ 1,200,000	\$ 0	\$ 7,120,975	\$ 4,504,332	\$ 8,320,975	\$ 4,504,332

The City's total debt increased by \$3,816,643 (84 percent) during the current fiscal year. The key factor in this increase was the issuance on September 23, 2008 of \$4 million of Certificates of Obligation.

Texas statutes do not prescribe a debt limit, however by custom a practical debt limit is 10 percent of its total assessed valuation. The current debt limitation based on this limitation for the City would be \$20,669,716, which is significantly in excess of the City of Columbus's outstanding general obligation debt.

Additional information regarding the City of Columbus's long-term debt can be found in Note II.F.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Colorado County is currently 3.9 percent (Columbus is the largest of the three incorporated cities in the county), which is an increase from a rate of 3.6 percent a year ago. This compares favorably to the state's average unemployment rate of 5.1 percent and the national average rate of 6.2 percent.
- Inflationary trends in the region compare favorably to national indices.
- The State Comptroller reported an increase of less than 1% in taxable sales for the City. Sales tax revenue has increased 35.6% since 1999.
- Property tax values continue to climb in Colorado County and the region in general. Real property values in the City of Columbus increased \$13,478,437 from 2007. Values have increased 83 percent from 1999.

All of these factors were considered in preparing the City's budget for the 2009 fiscal year.

Property tax rates were raised by 4 cents (17 percent) for the 2009 budget. Base water and sewer rates for the 2009 budget year were increased 8%, while rates on usage above the base rate were increased from 14% to 43% based on volume consumption in an effort to keep up with increasing costs.

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 Patti Glaeser, P.O. Box 87, Columbus, Texas 78934, 979-732-2366, www.columbustexas.net.

BASIC FINANCIAL STATEMENTS

City of Columbus, Texas
Statement of Net Assets
September 30, 2008

	Primary Government			Component Units	
	Governmental	Business-type		Columbus	Columbus
	Activities	Activities	Total	Industrial	Convention and
				Development	Visitors
				Corporation	Bureau
ASSETS					
Cash and cash equivalents	\$ 1,786,167	\$ 1,245,823	\$ 3,031,990	\$ 227,859	\$ 80,845
Invested cash				543,388	
Investments	385,731	708,194	1,093,925		
Receivable (net of allowances for estimated uncollectibles)					
Taxes - property	16,026		16,026		
Sales	116,342		116,342	58,169	
Other receivables	1,710	299,037	300,747		5,200
Internal balances	4,958	(4,958)			
Note receivable for land				400,000	
Restricted assets:					
Cash and cash equivalents		3,452,183	3,452,183	50,815	
Invested cash				31,834	
Unamortized debt issue costs		164,076	164,076		
Capital assets not being depreciated					
Land	253,152	24,183	277,335	462,051	
Capital assets (net of accumulated depreciation)					
Buildings	135,278	44,462	179,740		
Improvements other than buildings	185,179	6,713,165	6,898,344		
Machinery and equipment	796,983	227,298	1,024,280		14,536
Construction in progress	63,354	266,078	329,432		
Total assets	3,744,880	13,139,541	16,884,421	1,774,116	100,581
LIABILITIES					
Accounts payable	153,508	134,138	287,645	12,916	921
Accrued payroll	41,029	10,429	51,458		
Accrued interest		21,130	21,130	41,267	
Customer deposits		90,787	90,787		
Noncurrent liabilities					
Due within one year	46,500	293,500	340,000	65,000	
Due in more than one year	1,153,500	6,827,474	7,980,974	1,695,000	
Total liabilities	1,394,537	7,377,458	8,771,995	1,814,183	921
NET ASSETS					
Invested in capital assets net of related debt	1,370,592	3,738,667	5,109,259	(1,339,216)	14,536
Restricted for:					
Debt service	2,605		2,605	340,195	
Construction	362		362	82,650	
Hotel Motel Tax	400		400		
Unrestricted	976,383	2,023,416	2,999,799	876,305	85,124
Total net assets	\$ 2,350,343	\$ 5,762,083	\$ 8,112,426	\$ (40,066)	\$ 99,660

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

City of Columbus, Texas
Statement of Activities
For the Year Ended September 30, 2008

Net (Expense) Revenue and Changes in Net Assets									
					Primary Government		Component Units		
Function s/Program s	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Columbus Industrial Development Corporation	Columbus Convention and Visitors Bureau
Primary government:									
Governmental activities:									
General government	\$ 324,635	\$ 46,790			\$ (277,845)		\$ (277,845)		
Public safety	891,435	62,614	\$ 1,245	\$ 19,800	(807,776)		(807,776)		
Public health	34,689				(34,689)		(34,689)		
Public works	481,732	5,077			(476,656)		(476,656)		
Culture and recreation	435,819	27,673	12,968	\$ 24,450	(370,698)		(370,698)		
Tourism	131,556				(131,556)		(131,556)		
Total governmental activities	2,299,866	142,153	14,242	44,250	(2,099,220)		(2,099,220)		
Business-type activities:									
Water	646,858	659,474		135,000		\$ 147,616	147,616		
Sewer	469,715	497,712				27,997	27,997		
Garbage	609,423	660,369				50,946	50,946		
Gas	813,248	917,565				104,317	104,317		
Total business-type activities	2,539,244	2,735,121	0	135,000		330,877	330,877		
Total primary government	\$ 4,839,110	\$ 2,877,274	\$ 14,242	\$ 179,250	(2,099,220)	330,877	(1,768,343)		
Component units:									
Columbus Community Industrial Development Corporation	\$ 331,521							\$ (331,521)	
Columbus Convention and Visitors Bureau	131,807	\$ 415	\$ 155,191						\$ 23,799
Total component units	\$ 463,328	\$ 415	\$ 155,191					(331,521)	23,799
General revenues:									
Property taxes					469,274		469,274		
Sales taxes					698,525		698,525	349,251	
Hotel/motel tax					131,930		131,930		
Gross receipts taxes					251,436		251,436		
Alcoholic beverage taxes					5,483		5,483		
Interest revenue					34,714	101,555	136,268	21,354	357
Gain on sale of capital assets					8,945		8,945		
Special item - loss on abandonment of hotel/banquet building								(31,943)	
Transfers					157,287	(157,287)	0		
Total general revenues and transfers					1,767,595	(55,732)	1,711,862	338,672	357
Change in net assets					(331,625)	275,144	(56,481)	7,151	24,156
Net assets -beginning (re-stated)					2,681,968	5,486,939	8,168,907	(47,217)	75,503
Net assets - ending					\$ 2,350,343	\$ 5,762,083	\$ 8,112,426	\$ (40,066)	\$ 99,660

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

City of Columbus, Texas
Balance Sheet
Governmental Funds
September 30, 2008

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 382,496	\$ 1,200,000	\$ 203,671	\$ 1,786,167
Investments	366,349		19,382	385,731
Receivable (net of allowances for estimated uncollectibles)	131,659		2,419	134,078
Due from other funds	32,241	362	0	32,604
Total assets	<u>\$ 912,745</u>	<u>\$ 1,200,362</u>	<u>\$ 225,472</u>	<u>\$ 2,338,580</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 122,372	\$ 41,109		\$ 163,480
Accrued payroll	8,432			8,432
Due to other funds	5,401	22,246		27,646
Deferred revenue	13,607		2,419	16,026
Total liabilities	<u>149,811</u>	<u>63,354</u>	<u>2,419</u>	<u>215,584</u>
Fund balances:				
Reserved for:				
Municipal court	22,736			22,736
Debt service			186	186
Construction		1,137,009		1,137,009
Unreserved, reported in:				
General fund	740,197			740,197
Special revenue funds			222,867	222,867
Total fund balances	<u>762,934</u>	<u>1,137,009</u>	<u>223,053</u>	<u>2,122,995</u>
Total liabilities and fund balances	<u>\$ 912,745</u>	<u>\$ 1,200,362</u>	<u>\$ 225,472</u>	
Amounts reported for governmental activities in the statement of net assets are different from the amounts reported in the balance sheet:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				1,433,946
Other long-term assets are not available to pay for current expenditures and, therefore are deferred in the funds				
Deferred property tax revenue				16,026
Long-term liabilities such as certificates of obligation and compensated absences due and payable in the current period and therefore are not reported in the fund				
Compensated absences				(22,625)
Certificates of obligation				(1,200,000)
Net assets of governmental activities				<u>\$ 2,350,343</u>

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

City of Columbus, Texas
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended September 30, 2008

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Ad valorem taxes	388,223		79,187	467,410
Non-property taxes	965,445		131,930	1,097,375
Licenses and permits	37,783			37,783
Fines and forfeitures	52,744			52,744
Miscellaneous revenue	52,306	362	6,516	59,184
Charges for services	24,785			24,785
Intergovernmental revenue	43,914			43,914
Total revenues	1,565,199	362	217,633	1,783,194
EXPENDITURES				
Current:				
Administrative and general	307,755			307,755
Economic development	5,000		131,556	136,556
Police department and municipal court	736,391			736,391
Fire department	127,600			127,600
Streets and drainage	518,859			518,859
Parks, recreation and library	404,403			404,403
Public Health	43,952			43,952
Capital outlay		63,354		63,354
Total expenditures	2,143,959	63,354	131,556	2,338,869
Excess (deficiency) of revenues over (under) expenditures	(578,761)		86,077	(555,675)
OTHER FINANCING SOURCES (USES)				
Transfers in	235,603		39,150	274,753
Transfers out	(12,650)		(104,816)	(117,466)
Proceeds from certificates		1,200,000		1,200,000
Sale of capital assets	8,945			8,945
Total other financing sources (uses)	231,898	1,200,000	(65,666)	1,366,232
Net change in fund balances	(346,863)	1,137,009	20,411	810,556
Fund balances - beginning	1,109,796		202,643	1,312,439
Fund balances - ending	762,933	1,137,009	223,053	2,122,995

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

City of Columbus, Texas
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended September 30, 2008

Amounts reported for governmental activities in the statement of activities (page 27) are different because:

Net change in fund balances – total governmental funds (page 29)	\$	810,556
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlay		250,372
Depreciation		(191,649)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds

Deferred Tax Revenue		1,235
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

Certificates of obligation issued		(1,200,000)
--	--	-------------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds

Compensated Absences		(2,139)
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Change in net assets of governmental activities (page 27)	\$	(331,625)
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City of Columbus, Texas
Statement of Net Assets
Proprietary Fund
September 30, 2008

	Utility Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,245,823
Investments	708,194
Accounts receivable (net of allowance for uncollectibles)	299,037
Due from other funds	
Total current assets	<u>2,253,055</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	3,452,183
Invested cash	
Total noncurrent assets	<u>3,452,183</u>
Deferred charges	164,076
Capital assets, net of accumulated depreciation	
Land	24,183
Distribution and collection systems	10,836,218
Buildings	581,700
Machinery and equipment	647,482
Construction in progress	266,078
Less accumulated depreciation	<u>(5,080,476)</u>
Total capital assets (net of accumulated depreciation)	<u>7,275,185</u>
Total noncurrent assets	<u>10,891,444</u>
Total assets	<u><u>\$ 13,144,499</u></u>
LIABILITIES	
Current liabilities	
Accounts payable	\$ 134,138
Accrued payroll	10,429
Due to other funds	4,958
Customer deposits payable	90,787
Accrued interest payable	21,130
Certificates of obligation - current	293,500
Total current liabilities	<u>554,942</u>
Noncurrent liabilities:	
Certificates of obligation (net of unamortized premium)	6,827,474
Total noncurrent liabilities	<u>6,827,474</u>
Total liabilities	<u>7,382,416</u>
NET ASSETS	
Invested in capital assets net of related debt	3,738,667
Unrestricted	2,023,416
Total net assets	<u><u>\$ 5,762,083</u></u>

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

City of Columbus, Texas
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Fund
For the year Ended September 30, 2008

	<u>Utility Fund</u>
Operating revenues:	
Charges for sales and services:	
Water sales	\$ 659,394
Sewer charges	497,712
Garbage fees	660,369
Gas sales	917,645
Total operating revenues	<u>2,735,121</u>
Operating expenses:	
Personnel	475,405
Maintenance and operations	1,537,496
Depreciation	393,296
Total operating expenses	<u>2,406,197</u>
Operating income (loss)	<u>328,924</u>
Nonoperating revenues (expenses)	
Interest income	101,555
Interest expense	(170,410)
Gain (loss) on sale of capital assets	37,363
Total nonoperating revenues (expenses)	<u>(31,493)</u>
Income before contributions and transfers	<u>297,431</u>
Capital grant	135,000
Transfers in	79,816
Transfers (out)	<u>(237,103)</u>
Change in net assets	<u>275,144</u>
Net assets at beginning of year (restated)	5,486,939
Net assets at end of year	<u><u>\$ 5,762,083</u></u>

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

City of Columbus, Texas
Proprietary Fund
Statement of Cash Flows
For the Year Ended September 30, 2008

	Utility Fund
Cash flows from operating activities:	
Cash received from customers	\$ 2,728,385
Cash paid to suppliers	(1,532,188)
Cash paid to employees	(483,959)
Net cash provided by operations	<u>712,238</u>
Cash flows from noncapital financing activities:	
Transfer from other funds	79,816
Transfer to other funds	(237,103)
Advances from other funds	—
Advances to other funds	(13,491)
Net cash (used) by noncapital financing activities	<u>(170,778)</u>
Cash flows from capital and related financing activities:	
Issuance of certificates of obligation	2,746,000
Capital grants	135,000
Purchase of capital assets	(1,168,075)
Proceeds from sale of capital assets	40,063
Principal paid on capital debt	(180,000)
Interest paid on capital debt	(174,443)
Net cash provided (used) by capital and related financing activities	<u>1,398,545</u>
Cash flows from investing activities:	
Proceeds from maturities of invested cash	1,541,654
Increase in investments	(23,842)
Interest received	101,555
Net cash (used) provided by investing activities	<u>1,619,367</u>
Net (decrease) in cash and equivalents	<u>3,559,372</u>
Cash and equivalents, October 1 (including \$76,814 and \$185,877 respectively, reported in restricted accounts)	<u>1,138,635</u>
Cash and equivalents, September 30 (including \$3,452,183 and \$76,814 reported in restricted accounts)	<u>\$ 4,698,007</u>
Reconciliation of net income to net cash provided by operating activities:	
Net operating income (loss)	\$ 328,924
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization expense	393,296
(Increase) decrease in accounts receivable	(17,778)
Increase (decrease) in accounts payable	5,308
(Decrease) increase in accrued payroll	(8,554)
Increase in customer deposits	11,042
Total adjustments	<u>383,314</u>
Net cash provided by operations	<u>\$ 712,238</u>

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

I. 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 units, entities 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 American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (when applicable). The more significant accounting policies of the City are described below.

The following component units are discretely presented:

The Columbus Community Industrial & Development Corporation (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.

During the year, the corporation provided \$135,000 in capital grant funds to the City, which was used toward the payment of debt originally incurred to provide utility improvements largely benefiting commercial endeavors in the southern part of the City.

The Columbus Convention and Visitors' Bureau (Bureau) is responsible for the development of the local tourism industry. It is managed by a board appointed by the City Council. The Bureau is fiscally dependent upon the City as the Council approves the Bureau's budget and the City provides the majority of the Bureau's funds via the hotel/motel occupancy tax, which was \$131,556 for the current year. The contract with the Bureau did not renew at the end of 2008.

Financial statements for each of the individual component units may be obtained at the entity's administrative offices.

Columbus Convention and Visitors' Bureau
605 Spring Street
Columbus, Texas 78934

Columbus Community Industrial &
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 non-major funds are aggregated and presented in a single column.

C. Measurement Focus/Basis of Accounting

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

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

related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

The *General Fund* is the main 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 Hall and Fire Station Improvements *Capital Project Fund* accounts for financial resources to be used for the construction of major capital improvements (other than those financed by proprietary funds and trust funds). Part of the 2008 Certificates of Obligation are accounted for in this 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.

Proprietary funds distinguish operating revenues and expenses from non-operating 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, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating 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. In accounting for proprietary funds, the City has chosen, as allowed by GASB Statement No. 20, to follow all GASB pronouncements as well as all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989 which do not contradict or conflict with GASB pronouncements. All assets and liabilities are included on the Statement of Net Assets.

D. Deposits and investments

The City pools cash resources of its General 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. Interfund Receivables and Payables

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

F. Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Government and Proprietary Funds.

G. Restricted Assets

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

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the 2008 construction period on capital assets. 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

I. Compensated Absences

Full-time 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. And then, only if material.

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.

J. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, 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. The City's long-term obligations in its business-type activities consist of 2005 certificates of obligation and part of the 2008 certificates of obligation. Debt premium and issuance costs are deferred and amortized over the life of the certificates of obligation. Certificates of obligation payable are reported net of the applicable bond premium.

K. Nature and Purpose of Reserves of Fund Equity

In the City's governmental funds, reservations of fund balance represent amounts that are not appropriable or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

L. 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.

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

At year end, the carrying amount of the City's deposits with financial institutions was \$6,483,823 and the bank balance was \$6,524,721. Of the bank balance, \$200,000 was covered by federal depository insurance. The remaining balance was covered by collateral held in the pledging financial institutions' trust department in the City's name.

The City's deposits and investments consist of the following as permitted by The Public Funds Investment Act and the City of Columbus's adopted Investment Policy:

Fully insured or collateralized certificates of deposit from a bank doing business in the State of Texas and under the terms of a written depository agreement with that bank, not to exceed one year to stated maturity; and constant dollar Texas Local Government Investment Pools.

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

At year end the City's investments were in the Texas Cooperative Liquid Assets Securities System (Texas CLASS). The carrying amount and fair value of the investments was \$1,093,925. 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 AAA/V1+ by Fitch Ratings.

Texas CLASS operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. These investments are not subject to categorization.

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 35 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 \$575,222. LOGIC fund investments are not categorized in accordance with GASB 3 because they are not evidenced by securities that exist in physical or book entry form.

The Cooperative's governing body is a three-member Board of Directors comprised of three government officials or employees. An advisory board member with expertise in public finance represents the General Manager of the Cooperative. Day to day administration of the Cooperative is performed by Southwest Securities Group, Inc. (General Manager). The portfolio is managed by Citigroup Asset Management (subadvisor) and SWS Capital Corporation (Administrator) a subsidiary of Southwest Securities Group, Inc. The LOGIC fund is rated Aaa/MR1 by Moody's. The State Comptroller of Public Accounts exercises oversight responsibility over the Texas Local Government Investment Pool.

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, 2008 were as follows:

	Accounts	Taxes	Other	Allowance for Uncollectibles	Total Receivables
Governmental activities:					
Ad valorem	--	\$ 28,690	--	\$ (12,664)	\$ 16,026
Sales taxes	--	116,342	--	--	116,342
Other:					
Miscellaneous	--		1,710	--	1,710
	<u>--</u>	<u>\$ 145,032</u>	<u>\$ 1,710</u>	<u>\$ (12,664)</u>	<u>\$ 134,078</u>
Business-type activities:					
Utilities	<u>\$ 315,612</u>	<u>--</u>	<u>--</u>	<u>\$ (16,575)</u>	<u>\$ 299,037</u>

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

C. Capital Assets

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

	Beginning			Ending
	Balance	Increases	Decreases	Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 253,152	--	--	\$ 253,152
Construction in progress	--	\$ 63,354	--	63,354
Total capital assets not being depreciated	253,152	63,354	--	316,506
Other capital assets:				
Buildings and improvements	1,278,194	\$ 1,975	--	1,280,169
Machinery and equipment	2,249,563	185,043	\$ 48,327	2,386,280
Total other capital assets at historical cost	3,527,757	187,018	48,327	3,666,449
Less accumulated depreciation for:				
Buildings and improvements	916,104	43,607	--	959,711
Machinery and equipment	1,489,582	148,043	48,327	1,589,298
Total accumulated depreciation	2,405,686	191,649	48,327	2,549,009
Total other capital assets, net	1,122,071	(4,631)	-0-	1,117,440
Governmental activities, capital assets, net	<u>\$ 1,375,223</u>	<u>\$ 58,723</u>	<u>\$ -0-</u>	<u>\$ 1,433,946</u>
 Capital assets not being depreciated:				
Land	\$ 24,183	--	--	\$ 24,183
Construction in progress	648,231	\$ 731,262	\$ 1,113,415	266,078
Total capital assets not being depreciated	672,414	731,262	1,113,415	290,261
Other capital assets:				
Buildings and improvements	581,700	--	--	581,700
Distribution and collection systems	9,393,446	1,442,772		10,836,218
Machinery and equipment	638,563	104,756	95,837	647,482
Total other capital assets at historical cost	10,613,709	1,547,528	95,837	12,065,401
Less accumulated depreciation for:				
Buildings and improvements	522,611	14,628	--	537,238
Distribution and collection systems	3,794,333	328,721		4,123,054
Machinery and equipment	472,678	43,344	95,837	420,185
Total accumulated depreciation	4,789,621	386,692	95,837	5,080,477
Total other capital assets, net	5,824,088	1,160,836	0	6,984,924
Business-type activities capital assets, net	<u>\$ 6,496,502</u>	<u>\$ 2,623,359</u>	<u>\$ 2,226,829</u>	<u>\$ 7,275,185</u>

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

Governmental activities :	
General government	\$ 13,985
Police	33,205
Fire	61,270
Public health	1,196
Streets	39,740
Parks and recreation	42,253
Total governmental activities	<u>\$ 191,649</u>
Business-type activities:	
Water	\$ 191,994
Sewer	149,279
Garbage	7,012
Gas	38,407
Total business-type activities	<u>\$ 386,692</u>

D. Payables

Payables at September 30, 2008 were as follows:

	Vendors	State Fines	Retainage	Other	Total
Governmental activities:					
General	\$ 113,024	\$ 9,258	—	\$ 90	\$ 122,372
Capital Projects	41,109	—	—	—	41,109
	<u>\$ 154,133</u>	<u>\$ 9,258</u>	<u>—</u>	<u>\$ 90</u>	<u>\$ 163,481</u>
Business-type activities:					
Utilities	<u>\$ 93,603</u>	<u>—</u>	<u>\$ 29,076</u>	<u>\$ 11,459</u>	<u>\$ 134,138</u>

E. Interfund Receivables, Payables, and Transfers

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 with one year.

The composition of the interfund balances as of September 30, 2008 is as follows:

Due to/Due From:

Fund	Interfund Receivable	Interfund Payable
General	\$ 32,241	\$ 5,401
Utility	5,401	10,359
Capital projects	362	22,245
Totals	<u>\$ 38,005</u>	<u>\$ 38,005</u>

City of Columbus, Texas
Notes to the Financial Statements
September 30, 2008

Transfers In/Transfers Out:

Fund	Transfers In	Transfers Out
General	\$ 235,603	\$ 12,650
Equipment	10,000	25,000
Fire Equipment	29,150	--
Debt Service	--	79,816
Utility	79,816	237,103
Totals	\$ 354,569	\$ 354,569

The General Fund transferred \$12,650 to the Fire Equipment Fund to cover future capital purchases.

The Equipment Fund transferred \$25,000 to the General Fund for the purchase of a vehicle for the police department.

The Debt Service Fund transferred \$79,816 to the Utility Fund to aid in paying down the 2005 certificates of obligation debt.

The Utility Fund transferred \$93,970 to the General Fund to cover budgeted indirect costs. The Utility Fund transferred payments in lieu of taxes of \$116,633 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.

F. Long-term Debt

The following is a summary of changes in long-term liabilities reported in the governmental-wide financial statements for the year ended September 30, 2008:

Primary government

	Beginning Balance	Additions/ Proceeds	Reductions/ Payments	Ending Balance	Due Within One Year
Governmental activities:					
Certificates of obligation	--	\$ 1,200,000	--	\$ 1,200,000	\$ 46,500
Total Governmental activities	--	\$ 1,200,000	--	\$ 1,200,000	\$ 46,500
Business-type activities:					
Certificates of obligation	\$ 4,445,000	\$ 2,800,000	\$ 180,000	\$ 7,065,000	\$ 293,500
Premium on certificates	59,332	--	3,357	55,975	--
Total Business-type activities	\$ 4,504,332	\$ 2,800,000	\$ 183,357	\$ 7,120,975	\$ 293,500

City of Columbus, Texas
Notes to the Financial Statements
September 30, 2008

Component unit

	<u>Total Payable</u>	<u>Current Portion</u>
<u>Columbus Community Industrial & Development Corporation:</u>		
1998 Sales tax revenue bonds 4.20 to 5.75% maturing annually through 2023, interest payable semi-annually	<u>\$ 1,760,000</u>	<u>\$ 65,000</u>

Long-term Debt Activity

Long-term debt activity for the year ended September 30, 2008 was as follows:

	Beginning			Ending	Amounts
	Balance	Additions	Reductions	Balance	Due Within
					One Year
Component Unit:					
Columbus Community Industrial					
& Development Corporation					
Sales Tax Revenue Bonds	<u>\$1,820,000</u>	<u>—</u>	<u>\$ 60,000</u>	<u>\$ 1,760,000</u>	<u>\$ 65,000</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.

The original amount of certificates of obligation issued in 2008 was \$4,000,000 for water and gas improvements and remodeling City Hall at an initial interest rate of 4.70% through and including August 14, 2018. On the rate change date, August 15, 2018, this obligation shall begin to bear interest at the adjusted rate (not less than 3.50%, nor greater than 6.75%) for the final rate period, with a maturity date of August 2027.

The annual interest requirements for the 2008 certificates of obligation on the following schedule are calculated based on a 4.70% interest rate.

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 at annual interest rates from 4.20% to 5.75% with a maturity date of 2023.

The annual requirements to pay principal and interest on long-term obligations outstanding at September 30, 2008, 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
2009	\$ 46,500	\$ 50,447	\$ 293,500	\$ 286,752	\$ 65,000	\$ 97,415
2010	42,000	54,215	288,000	289,994	70,000	93,900
2011	43,500	52,241	301,500	279,688	75,000	89,985
2012	46,500	50,196	313,500	267,917	80,000	85,800
2013	48,000	48,011	322,000	255,643	85,000	81,345
2014-2018	279,000	203,816	1,831,000	1,074,863	510,000	327,495
2019-2023	351,000	131,694	2,249,000	659,452	705,000	155,362
2024-2027	343,500	41,313	1,466,500	145,140	170,000	4,887
Totals	<u>\$ 1,200,000</u>	<u>\$ 631,933</u>	<u>\$ 7,065,000</u>	<u>\$ 3,259,449</u>	<u>\$ 1,760,000</u>	<u>\$ 936,189</u>

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

The City's fiscal year is the twelve-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 in the General Fund including: 1) a \$40,000 increase for planning costs for renovations at City Hall; 2) a \$38,000 increase for a tandem axle dump truck for the public works department; 3) a \$32,000 increase for a truck with a dump bed for the public works department; 4) a \$25,000 increase for a vehicle for the police department; 5) a \$17,600 increase for computers and children's furniture at the library; and 6) a \$15,000 increase for an air compressor for the fire department. Other supplementary budgetary appropriations made in the General Fund were not material.

B. Excess of Expenditures Over Appropriations

For the year ended September 30, 2008, expenditures did not exceed appropriations in any fund.

IV. 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 worker's compensation insurance, the City is a participant in the Texas Municipal League Intergovernmental Risk Pool (TML), a public entity risk pool operated by The Texas Municipal League for the benefit of political subdivisions of the State of Texas. The City pays an annual premium to TML for this coverage.

TML is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1 million per occurrence for property damage, \$1 million per occurrence for general liability and \$1 million per occurrence for worker's 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 at this time although the City expects such amounts, if any, to be immaterial.

C. Construction Commitments

The City has active construction projects as of September 30, 2008. The projects include utility construction work as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Telemetry (Data Acquisition System) for Water and Wastewater Systems	\$ 122,356	\$ 27,644
Water Plants (Aerators)	4,740	246,000
Water Distribution	-0-	683,000
City Hall Renovation	63,354	1,136,646
Total	<u>\$ 190,450</u>	<u>\$ 2,093,290</u>

D. Subsequent Events

On November 11, 2008, the City awarded a contract for Sewer Plant Improvements in the amount of \$541,684.

On February 12, 2009, the City awarded a contract for replacement of Fire Station Windows in the amount of \$18,000.

On February 26, 2009, the City awarded a contract for City Hall Renovations in the amount of \$808,600.

On January 8, 2009, the City entered into a lease agreement for temporary facilities housing its administrative offices and police department while the existing City Hall is undergoing renovations. Monthly rent expense is \$2,200. The lease runs through December 31, 2009.

E. Employee Retirement Systems and Plans

Plan Description

The City provides pension benefits for all of its full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide 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.

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:

	Plan Year 2008
Employee deposit rate	6.0%
Matching ratio (city to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility (expressed as age/years of service)	60/5,0/25
Updated Service Credit	100% Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI Repeating

Plan Changes

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

Since its inception, TMRS has used the Unit Credit actuarial funding method. This method accounts for liability accrued as of the valuation date, but does not project the potential future liability of provisions adopted by a city. Two-thirds of the cities participating in TMRS have adopted the Updated Service Credit and Annuity Increases provisions on an annually repeating basis. For the December 31, 2007 valuations, the TMRS Board determined that the Projected Unit Credit (PUC) funding method should be used, which facilitates advance funding for future updated service credits and annuity increases that are adopted on an annually repeating basis. In addition, the Board also adopted a change in the amortization period from a 25-year "open" to a 25-year "closed" period. TMRS Board of Trustees rules provide that, whenever a change in actuarial assumptions or methods results in a contribution rate increase in an amount greater than 0.5%, the amortization period will be increased to 30 years, unless a city requests that the period remain at 25 years. For cities with repeating features, these changes would likely result initially in higher required contributions and lower funded ratios; however, the funded ratio should show steady improvement over time. To assist in this transition to higher rates, the Board also approved an eight-year phase-in period, which will allow cities the opportunity to increase their contributions gradually (approx. 12.5% each year) to their full rate (or their required contribution rate).

If the changes in actuarial funding method and assumptions had not been adopted for the 2007 valuation, the City's unfunded actuarial accrued liability would have been \$788,235 and the funded ratio would have been 72.1%.

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

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

City of Columbus, Texas
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September 30, 2008

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. Beginning in 2008, TMRS allowed member cities to make additional contributions; the City chose to contribute an additional \$25,000. The annual pension cost and net pension obligation/(asset) are as follows:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Additional Contribution	Net Pension Obligation (Asset)
09/30/06	\$ 89,805	100%	--	\$ -0-
09/30/07	\$ 94,946	100%	--	\$ -0-
09/30/08	\$ 136,080	100%	\$ 25,000	(\$ 25,000)

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 2008 were determined as part of the December 31, 2006 and 2007 actuarial valuations. Additional information follows:

Valuation Date	12/31/06	12/31/07
Actuarial Cost Method	Unit Credit	Unit Credit
Amortization method	Level percent of payroll	Level percent of payroll
Remaining amortization period	25 years; open period	30 years; closed period
Asset Valuation Method	Amortized cost	Amortized cost
Actuarial Assumptions:		
Investment Rate of Return*	7.0%	7.0%
Projected salary increases*	Varies by age and service	Varies by age and service
* Includes Inflation at	3.0%	3.0%
Cost-of-living adjustments	NA	2.1%

The funded status as of December 31, 2007, the most recent actuarial valuation date, is 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)
12/31/07	\$ 2,041,245	\$ 3,253,743	\$ 1,212,498	62.7%	\$ 1,209,116	100.3%

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 2008, 2007 and 2006 were \$5,637, \$4,761 and \$3,851, respectively, which equaled the required contributions each year.

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 \$12,959 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 38 active participants currently covered by the Fund and payments are being made to 27 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.

F. Prior Period Adjustment

During the year ended September 30, 2008, the City discovered that certain capital assets accounted for in a Capital Projects Fund were not correctly recorded in the Utility Fund. These assets included a water tower, water lines and gas lines. The beginning net assets for Business-type Activities in the Statement of Activities has been restated by \$418,674 to reflect the increase in capital assets net of accumulated depreciation of \$41,407.

Required Supplementary Information

City of Columbus, Texas
Required Supplementary Information
Schedule of Funding Progress for Participation in Texas Municipal Retirement System
September 30, 2008

The City's Texas Municipal Retirement System's trend information on funding progress for the last three actuarial valuations is 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)
12/31/05	\$ 1,780,903	\$ 2,309,034	\$ 528,131	77.1%	\$ 1,101,077	48.0%
12/31/06	\$ 1,950,670	\$ 2,450,081	\$ 499,411	79.6%	\$ 1,095,730	45.6%
12/31/07	\$ 2,041,245	\$ 3,253,743	\$ 1,212,498	62.7%	\$ 1,209,116	100.3%

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City of Columbus, Texas
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
REVENUES				
Taxes:				
Sales	\$ 730,000	\$ 730,000	\$ 698,525	\$ (31,475)
Property	393,500	393,500	388,223	(5,277)
Gross receipts	260,000	260,000	261,436	1,436
Other	5,600	5,600	5,483	(117)
Licenses and permits	31,800	31,800	37,783	5,983
Fines	37,150	35,150	52,102	16,952
Miscellaneous sales and revenues	66,250	71,996	55,900	(16,096)
Charges for Services	13,775	21,542	23,075	1,533
Intergovernmental revenue	760,000	777,600	42,669	(734,931)
Total revenues	2,298,075	2,327,188	1,565,196	(761,992)
EXPENDITURES				
Current:				
Administrative and general				
Personnel	198,389	198,389	198,772	(383)
Supplies and maintenance	31,283	31,283	17,851	13,432
Other services	107,375	107,375	89,396	17,979
Capital outlay	15,000	55,000	1,736	53,264
	352,047	392,047	307,755	84,292
Economic Development				
Other services	5,000	5,000	5,000	0
Police department:				
Personnel	591,873	591,873	585,443	6,430
Supplies and maintenance	60,598	60,598	64,524	(3,926)
Other services	43,350	43,350	32,136	11,214
Capital outlay	32,000	57,000	54,290	2,710
	727,821	752,821	736,393	16,428
Fire department:				
Personnel	27,000	25,000	23,951	1,049
Supplies and maintenance	46,150	46,150	59,098	(12,948)
Other services	29,065	31,065	29,552	1,513
Capital outlay	0	15,000	15,000	0
	102,215	117,215	127,601	(10,386)
Public health				
Personnel	94,794	94,794	26,891	67,903
Supplies and maintenance	3,775	3,775	4,974	(1,199)
Other services	11,523	11,523	3,524	7,999
Capital outlay	23,000	31,730	8,564	23,166
	133,092	141,822	43,953	97,869

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City of Columbus, Texas
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Parks and recreation				
Personnel	312,904	312,904	282,857	30,047
Supplies and maintenance	42,066	56,884	63,479	(6,595)
Other services	38,360	41,388	47,072	(5,684)
Capital outlay	32,000	44,300	10,995	33,305
	<u>425,330</u>	<u>455,476</u>	<u>404,403</u>	<u>51,073</u>
Streets and drainage				
Personnel	211,409	211,409	210,275	1,134
Supplies and maintenance	155,850	155,850	149,751	6,099
Other services	89,896	89,896	82,200	7,696
Capital outlay	1,020,000	1,090,000	76,634	1,013,366
	<u>1,477,155</u>	<u>1,547,155</u>	<u>518,860</u>	<u>1,028,295</u>
Debt service				
Lease principal	5,438	5,438	--	5,438
	<u>5,438</u>	<u>5,438</u>	<u>0</u>	<u>5,438</u>
Total expenditures	<u>3,228,098</u>	<u>3,416,974</u>	<u>2,143,965</u>	<u>1,273,009</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	238,493	238,493	235,603	(2,890)
Transfers out	(12,650)	(12,650)	(12,650)	0
Sale of capital assets	0	0	8,945	8,945
Total other financing sources (uses)	<u>225,843</u>	<u>225,843</u>	<u>231,898</u>	<u>6,055</u>
Net change in fund balances	(704,180)	(863,943)	(346,871)	517,072
Fund balances, beginning	1,109,804	1,109,804	1,109,804	0
Fund balances, ending	<u>\$ 405,624</u>	<u>\$ 245,861</u>	<u>\$ 762,933</u>	<u>\$ 517,072</u>

City of Columbus, Texas
Notes to Required Supplementary Information
September 30, 2008

Budgetary Information

The annual budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). All annual appropriations lapse at fiscal year end.

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 \$188,876. These amendments were as follows:

Date Budget Amended	Purpose	Amount
November 26, 2007	Computers for library (to be purchased with grant funds)	\$ 2,500
February 11, 2008	Software for building projects	8,730
February 25, 2008	Air compressor for the fire department	15,000
February 25, 2008	Truck with dump bed for the public works department	32,000
February 25, 2008	Tandem axle dump truck for the public works department (split 50/50 with the utility departments)	38,000
February 25, 2008	Computers and children's furniture for the library (to be purchased with grant funds)	17,600
April 14, 2008	Swimming pool ladder tower (to be purchased with CCIDC funds)	6,300
May 22, 2008	Planning costs for renovations at City Hall	40,000
May 22, 2008	Ford Explorer for the police department (\$7,767 in funds from insurance proceeds)	25,000
June 12, 2008	Bench and microfilming at the library (to be purchased with memorials)	1,248
September 25, 2008	Microfilming of the Weimar Mercury Newspaper at the library (to be purchased with donations)	2,498
	Total Additional Appropriations	<u>\$ 188,876</u>

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

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.

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.

Debt Service Fund

The City's Debt service 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.

City of Columbus, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2008

	Special Revenue				Debt	Total Nonmajor Governmental Funds
	Equipment	Fire Equipment	Hotel-Motel Tax	Total	Service	
ASSETS						
Cash and cash equivalents	\$ 94,018	\$ 109,067	\$ 400	\$ 203,485	\$ 186	\$ 203,671
Investments	19,382			19,382		19,382
Receivable (net of allowance for estimated uncollectibles)					2,419	2,419
Total assets	<u>\$ 113,400</u>	<u>\$ 109,067</u>	<u>\$ 400</u>	<u>\$ 222,867</u>	<u>\$ 2,605</u>	<u>\$ 225,472</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Unearned revenue					\$ 2,419	\$ 2,419
Total liabilities					2,419	2,419
Fund balances:						
Unreserved, undesignated	113,400	109,067	400	222,867	186	223,053
Total fund balances	<u>113,400</u>	<u>109,067</u>	<u>400</u>	<u>222,867</u>	<u>186</u>	<u>223,053</u>
Total liabilities and fund balances	<u>\$ 113,400</u>	<u>\$ 109,067</u>	<u>\$ 400</u>	<u>\$ 222,867</u>	<u>\$ 2,605</u>	<u>\$ 225,472</u>

City of Columbus, Texas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended September 30, 2008

	Equipment	Fire Equipment	Special Revenue Hotel-Motel Tax Fund	Total	Debt Service	Total Nonmajor Governmental Funds
REVENUES						
Ad valorem taxes					\$ 79,187	\$ 79,187
Non-property taxes			\$ 131,930	131,930		131,930
Miscellaneous revenue	\$ 3,590	\$ 2,271	26	5,886	629	6,516
Total revenues	3,590	2,271	131,956	137,817	79,816	217,633
EXPENDITURES						
Current:						
Economic development			131,556	131,556		131,556
Total expenditures	0	0	131,556	131,556	0	131,556
Excess (deficiency) of revenues over (under) expenditures	3,590	2,271	400	6,261	79,816	86,077
OTHER FINANCING SOURCES (USES)						
Transfers in	10,000	29,150		39,150		39,150
Transfers out	(25,000)			(25,000)	(79,816)	(104,816)
Total other financing sources (uses)	(15,000)	29,150		14,150	(79,816)	(65,666)
Net change in fund balances	(11,410)	31,421	400	20,411	0	20,411
Fund balances - beginning	124,810	77,646	0	202,457	186	202,643
Fund balances - ending	\$ 113,400	\$ 109,067	\$ 400	\$ 222,867	\$ 186	\$ 223,053

City of Columbus, Texas
Equipment Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 6,200	\$ 6,200	\$ 3,590	\$ (2,610)
Total revenues	<u>6,200</u>	<u>6,200</u>	<u>3,590</u>	<u>(2,610)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	10,000	10,000	10,000	0
Transfers out	<u>(48,000)</u>	<u>(48,000)</u>	<u>(25,000)</u>	<u>23,000</u>
Total other financing sources (uses)	<u>(38,000)</u>	<u>(38,000)</u>	<u>(15,000)</u>	<u>23,000</u>
Net change in fund balances	<u>(31,800)</u>	<u>(31,800)</u>	<u>(11,410)</u>	<u>20,390</u>
Fund balances, beginning	<u>124,810</u>	<u>124,810</u>	<u>124,810</u>	<u>0</u>
Fund balances, ending	<u>\$ 93,010</u>	<u>\$ 93,010</u>	<u>\$ 113,400</u>	<u>\$ 20,390</u>

City of Columbus, Texas
Fire Equipment Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment earnings	\$ 3,900	\$ 3,900	\$ 2,271	\$ (1,629)
Total revenues	<u>3,900</u>	<u>3,900</u>	<u>2,271</u>	<u>(1,629)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	29,150	29,150	29,150	0
Transfers out	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total other financing sources (uses)	<u>29,150</u>	<u>29,150</u>	<u>29,150</u>	<u>0</u>
Net change in fund balances	33,050	33,050	31,421	(1,629)
Fund balances, beginning	<u>77,646</u>	<u>77,646</u>	<u>77,646</u>	<u>0</u>
Fund balances, ending	<u>\$ 110,696</u>	<u>\$ 110,696</u>	<u>\$ 109,066</u>	<u>\$ (1,629)</u>

City of Columbus, Texas
Hotel Occupancy Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Hotel occupancy tax	\$ 135,000	\$ 135,000	\$ 131,956	\$ (3,044)
Total revenues	<u>135,000</u>	<u>135,000</u>	<u>131,956</u>	<u>(3,044)</u>
Expenditures				
Current:				
Economic development	135,000	135,000	131,556	3,444
Total expenditures	<u>135,000</u>	<u>135,000</u>	<u>131,556</u>	<u>3,444</u>
Net change in fund balances	0	0	400	(400)
Fund balances, beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balances, ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 400</u>	<u>\$ (400)</u>

City of Columbus, Texas
Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Ad valorem taxes	\$ 80,971	\$ 80,971	\$ 79,816	\$ (1,155)
Total revenues	<u>80,971</u>	<u>80,971</u>	<u>79,816</u>	<u>(1,155)</u>
OTHER FINANCING SOURCES (USES)				
Transfer to utility fund	80,971	80,971	79,816	1,155
Total other financing sources (uses)	<u>80,971</u>	<u>80,971</u>	<u>79,816</u>	<u>1,155</u>
Net change in fund balances	0	0	0	0
Fund balances, beginning	<u>186</u>	<u>186</u>	<u>186</u>	<u>0</u>
Fund balances, ending	<u>\$ 186</u>	<u>\$ 186</u>	<u>\$ 186</u>	<u>\$ 0</u>

City of Columbus, Texas
City Hall and Fire Station Improvements Capital Project Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
From Inception and for the Year Ended September 30, 2008

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
REVENUES				
Investment earnings	\$ —	\$ 362	\$ 362	\$ 10,000
Total revenues	<u>—</u>	<u>362</u>	<u>362</u>	<u>10,000</u>
Expenditures				
Capital outlay:				
City Hall	—	63,354	63,354	1,150,000
Fire Station	<u>—</u>	<u>—</u>	<u>—</u>	<u>50,000</u>
Total expenditures	<u>—</u>	<u>63,354</u>	<u>63,354</u>	<u>1,200,000</u>
OTHER FINANCING SOURCES (USES)				
Certificates of obligation issued	—	1,200,000	1,200,000	1,200,000
Total other financing sources (uses)	<u>—</u>	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,200,000</u>
Net change in fund balances	—	1,137,008	1,137,008	10,000
Fund balances, beginning	<u>—</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balances, ending	<u>\$ —</u>	<u>\$ 1,137,008</u>	<u>\$ 1,137,008</u>	<u>\$ 10,000</u>

Statistical Section



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

<u>Contents</u>	<u>Page</u>
Financial Trends	67-71
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	72-78
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.	
Debt Capacity	79-81
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.	
Demographic and Economic Information	82-84
These schedules offer demographics and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	
Operating Information	85-86
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.	

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.

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City of Columbus, Texas
Net Assets by Component
Last Five Years
(accrual basis of accounting)

	Fiscal Year				
	2004	2005	2006	2007	2008
Governmental activities					
Invested in capital assets, net of related debt	\$ 1,034,160	\$ 1,145,267	\$ 1,319,184	\$ 1,375,223	\$ 1,370,592
Restricted	36,512	36,871	1,089	2,130	3,367
Unrestricted	1,845,395	1,885,626	1,609,595	1,304,614	976,383
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>	<u>2,350,342</u>
Business-type activities					
Invested in capital assets, net of related debt	3,803,943	3,571,131	3,957,138	3,727,320	3,738,667
Unrestricted	1,053,265	1,055,325	1,175,124	1,759,621	2,023,416
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>	<u>5,762,083</u>
Primary government					
Invested in capital assets, net of related debt	4,838,103	4,716,398	5,276,322	5,102,543	5,109,259
Restricted	36,512	36,871	1,089	2,130	3,367
Unrestricted	2,898,660	2,940,951	2,784,719	3,064,235	2,999,799
Total primary government activities net assets	<u>\$ 7,773,275</u>	<u>\$ 7,694,220</u>	<u>\$ 8,062,130</u>	<u>\$ 8,168,908</u>	<u>\$ 8,112,425</u>

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

City of Columbus, Texas
Changes in Net Assets
Last Five Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2004	2005	2006	2007	2008
<u>Governmental activities:</u>					
Expenses					
General government	\$ 183,218	\$ 176,743	\$ 299,796	\$ 359,485	\$ 324,635
Public safety	658,875	639,122	768,000	792,484	891,435
Public health	24,214	28,548	30,820	32,546	34,689
Public works	232,502	409,441	417,553	401,228	481,732
Culture and recreation	360,990	332,045	412,540	456,391	435,819
Tourism	116,263	123,031	128,374	125,276	131,556
Interest on long-term debt	--	1,349	4,730	10,117	--
Total expenses	<u>1,576,062</u>	<u>1,710,279</u>	<u>2,061,814</u>	<u>2,177,527</u>	<u>2,299,866</u>
Program Revenues					
Charge for services					
General government	20,609	27,304	19,203	18,928	46,790
Public safety	45,228	31,896	49,691	48,060	62,614
Public works	2,317	16,717	11,676	5	5,077
Culture and recreation	31,737	15,124	18,715	18,747	27,673
Operating grants and contributions	6,422	140,685	21,742	61,521	14,242
Capital grants and contributions	50,380	39,208	124,318	15,076	44,250
Total program revenues	<u>156,693</u>	<u>270,934</u>	<u>245,345</u>	<u>162,337</u>	<u>200,646</u>
Total Governmental Activities Net Program Expense	<u>(1,419,369)</u>	<u>(1,439,345)</u>	<u>(1,816,468)</u>	<u>(2,015,189)</u>	<u>(2,099,219)</u>
General Revenues and Other Changes in Net Assets					
Taxes					
Ad valorem tax	310,524	322,787	424,250	444,169	469,274
Sales tax	596,037	634,052	653,999	698,441	698,525
Hotel/Motel tax	116,263	123,031	128,374	125,276	131,930
Gross receipts tax	358,702	348,785	259,168	257,381	261,436
Alcohol beverage tax	1,448	1,854	4,948	5,460	5,483
Investment earnings	22,068	47,365	72,356	71,409	34,714
Gain on sale of capital assets	--	1,695	13	15,589	8,945
Transfers	100,426	102,644	135,467	149,564	157,287
Total general revenue and other changes in net assets	<u>1,505,468</u>	<u>1,582,213</u>	<u>1,678,575</u>	<u>1,767,289</u>	<u>1,767,594</u>
Total Governmental Activities Change in Net Assets	<u>\$ 86,099</u>	<u>\$ 142,868</u>	<u>\$ (137,893)</u>	<u>\$ (247,900)</u>	<u>\$ (331,625)</u>

Continued on Page 69

City of Columbus, Texas
Changes in Net Assets
Last Five Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2004	2005	2006	2007	2008
<u>Business-type Activities:</u>					
Expenses					
Water	\$ 490,701	\$ 453,288	\$ 543,185	\$ 534,162	\$ 646,858
Sewer	363,082	394,298	393,120	392,061	469,715
Garbage	435,503	534,369	555,312	620,013	609,423
Gas	687,792	786,602	791,360	748,644	813,248
Total expenses	<u>1,977,078</u>	<u>2,168,557</u>	<u>2,282,977</u>	<u>2,294,880</u>	<u>2,539,244</u>
Program Revenues					
Charge for services					
Water	423,125	456,607	587,506	509,935	659,474
Sewer	338,023	302,882	463,335	469,919	497,712
Garbage	406,552	500,181	599,853	637,545	660,369
Gas	678,193	723,293	931,557	870,845	917,565
Operating grants and contributions	—	—	1,547	—	—
Capital grants and contributions	—	—	101,110	90,000	135,000
Total revenues	<u>1,845,893</u>	<u>1,982,963</u>	<u>2,684,908</u>	<u>2,578,244</u>	<u>2,870,120</u>
Total Business-type Activities Net Program Expense	<u>(131,185)</u>	<u>(185,594)</u>	<u>401,931</u>	<u>283,364</u>	<u>330,876</u>
Other Changes in Net Assets					
Interest revenue	15,426	57,487	239,342	220,876	101,555
Transfers	(100,426)	(102,644)	(135,467)	(149,564)	(157,287)
Total general revenue and other changes in net assets	<u>(85,000)</u>	<u>(45,157)</u>	<u>103,874</u>	<u>71,312</u>	<u>(55,732)</u>
Total Business-type Activities Change in Net Assets	<u><u>\$ (216,185)</u></u>	<u><u>\$ (230,751)</u></u>	<u><u>\$ 505,805</u></u>	<u><u>\$ 354,676</u></u>	<u><u>\$ 275,144</u></u>
<u>Primary Government Totals:</u>					
Total expenses	\$ 3,553,140	\$ 3,878,836	\$ 4,344,791	\$ 4,472,407	\$ 4,839,110
Total program revenues	<u>2,002,586</u>	<u>2,253,897</u>	<u>2,930,253</u>	<u>2,740,581</u>	<u>3,070,766</u>
Net(expense)/revenue	<u>(1,550,554)</u>	<u>(1,624,939)</u>	<u>(1,414,538)</u>	<u>(1,731,826)</u>	<u>(1,768,344)</u>
Total general revenues and other changes in net assets	<u>1,420,468</u>	<u>1,537,056</u>	<u>1,782,449</u>	<u>1,838,601</u>	<u>1,711,862</u>
Change in Net Assets	<u><u>\$ (130,086)</u></u>	<u><u>\$ (87,883)</u></u>	<u><u>\$ 367,911</u></u>	<u><u>\$ 106,775</u></u>	<u><u>\$ (56,482)</u></u>

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

City of Columbus, Texas
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Fund										
Reserved	\$ 10,574	\$ 11,398	\$ 6,727	\$ 8,255	\$ 10,354	\$ 13,540	\$ 15,681	\$ 18,079	\$ 19,722	\$ 22,736
Unreserved	741,607	710,174	818,696	990,050	1,271,701	1,355,048	1,458,053	1,390,565	1,090,074	740,197
Total general fund	<u>752,181</u>	<u>721,572</u>	<u>825,423</u>	<u>998,305</u>	<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>
All Other Governmental Funds										
Unreserved, reported in:										
Special revenue funds	428,979	330,377	231,763	252,934	297,975	342,266	391,470	210,549	202,457	222,867
Capital project fund	7,668	12,207	75,668	22,852	62,314	36,512	36,871	—	—	1,137,009
Debt service fund	475	507	534	--	--	--	--	--	186	186
Total all other governmental funds	<u>\$ 437,122</u>	<u>\$ 343,091</u>	<u>\$ 307,965</u>	<u>\$ 275,786</u>	<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>

City of Columbus, Texas
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenue										
Ad valorem taxes	\$ 221,537	\$ 234,377	\$ 243,877	\$ 260,325	\$ 288,594	\$ 307,843	\$ 323,454	\$ 426,701	\$ 441,603	\$ 467,410
Non-property taxes	798,661	827,269	888,498	890,358	876,978	971,067	1,019,120	1,046,489	1,086,558	1,097,375
Licenses and permits	19,882	19,365	17,840	18,425	19,434	15,023	19,146	12,551	11,912	37,783
Fines and forfeitures	34,399	31,696	33,768	25,140	36,536	43,227	31,624	48,253	46,227	52,744
Miscellaneous revenue	172,507	149,366	156,829	65,364	65,704	57,925	91,496	98,402	86,132	59,184
Charges for services	25,564	32,674	35,448	26,671	26,727	14,840	16,769	13,915	15,893	24,785
Intergovernmental	240,297	448,720	787,502	357,618	122,789	47,746	157,982	146,293	76,097	43,914
Total revenues	1,512,847	1,743,467	2,163,762	1,643,901	1,436,762	1,457,671	1,659,591	1,792,604	1,764,422	1,783,195
Expenditures										
Administrative and general	113,698	124,639	126,971	123,333	136,031	168,477	168,854	320,752	351,438	307,755
Economic and tourism development	166,583	361,636	144,519	119,798	105,451	119,763	126,031	132,874	129,981	136,556
Police department	469,072	516,870	494,588	463,109	475,936	525,278	515,492	643,969	651,756	736,391
Fire department	149,891	227,681	108,752	96,043	100,595	120,164	58,297	368,694	87,625	127,600
Streets and drainage	593,459	461,207	297,618	260,464	245,323	224,341	486,905	465,536	491,700	518,859
Parks and recreation	232,187	216,861	324,040	252,228	285,450	372,416	431,115	369,913	367,039	404,403
Public health	21,207	20,705	21,138	21,782	24,062	24,017	28,123	30,724	34,247	43,952
Industrial development	--	75,275	610,945	356,461	80,508	--	--	--	--	--
Capital outlay	--	--	--	--	--	--	--	--	--	63,354
Debt Service										
Principal	--	--	--	--	--	--	10,427	34,964	112,426	--
Interest	--	--	--	--	--	--	1,349	4,730	10,117	--
Total expenditures	1,746,097	2,004,874	2,128,571	1,693,218	1,453,356	1,554,456	1,826,593	2,372,156	2,236,329	2,338,870
Excess of revenues over (under) expenditures	(233,250)	(261,407)	35,191	(49,317)	(16,594)	(96,785)	(167,002)	(579,552)	(471,907)	(555,675)
Other Financing Sources (Uses)										
Transfers in	243,395	336,175	176,641	198,315	266,922	224,809	203,896	489,650	294,388	274,753
Transfers out	(96,932)	(199,408)	(153,576)	(10,913)	(38,000)	(23,000)	(12,650)	(354,183)	(144,824)	(117,466)
Certificates of obligation issued	--	--	--	--	--	--	--	--	--	1,200,000
Capital leases	--	--	--	--	--	--	75,625	82,191	--	--
Sale of capital assets	--	--	3,832	1,090	--	--	46,012	13	15,589	8,945
Total other financing sources (uses)	146,463	136,767	26,897	188,492	228,922	201,809	312,883	217,671	165,153	1,366,232
Special Items										
Sale of capital assets	--	--	--	--	39,500	--	--	79,000	--	--
Total special items	0	0	0	0	39,500	0	0	79,000	0	0
Net change in fund balances	<u>\$ (86,787)</u>	<u>\$ (124,640)</u>	<u>\$ 62,088</u>	<u>\$ 139,175</u>	<u>\$ 251,828</u>	<u>\$ 105,024</u>	<u>\$ 145,881</u>	<u>\$ (282,881)</u>	<u>\$ (306,754)</u>	<u>\$ 810,557</u>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.76%	2.09%	5.82%	0.00%

**City of Columbus, Texas
Principal Gas Purchasers
Current Year and Eight Years Ago**

Customer	2008			2000		
	Gas Sales	Rank	Percentage of Total Gas Sales	Gas Sales	Rank	Percentage of Total Gas Sales
Columbus Community Hospital	\$ 53,748	1	5.93%	\$ 7,370	5	1.39%
Bazar Foods LTD	29,178	2	3.22%	—		—
River Oaks Convalescent Center	31,341	3	3.46%	14,819	2	2.80%
Columbus Independent School District	20,730	4	2.29%	13,750	3	2.60%
Country Fresh Cleaners	20,618	5	2.28%	7,096	6	1.34%
Columbus Care Center	19,488	6	2.15%	7,406	4	1.40%
Gary Kulhanek (Washateria)	17,721	7	1.96%	—		—
Schobels Restaurant	16,993	8	1.88%	7,002	7	1.32%
Columbus Inn	15,884	9	1.75%	4,226	10	0.80%
Nancy's Steak House	12,936	10	1.43%	—		—
Norton Industrial Sands	—		—	37,556	1	7.09%
Guadalajara Mexican Restaurant	—		—	6,328	8	1.20%
Colorado County Detention Center	—		—	4,584	9	0.87%
Total	<u>\$ 238,637</u>		<u>26.35%</u>	<u>\$ 110,137</u>		<u>20.81%</u>

Note: Earliest available data for top ten purchasers of gas is from year 2000. City changed utility software two years ago and data for 1999 is not available.

City of Columbus, Texas
Taxable Sales by Category
Last Six Fiscal Years

	2003	2004	2005	2006	2007	2008
Agricultural	\$ 4,242	\$ 4,309	\$ 9,828	\$ 10,666	\$ 11,996	\$ 11,194
Mining/Quarrying/Oil Extraction	--	--	--	--	41,146	12,894
Construction	1,823,716	1,914,369	2,956,791	1,646,997	1,742,347	1,461,977
Manufacturing	1,758,528	1,254,508	1,713,351	1,947,293	2,896,616	1,888,360
Wholesale	27,707	5,055	32,578	707,913	2,074,619	2,244,137
Retail	31,360,300	33,279,326	35,529,503	37,641,393	37,887,867	38,234,724
Information	--	23,000	19,117	24,540	38,436	138,654
Real Estate, Rental, Leasing	468,936	463,987	235,926	60,392	137,734	114,849
Professional, Scientific, Technical Services	344,918	415,859	535,534	838,902	796,969	665,880
Administrative, Support, Waste Management, Remediation Services	532,591	529,801	763,428	1,395,782	1,694,613	1,891,695
Arts, Entertainment, Recreation	174,095	87,306	156,268	327,348	324,552	307,289
Accommodation, Food Services	10,768,432	10,928,691	12,218,846	12,583,383	12,901,396	13,741,559
Other Services	2,286,424	2,363,511	2,072,611	1,856,074	1,902,834	1,865,236
Total Taxable Sales	\$ 49,549,889	\$ 51,269,722	\$ 56,243,781	\$ 59,040,683	\$ 62,451,125	\$ 62,578,448
City direct sales tax rate	1.00%	1.00%	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.

City of Columbus, Texas
Tax Revenue by Source, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Ad valorem Tax	Sales Tax	Gross Receipts Tax	Hotel Occupancy Tax	Mixed Beverage Tax	Totals
1999	\$ 221,537	\$ 517,372	\$ 182,175	\$ 96,476	\$ 2,638	\$ 1,020,198
2000	234,377	514,017	191,598	120,377	1,277	1,061,646
2001	243,877	538,719	223,606	125,007	1,166	1,132,375
2002	260,324	535,736	236,149	117,798	860	1,150,867
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
Change						
1999-2008	111.0%	35.0%	43.5%	36.7%	107.8%	53.4%

City of Columbus, Texas
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Less: Tax-Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate/\$100</u>	<u>Estimated Actual Taxable Value</u>	<u>Taxable Assessed Value as a % of Actual Taxable Value</u>
1999	\$ 101,224,819	\$ 17,887,571	\$ 4,345,760	\$ 114,766,630	0.19600	\$ 114,766,630	100.00%
2000	107,044,809	20,687,940	5,672,108	122,060,641	0.18900	122,060,641	100.00%
2001	115,914,881	18,424,480	5,870,038	128,469,323	0.18900	128,469,323	100.00%
2002	123,960,746	18,552,544	5,585,184	136,928,106	0.18881	136,928,106	100.00%
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%

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 & Overlapping Rates
	Basic Rate	Debt Service	Total Direct Rate	Columbus Independent School District	Colorado County	
1999	0.19000	0.00000	0.19000	1.35000	0.41140	1.95140
2000	0.18900	0.00000	0.18900	1.32000	0.40650	1.91550
2001	0.18900	0.00000	0.18900	1.32000	0.39150	1.90050
2002	0.18881	0.00000	0.18881	1.40000	0.39000	1.97881
2003	0.19881	0.00000	0.19881	1.42100	0.39750	2.01731
2004	0.19581	0.00000	0.19581	1.42000	0.43000	2.04581
2005	0.19017	0.00000	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	1.19700	0.43000	1.86012

**City of Columbus, Texas
Principal Property Tax Payers
Current Year and Nine Years Ago**

Taxpayer	2008			1999		
	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Wal Mart Stores Inc.	\$ 2,363,530	1	1.14%	\$ 2,203,766	1	1.92%
Goodmark Lodging LLC (Holiday Inn)	2,128,510	2	1.03%	—		—
Southwestern Bell Telephone	1,779,130	3	0.86%	2,196,460	2	1.91%
H E Butt Grocery Company	1,759,820	4	0.85%	1,397,283	6	1.22%
Drymalla Construction Co.	1,726,140	5	0.84%	956,817	10	0.83%
Columbus Associates (Wal Mart)	1,720,890	6	0.83%	1,488,100	5	1.30%
River Oaks Convalescent	1,712,820	7	0.83%	1,586,600	4	1.38%
Magnolia Living Center	1,689,830	8	0.82%	997,700	8	0.87%
AEP Central Power & Light	1,671,440	9	0.81%	1,322,430	7	1.15%
Great Southern Wood	1,439,710	10	0.70%	—		—
Columbus Ford-Mercury	—		—	2,147,160	3	1.87%
Texas Health Enterprises	—		—	978,400	9	0.85%
Total	\$ 17,991,820		8.70%	\$ 15,274,716		13.31%

Note: Data provided by Colorado County Central Appraisal District.

City of Columbus, Texas
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the fiscal year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1999	\$ 218,286	\$ 213,307	97.7%	\$ 3,874	\$ 217,181	99.5%
2000	230,463	225,792	98.0%	4,010	229,802	99.7%
2001	242,563	235,440	97.1%	6,290	241,730	99.7%
2002	258,534	251,781	97.4%	5,794	257,575	99.6%
2003	282,049	277,313	98.3%	4,911	282,224	100.1%
2004	305,472	297,977	97.5%	5,633	303,610	99.4%
2005	317,479	312,172	98.3%	3,865	316,037	99.5%
2006	417,321	411,167	98.5%	3,542	414,709	99.4%
2007	439,273	430,994	98.1%	2,422	433,416	98.7%
2008	468,574	458,536	97.9%	--	458,536	97.9%

City of Columbus, Texas
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Governmental Activities										
2008 Certificates of obligation	--	--	--	--	--	--	--	--	--	\$ 1,200,000
Capital leases	--	--	--	--	--	--	\$ 65,199	\$ 112,426	--	--
Total governmental activities	-0-	-0-	-0-	-0-	-0-	-0-	65,199	112,426	-0-	1,200,000
Business Activities										
Note payable	\$ 41,638	\$ 154,167	\$ 123,312	\$ 92,444	\$ 61,611	\$ 30,686	--	--	--	--
2005 Certificates of obligation	--	--	--	--	--	--	4,750,000	4,620,000	\$ 4,445,000	\$ 4,265,000
Premium on certificates of obligation	--	--	--	--	--	--	66,046	62,689	59,332	55,975
2008 Certificates of obligation	--	--	--	--	--	--	--	--	--	2,800,000
Capital leases	--	--	--	--	--	--	--	30,644	--	--
Total business activities	41,638	154,167	123,312	92,444	61,611	30,686	4,816,046	4,713,333	4,504,332	7,120,975
Total Primary Government	<u>\$ 41,638</u>	<u>\$ 154,167</u>	<u>\$ 123,312</u>	<u>\$ 92,444</u>	<u>\$ 61,611</u>	<u>\$ 30,686</u>	<u>\$ 4,881,245</u>	<u>\$ 4,825,759</u>	<u>\$ 4,504,332</u>	<u>\$ 8,320,975</u>
(1) Percentage of Personal Income	0.1%	0.2%	0.2%	0.1%	0.1%	0.0%	7.9%	7.8%	7.3%	13.4%
(1) Per Capita	\$ 12	\$ 39	\$ 31	\$ 24	\$ 16	\$ 8	\$ 1,246	\$ 1,232	\$ 1,150	\$ 2,125

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 page 82 for personal income and population data

City of Columbus, Texas
Direct and Overlapping Governmental Activities Debt
As of September 30, 2008

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable(1)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Columbus Independent School District	\$ 16,868,851	30.65%	\$ 5,170,303
Colorado County	6,152,710	13.49%	830,001
Subtotal, overlapping debt			6,000,303
City of Columbus direct debt			8,339,191
Total direct and overlapping debt			\$ 14,339,494

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

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

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

**City of Columbus, Texas
Legal Debt Margin Information
Last Ten Fiscal Years**

Fiscal Year	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Tax Roll Year	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Net assessed value	\$ 114,766,630	\$ 122,060,641	\$ 128,469,323	\$ 136,928,106	\$ 141,868,672	\$ 156,004,169	\$ 167,315,584	\$ 179,015,962	\$ 188,432,039	\$ 201,001,471
Plus exempt property	<u>4,345,760</u>	<u>5,672,108</u>	<u>5,870,038</u>	<u>5,585,184</u>	<u>5,171,845</u>	<u>4,927,107</u>	<u>4,671,763</u>	<u>5,108,213</u>	<u>5,212,305</u>	<u>5,695,690</u>
Total assessed value	\$ 119,112,390	\$ 127,732,749	\$ 134,339,361	\$ 142,513,290	\$ 147,040,517	\$ 160,931,276	\$ 171,987,347	\$ 184,124,175	\$ 193,644,344	\$ 206,697,161
Debt limit (1)	<u>\$ 11,911,239</u>	<u>\$ 12,773,275</u>	<u>\$ 13,433,936</u>	<u>\$ 14,251,329</u>	<u>\$ 14,704,052</u>	<u>\$ 16,093,128</u>	<u>\$ 17,198,735</u>	<u>\$ 18,412,418</u>	<u>\$ 19,364,434</u>	<u>\$ 20,669,716</u>

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

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)
1999	3,367	38,851,813	11,539	42	15.7%	1,812	4.2%
2000	3,916	61,958,952	15,822	40	10.8%	1,745	3.7%
2001	3,916	61,958,952	15,822	40	16.7%	1,738	4.2%
2002	3,916	61,958,952	15,822	40	16.7%	1,682	4.7%
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	3.9%

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	2008			1999		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Columbus Independent School District	211	1	1.98%	224	1	2.79%
Drymalla Construction	187	2	1.75%	151	2	1.88%
Columbus Community Hospital	177	3	1.66%	148	3	1.85%
Colorado County (Government)	135	4	1.27%	120	4	1.50%
River Oaks Convalescent Home	131	5	1.23%	115	5	1.43%
Wal Mart	114	6	1.07%	85	6	1.06%
Schobels Restaurant	80	7	0.75%	80	7	1.00%
Great Southern Wood	69	8	0.65%	—		—
HEB Grocery Company LP	58	9	0.54%	60	9	0.75%
Brookshire Bros. (Grocery)	56	10	0.53%	41	10	0.51%
Columbus Care	—		—	62	8	0.77%
Total	1,218		11.42%	1,086		13.54%

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
Full time Equivalents City Government Employees by Function/Program
Last Five Fiscal Years

Function	Full-time-Equivalent Employees as of September 30				
	2004	2005	2006	2007	2008
Administrative and general	0.73	1.25	2.97	3.00	3.00
Police Department	10.91	11.97	12.02	12.15	12.24
Streets and drainage	3.04	4.05	4.88	4.91	4.93
Parks and recreation					
Parks	3.84	3.82	3.97	4.39	3.69
Swimming pool	0.88	0.91	0.94	.87	.94
Library	3.64	3.59	3.80	3.76	3.81
Public health	0.56	.55	1.03	.54	.54
Water	4.71	3.97	2.97	4.09	3.13
Sewer	1.90	2.92	1.29	2.61	2.65
Garbage	5.62	4.11	0.30	0.49	0.49
Gas	6.42	6.95	4.98	3.77	4.54
Total	42.25	44.09	39.15	40.58	39.96

Source: City Finance Director

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

Data for years prior to 2004 is not available.

City of Columbus, Texas
Operating Indicators by Function/Program
Last Five Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General government					
Building permits issued	47	27	33	32	42
Building inspections conducted	61	67	49	56	34
Gas inspections	27	15	17	26	22
Electrical inspections	88	60	57	60	65
Plumbing inspections	23	63	39	26	25
Mechanical inspections	20	48	31	45	15
Police					
Case Reports opened	141	149	159	168	203
Calls of service	1,986	2,578	2,179	2,551	2,422
Citations issued	1,146	1,519	1,917	1,519	1,239
Fire					
Fire/Other calls					
Structure fires	23	29	29	26	25
Grass/Brush fires	37	51	50	29	68
Car fires	27	23	18	16	9
Rescues	30	30	49	29	29
Hazardous	16	8	12	10	6
False alarms	7	7	5	8	6
Others	4	5	4	8	4
Total man hours	2,136.5	2322	2,667	2,614	4,561
Total training hours	1,842	1,726	1,636	1,935	1,500
Total maintenance hours	810	910	1,050	1,152	1,500
Municipal court					
Cases Filed					
Traffic - Non Parking	490	381	440	273	394
Traffic - Parking	6	11	45	13	25
Non-Traffic - State law	47	125	239	156	206
Non-Traffic - City Ordinance	11	13	28	24	38
Cases Disposed					
Traffic - Non Parking	199	144	327	269	436
Traffic - Parking	4	3	40	16	18
Non-Traffic - State law	12	44	159	120	156
Non-Traffic - City Ordinance	4	4	24	11	34
Solid Waste					
Customers	1,872	1,860	1,833	1,829	1,826
Recyclables (Ton per day)	.4	.59	.42	.47	.34
Water					
Customers	1,653	1,649	1,633	1,619	1,641
New Water Taps	7	10	7	15	12
Average Daily consumption (gallons)	566,610	587,260	683,950	550,189	715,549
Sewer					
Customers	1,598	1,590	1,577	1,566	1,576
New Sewer Taps	6	6	6	7	13
Average Daily Sewer Plant Discharge (gallons)	355,000	365,000	383,000	333,000	376,000
Gas					
Customers	1,287	1,268	1,241	1,230	1,239
New Gas Meters	6	5	0	5	3
Average Daily Consumption (MCF)	191.34	184.1	183.23	205.45	186.37

Sources: Various City Departments

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

City of Columbus, Texas
Capital Asset Statistics by Function/Program
Last Five Fiscal Years

Function/Program	Fiscal Year				
	2004	2005	2006	2007	2008
General government					
Municipal Buildings	1	1	1	1	1
Community Buildings	2	2	2	2	2
Public safety					
Police:					
Stations	1	1	1	1	1
Patrol units	7	9	9	9	9
Fire:					
Stations	1	1	1	1	1
Fire trucks	8	8	9	9	9
Highways and Streets					
Streets (miles)	29	29	29	29	29
Culture and recreation					
Acreage	106.1	106.1	106.1	106.1	106.1
Community buildings	1	1	1	1	1
Playgrounds	3	3	3	3	3
Baseball/softball diamonds	6	6	6	6	6
Golf courses	1	1	1	1	1
Libraries	1	1	1	1	1
Swimming pool	1	1	1	1	1
Soccer fields	5	5	5	5	5
Water					
Wells (active)	4	4	4	3	4
Water mains (miles)	37.62	37.62	37.62	41.62	41.62
Fire hydrants	158	158	158	193	193
Storage capacity (gallons)	1,548,000	1,548,000	1,548,000	1,548,000	1,340,000
Sewer					
Sewer mains (miles)	29.3	29.3	29.3	29.3	29.3
Lift stations	6	6	6	6	6

Sources: Various City Departments

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