

CITY OF WEST COLUMBIA
WEST COLUMBIA, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
SEPTEMBER 30, 2014

KENNEMER, MASTERS & LUNSFORD, LLC
CERTIFIED PUBLIC ACCOUNTANTS
8 WEST WAY COURT
LAKE JACKSON, TEXAS 77566

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CITY OF WEST COLUMBIA

West Columbia, Texas

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FINANCIAL SECTION

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Kennemer, Masters & Lunsford

CERTIFIED PUBLIC ACCOUNTANTS
Limited Liability Company

Lake Jackson Office:
8 West Way Court
Lake Jackson, Texas 77566
979-297-4075

El Campo Office:
201 W. Webb
El Campo, Texas 77437
979-543-6836

Houston Office:
10850 Richmond Ave., Suite 135
Houston, Texas 77042
281-974-3416

Independent Auditor's Report

To The Honorable Mayor and
Members of City Council
City of West Columbia
West Columbia, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of West Columbia (the "City"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

www.kmandl.com – Email: kmkw@kmandl.com

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, the Texas Municipal Retirement System and Texas Statewide Emergency Services Retirement Fund Schedules of Fund Progress – Last Three Years on pages 11 through 21 and pages 70 through 75, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Kennebec, Masters & Hurdford, LLC

Lake Jackson, Texas
February 2, 2015

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CITY OF WEST COLUMBIA, TEXAS

Management's Discussion and Analysis For the Year Ended September 30, 2014

As management of the City of West Columbia (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2014.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$ 7,848,157 (net position). Of this amount, \$ 2,636,556 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation.
- The City's total net position increased by \$ 721,702 (governmental activities increased by \$ 476,405 and business-type activities increased by \$ 245,297).
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$ 1,889,342. 40.99% of this total amount, \$ 774,519 (unassigned fund balance), is available for use within the City's fund designation.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$ 777,275 or 32.01% of the total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the four reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes).

CITY OF WEST COLUMBIA, TEXAS

*Management's Discussion and Analysis
For the Year Ended September 30, 2014*

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The *governmental activities* of the City include general government and administration, public safety, public works, and culture and recreation. The *business-type activities* of the City include water and sewer operations.

The government-wide financial statements can be found on pages 22 through 25 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

- **Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses 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 funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances, provides a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains seven (7) 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, Economic Development Corporation (Special Revenue), and the Capital Improvement (Capital Projects Fund); all of which are considered to be major funds. Data for the other four (4) funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 79 through 80 of this report.

CITY OF WEST COLUMBIA, TEXAS

*Management's Discussion and Analysis
For the Year Ended September 30, 2014*

- **Proprietary Funds.** The City maintains one category of *proprietary funds*-Enterprise Funds. Enterprise funds are used to report the same functions presented as business-type activities in government-wide financial statements. The City uses enterprise funds to account for its water and sewer operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 32 through 37 of this report.

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. The notes to the financial statements can be found on pages 38 through 68 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, the Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund and Economic Development Corporation Special Revenue Fund, and information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 70 through 75 of this report.

The combining and individual fund statements and schedules are presented following the required supplementary information. These combining and individual statements and schedules can be found on pages 79 through 87 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$ 7,848,157 as of September 30, 2014.

The largest portion of the City's net position (59.52%) reflects its investments in capital assets (e.g., land, buildings, water and sewer infrastructure, equipment, vehicles, and construction in progress, less any debt used to acquire those assets that is still outstanding). The City uses capital assets to provide service to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF WEST COLUMBIA, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2014

CITY OF WEST COLUMBIA'S NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	September 30,		September 30,		September 30,	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 2,166,055	\$ 1,835,056	\$ 1,342,291	\$ 1,173,566	\$ 3,508,346	\$ 3,008,622
Capital assets	<u>2,208,295</u>	<u>2,150,219</u>	<u>2,969,305</u>	<u>3,088,178</u>	<u>5,177,600</u>	<u>5,238,397</u>
Total assets	<u>4,374,350</u>	<u>3,985,275</u>	<u>4,311,596</u>	<u>4,261,744</u>	<u>8,685,946</u>	<u>8,247,019</u>
Deferred outflows of resources						
Total deferred outflows of resources	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Current and other liabilities	140,743	195,091	157,246	339,101	297,989	534,192
Long-term liabilities	<u>533,502</u>	<u>566,484</u>	<u>6,298</u>	<u>19,888</u>	<u>539,800</u>	<u>586,372</u>
Total liabilities	<u>674,245</u>	<u>761,575</u>	<u>163,544</u>	<u>358,989</u>	<u>837,789</u>	<u>1,120,564</u>
Deferred inflows of resources						
Total deferred inflows of resources	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net Position:						
Net investment in capital assets	1,701,678	1,615,190	2,969,305	3,052,588	4,670,983	4,667,778
Restricted	507,842	447,036	32,776	33,121	540,618	480,157
Unrestricted	<u>1,490,585</u>	<u>1,161,474</u>	<u>1,145,971</u>	<u>817,046</u>	<u>2,636,556</u>	<u>1,978,520</u>
Total net position	<u>\$ 3,700,105</u>	<u>\$ 3,223,700</u>	<u>\$ 4,148,052</u>	<u>\$ 3,902,755</u>	<u>\$ 7,848,157</u>	<u>\$ 7,126,455</u>

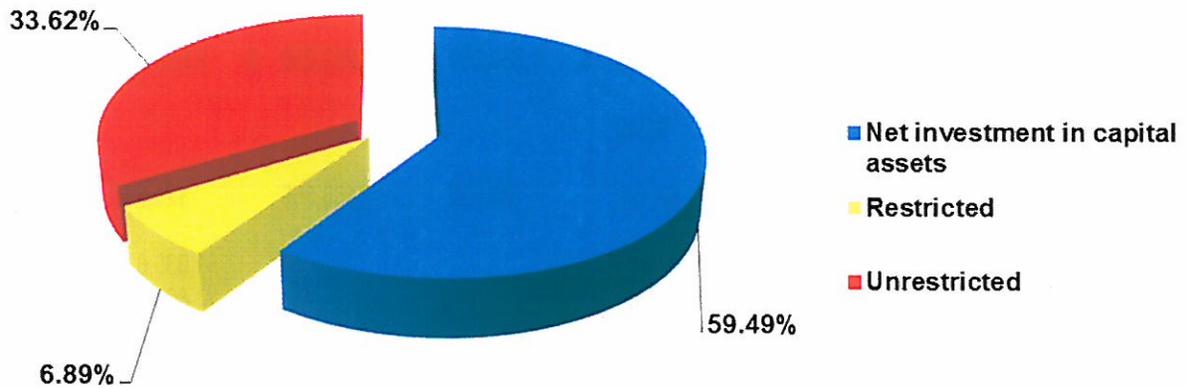
An additional portion of the City's net position of \$ 540,618 (6.89%) represents resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net position of \$ 2,636,556 (33.59%) may be used to meet the government's ongoing obligations to citizens and creditors.

As of September 30, 2014, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate categories-governmental and business-type activities.

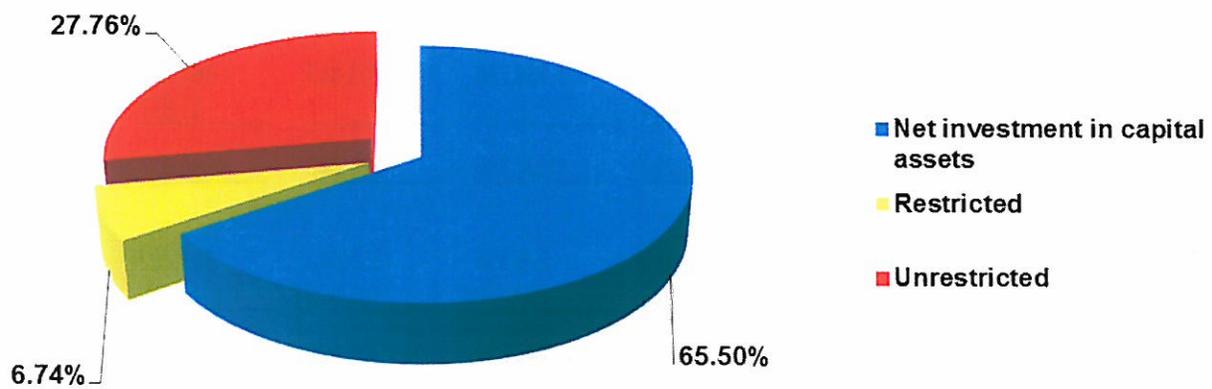
CITY OF WEST COLUMBIA, TEXAS

*Management's Discussion and Analysis
For the Year Ended September 30, 2014*

2014 Net Position Percentages



2013 Net Position Percentages



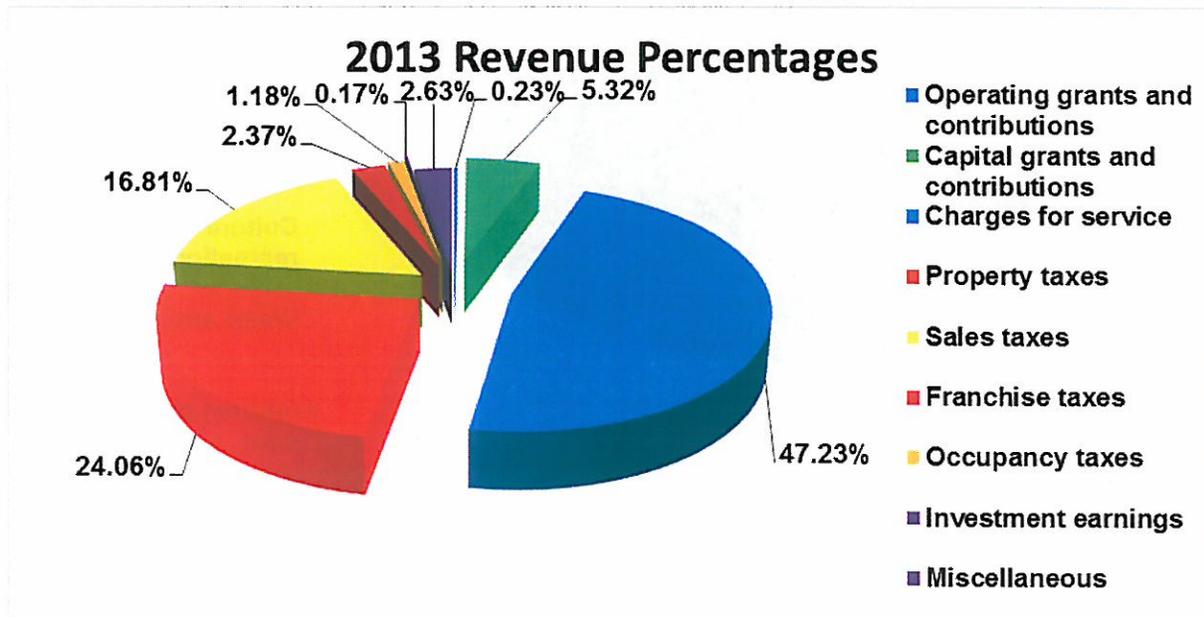
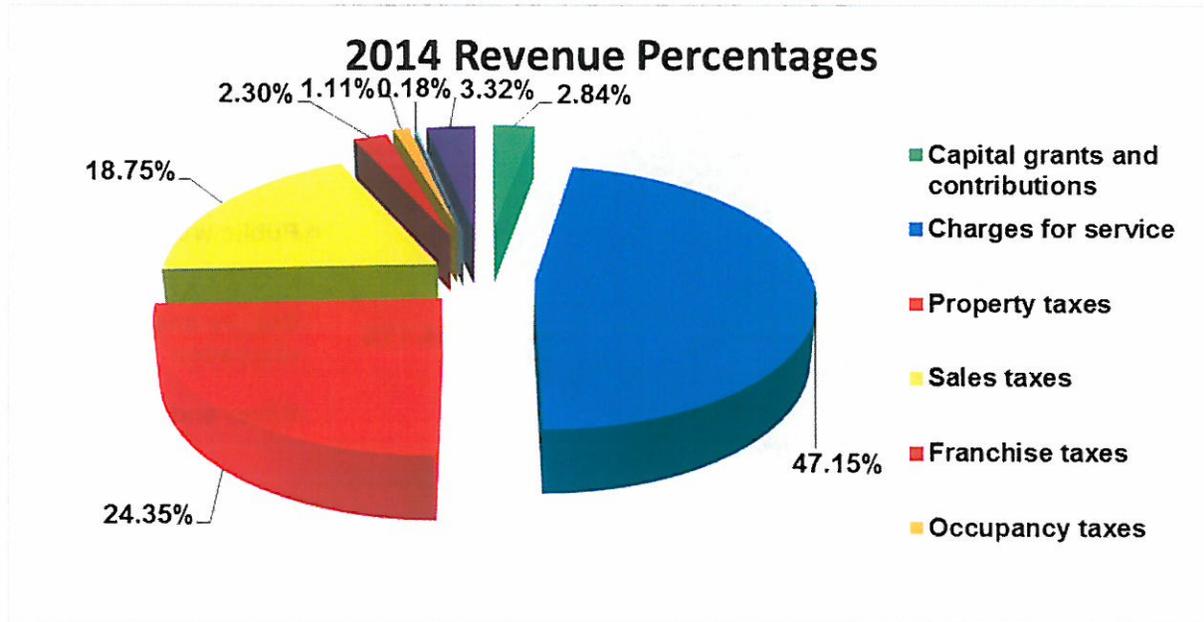
Analysis of the City's Operations. The following table provides a summary of the City's operations for the year ended September 30, 2014 and September 30, 2013. Business-type activities increased the City's net position by \$ 245,297. Governmental activities increased the City's net position by \$ 476,405.

CITY OF WEST COLUMBIA, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2014

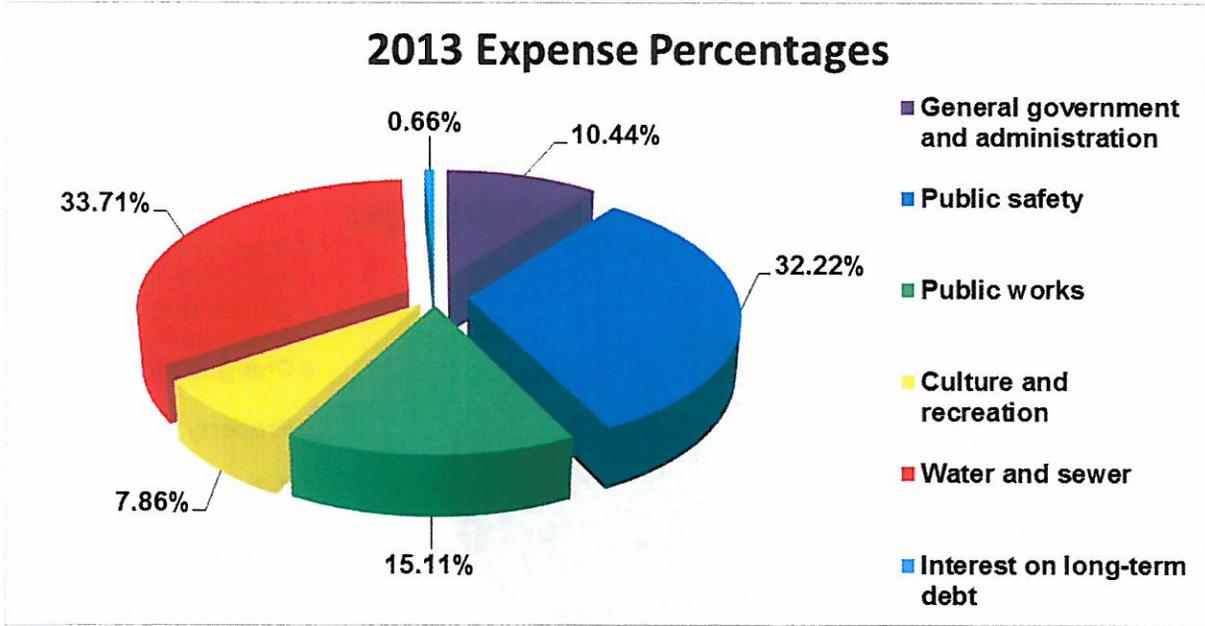
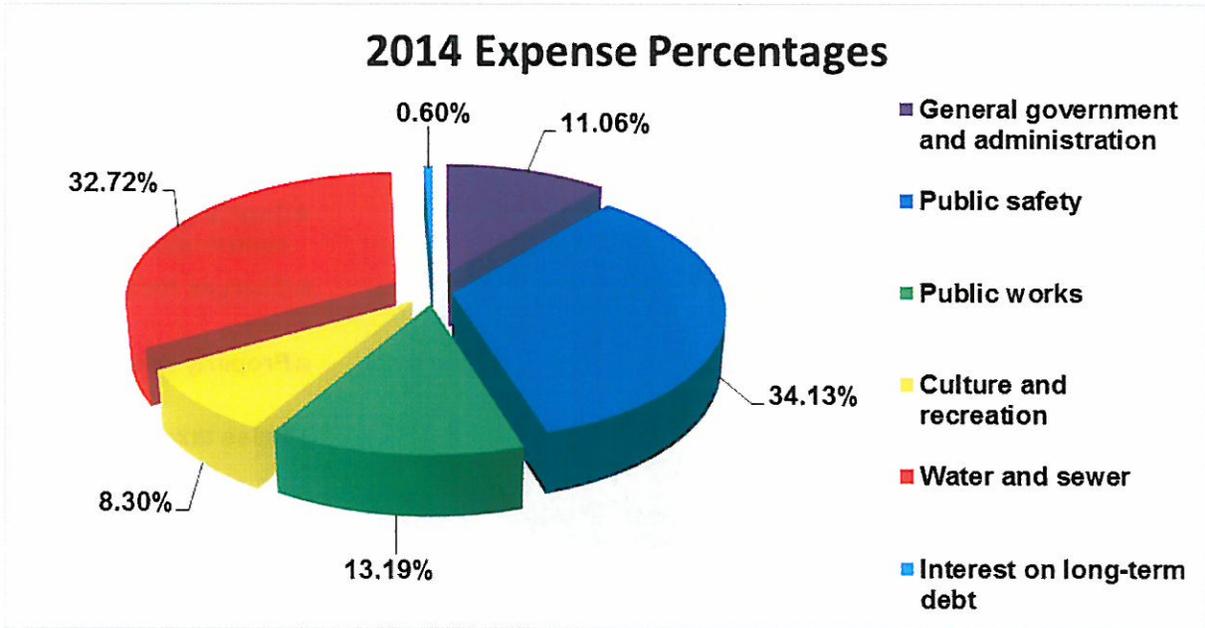
CITY OF WEST COLUMBIA'S CHANGES IN NET POSITION

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	September 30,		September 30,		September 30,	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues:						
Charges for services	\$ 669,918	\$ 719,834	\$ 1,350,639	\$ 1,283,296	\$ 2,020,557	\$ 2,003,130
Operating grants and contributions		9,840				9,840
Capital grants and contributions	88,293	57,179	33,398	168,569	121,691	225,748
General Revenues:						
Property taxes	1,039,634	1,020,527			1,039,634	1,020,527
Sales taxes	803,265	712,900			803,265	712,900
Franchise taxes	98,240	100,670			98,240	100,670
Occupancy taxes	47,531	49,982			47,531	49,982
Investment earnings	5,295	4,662	2,665	2,634	7,960	7,296
Miscellaneous	68,921	32,436	73,540	78,997	142,461	111,433
Total revenues	<u>2,821,097</u>	<u>2,708,030</u>	<u>1,460,242</u>	<u>1,533,496</u>	<u>4,281,339</u>	<u>4,241,526</u>
Expenses:						
General government and administration	393,818	372,169			393,818	372,169
Public safety	1,214,836	1,148,670			1,214,836	1,148,670
Public works	469,646	538,827			469,646	538,827
Culture and recreation	295,244	280,140			295,244	280,140
Water and sewer			1,164,736	1,201,847	1,164,736	1,201,847
Interest on long-term debt	<u>21,357</u>	<u>23,414</u>			<u>21,357</u>	<u>23,414</u>
Total expenses	<u>2,394,901</u>	<u>2,363,220</u>	<u>1,164,736</u>	<u>1,201,847</u>	<u>3,559,637</u>	<u>3,565,067</u>
Increase in net position before transfers	426,196	344,810	295,506	331,649	721,702	676,459
Transfers	<u>50,209</u>	<u>105,520</u>	<u>(50,209)</u>	<u>(105,520)</u>	<u>-0-</u>	<u>-0-</u>
Increase in net position	476,405	450,330	245,297	226,129	721,702	676,459
Net position, Beginning	<u>3,223,700</u>	<u>2,773,370</u>	<u>3,902,755</u>	<u>3,676,626</u>	<u>7,126,455</u>	<u>6,449,996</u>
Net position, Ending	<u>\$ 3,700,105</u>	<u>\$ 3,223,700</u>	<u>\$ 4,148,052</u>	<u>\$ 3,902,755</u>	<u>\$ 7,848,157</u>	<u>\$ 7,126,455</u>

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Management's Discussion and Analysis
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CITY OF WEST COLUMBIA, TEXAS
Management's Discussion and Analysis
 For the Year Ended September 30, 2014



Financial Analysis of the City's Funds

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

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

CITY OF WEST COLUMBIA, TEXAS

Management's Discussion and Analysis For the Year Ended September 30, 2014

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$ 1,889,342. 40.99% of this total amount, \$ 774,519 constitutes *unassigned fund balance*. The remainder of fund balance is *non-spendable, restricted or assigned* to indicate that it is not available for spending because it has already been classified 1) for prepaid items \$ 14,814, 2) economic development \$ 605,496, 3) capital improvement \$ 390,836, 4) debt service \$ 15,134, 5) contributor purposes \$ 1,485, 6) municipal court technology \$ 21,094, 7) municipal court security \$ 51,648, 8) child safety \$ 6,220, 9) police department \$ 6,408 and 10) vehicle replacement \$ 1,688.

The General Fund balance increased by \$ 214,349; Economic Development Corporation Fund balance increased by \$ 108,442, and the Capital Improvement Fund balance increased by \$ 52,088. The non-major governmental funds fund balance increased by \$ 24,172.

Proprietary funds. As mentioned earlier, the City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Net position at September 30, 2014 amounted to \$ 4,148,052. Total net position increased \$ 245,297 (or 6.29%).

General Fund Budgetary Highlights. Differences between the original budget and the final amended budget resulted in a \$ 203,185 increase in appropriations and can be summarized as follows:

- \$ 22,855 decrease in general government and administration
- \$ 58,285 increase in public safety
- \$ 32,930 increase in public works
- \$ 39,570 increase in culture and recreation
- \$ 96,325 increase in capital outlay
- \$ 1,070 decrease in debt service

Differences between the original budget and the final amended budget resulted in a \$ 158,385 increase in revenues and can be summarized as follows:

- \$ 1,200 increase in taxes
- \$ 9,090 increase in revenue producing facilities
- \$ 37,500 increase in fines and fees
- \$ 97,375 increase in intergovernmental revenues
- \$ 13,220 increase in miscellaneous income

Because revenues and expenditures exceeded budgetary estimates, the City's net change (increase) in fund balance was more than the budgeted amount by \$ 259,349 due to increase in revenues and decrease in expenditures.

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2014, amounts to \$ 5,177,600 (net of accumulated depreciation). This investment in capital assets includes land, buildings, water and sewer infrastructure, equipment, vehicles and construction in progress.

CITY OF WEST COLUMBIA, TEXAS

Management's Discussion and Analysis

For the Year Ended September 30, 2014

**Capital Assets at Year-end
Net of Accumulated Depreciation**

	Governmental Activities		Business-type Activities		Totals	
	September 30,		September 30,		September 30,	
	2014	2013	2014	2013	2014	2013
Land	\$ 626,140	\$ 626,140	\$ 41,750	\$ 41,750	\$ 667,890	\$ 667,890
Buildings	1,050,134	1,087,194	114,017	117,266	1,164,151	1,204,460
Water and sewer infrastructure			2,519,578	2,664,554	2,519,578	2,664,554
Equipment	326,671	269,005	224,328	114,899	550,999	383,904
Vehicles	164,428	129,601	69,632	58,280	234,060	187,881
Construction in progress	<u>40,922</u>	<u>38,279</u>		<u>91,429</u>	<u>40,922</u>	<u>129,708</u>
Total	<u>\$ 2,208,295</u>	<u>\$ 2,150,219</u>	<u>\$ 2,969,305</u>	<u>\$ 3,088,178</u>	<u>\$ 5,177,600</u>	<u>\$ 5,238,397</u>

Additional information on the City's capital assets can be found in Note 6 on pages 55 through 56 of this report.

Debt Administration

At the end of the current fiscal year, the City had a total long-term debt liability of \$ 539,800. Of this amount, \$ 240,000 of sales tax revenue bonds, \$ 180,000 of tax notes, \$ 73,587 of notes payable, \$ 4,294 of capital leases, \$ 33,183 of compensated absences, and \$ 8,736 of accrued interest (component of long-term debt) backed by the full faith and credit of the City.

Outstanding Long-Term Debt at Year End

	Governmental Activities		Business-type Activities		Totals	
	September 30,		September 30,		September 30,	
	2014	2013	2014	2013	2014	2013
Sales tax revenue bonds	\$ 240,000	\$ 281,000	\$	\$	\$ 240,000	\$ 281,000
Tax notes payable	180,000	220,000			180,000	220,000
Notes payable	73,587	15,429		12,863	73,587	28,292
Capital leases	4,294	7,689			4,294	7,689
Compensated absences	26,885	31,455	6,298	7,025	33,183	38,480
Components of Long-Term Debt:						
Accrued interest payable	<u>8,736</u>	<u>10,911</u>			<u>8,736</u>	<u>10,911</u>
Total	<u>\$ 533,502</u>	<u>\$ 566,484</u>	<u>\$ 6,298</u>	<u>\$ 19,888</u>	<u>\$ 539,800</u>	<u>\$ 586,372</u>

CITY OF WEST COLUMBIA, TEXAS

*Management's Discussion and Analysis
For the Year Ended September 30, 2014*

The City currently does not have any outstanding General Obligation Bonds, but does have a Sales Tax Revenue Bond and a Tax Note as noted in Note 7 beginning on page 57. Additional information on the City of West Columbia's long-term debt can be found in Note 7 on pages 57 through 60 of this report.

Economic Factors and Next Year's Budgets and Rates

In the 2014-2015 budget, construction at area plants are resulting in increases in the local sales tax and the city's RV Park is more consistently full. This trend should continue over the next several years. In addition, the city is the recipient of a few grants. The Community Development Block Grant allocation rotates every three years and occurs this fiscal year. The Police Department continues to secure grants for equipment and assistance to fund an additional officer. An 80/20 grant from the Texas Department of Transportation for sidewalk improvements along W. Brazos is scheduled to begin in this fiscal year.

The enterprise fund's revenues will increase due to a twenty percent increase in utility rates for water and wastewater. This additional revenue covers increased cost to maintain the system, as well as to invest in the infrastructure of the system through equipment upgrades and line replacement projects.

Request for Information

This financial report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the City Manager, P.O. Box 487, 512 E. Brazos, West Columbia, Texas, 77486, or call (979) 345-3123.

CITY OF WEST COLUMBIA

West Columbia, Texas

STATEMENT OF NET POSITION

September 30, 2014

	Governmental Activities	Business- Type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 1,770,904	\$ 1,004,242	\$ 2,775,146
Taxes receivable, net	215,740		215,740
Accounts receivable, net	147,121	177,836	324,957
Receivables from other governments	133		133
Internal balances	17,343	(17,343)	-0-
Inventories		45,232	45,232
Prepaid items	14,814		14,814
Restricted Assets:			
Cash and cash equivalents		132,324	132,324
Capital Assets:			
Land	626,140	41,750	667,890
Buildings, net	1,050,134	114,017	1,164,151
Water and sewer infrastructure, net		2,519,578	2,519,578
Equipment, net	326,671	224,328	550,999
Vehicles, net	164,428	69,632	234,060
Construction in progress	40,922		40,922
Total assets	<u>4,374,350</u>	<u>4,311,596</u>	<u>8,685,946</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources			
Total deferred outflows of resources	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
LIABILITIES:			
Accounts payable	128,176	52,476	180,652
Accrued wages payable	12,567	5,222	17,789
Liabilities payable from restricted assets		99,548	99,548
Noncurrent Liabilities:			
Due within one year	147,554	6,298	153,852
Due in more than one year	385,948		385,948
Total liabilities	<u>674,245</u>	<u>163,544</u>	<u>837,789</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources			
Total deferred inflows of resources	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>

(continued)

CITY OF WEST COLUMBIA
West Columbia, Texas

STATEMENT OF NET POSITION - Continued

September 30, 2014

	Governmental Activities	Business- Type Activities	Total
NET POSITION			
Net investment in capital assets	\$ 1,701,678	\$ 2,969,305	\$ 4,670,983
Restricted For:			
Debt service	15,134		15,134
Capital improvement	390,836		390,836
Sewer replacement		32,776	32,776
Vehicle replacement	1,688		1,688
Municipal court security and technology	72,742		72,742
Child safety	6,220		6,220
Other purposes	21,222		21,222
Unrestricted	1,490,585	1,145,971	2,636,556
Total net position	\$ 3,700,105	\$ 4,148,052	\$ 7,848,157

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

CITY OF WEST COLUMBIA
West Columbia, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government and administration	\$ 393,818	\$ 38,862	\$	\$
Public safety	1,214,836	286,321		88,293
Public works	469,646	260,611		
Culture and recreation	295,244	84,124		
Interest on long-term debt	<u>21,357</u>			
Total governmental activities	<u>2,394,901</u>	<u>669,918</u>	<u>-0-</u>	<u>88,293</u>
Business-type Activities:				
Water and sewer	<u>1,164,736</u>	<u>1,350,639</u>		<u>33,398</u>
Total business-type activities	<u>1,164,736</u>	<u>1,350,639</u>	<u>-0-</u>	<u>33,398</u>
Total	<u>\$ 3,559,637</u>	<u>\$ 2,020,557</u>	<u>\$ -0-</u>	<u>\$ 121,691</u>
General Revenues:				
Taxes:				
Property taxes				
Sales taxes				
Franchise fees				
Occupancy taxes				
Investment earnings				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position – beginning				
Net position – ending				

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

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business- Type Activities	Total
\$(354,956)	\$	\$(354,956)
(840,222)		(840,222)
(209,035)		(209,035)
(211,120)		(211,120)
(21,357)		(21,357)
(1,636,690)	-0-	(1,636,690)
	219,301	219,301
-0-	219,301	219,301
(1,636,690)	219,301	(1,417,389)
1,039,634		1,039,634
803,265		803,265
98,240		98,240
47,531		47,531
5,295	2,665	7,960
68,921	73,540	142,461
50,209	(50,209)	-0-
2,113,095	25,996	2,139,091
476,405	245,297	721,702
3,223,700	3,902,755	7,126,455
\$ 3,700,105	\$ 4,148,052	\$ 7,848,157

CITY OF WEST COLUMBIA

West Columbia, Texas

**BALANCE SHEET
GOVERNMENTAL FUNDS**

September 30, 2014

	<u>General Fund</u>	<u>Economic Development Corporation Fund</u>	<u>Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets and Deferred Outflows of Resources</u>					
Assets:					
Cash and cash equivalents	\$ 824,275	\$ 451,974	\$ 389,219	\$ 105,436	\$ 1,770,904
Taxes receivable, net	147,245	51,608		16,887	215,740
Receivables from other governments	133				133
Accounts receivable, net	49,544			1,762	51,306
Due from other funds	29,937		1,617		31,554
Prepaid items	<u>14,814</u>				<u>14,814</u>
 Total assets	 <u>1,065,948</u>	 <u>503,582</u>	 <u>390,836</u>	 <u>124,085</u>	 <u>2,084,451</u>
Deferred Outflows of Resources:					
Deferred outflows of resources					
 Total deferred outflows of resources	 <u>-0-</u>	 <u>-0-</u>	 <u>-0-</u>	 <u>-0-</u>	 <u>-0-</u>
 Total assets and deferred outflows of resources	 <u>\$ 1,065,948</u>	 <u>\$ 503,582</u>	 <u>\$ 390,836</u>	 <u>\$ 124,085</u>	 <u>\$ 2,084,451</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ 128,176	\$	\$	\$	\$ 128,176
Accrued wages payable	12,567				12,567
Due to other funds	<u>6,608</u>			<u>7,603</u>	<u>14,211</u>
 Total liabilities	 <u>147,351</u>	 <u>-0-</u>	 <u>-0-</u>	 <u>7,603</u>	 <u>154,954</u>
Deferred Inflows of Resources:					
Deferred inflows of resources – Property taxes	<u>39,450</u>			<u>705</u>	<u>40,155</u>
 Total deferred inflows of resources	 <u>39,450</u>	 <u>-0-</u>	 <u>-0-</u>	 <u>705</u>	 <u>40,155</u>

(continued)

CITY OF WEST COLUMBIA

West Columbia, Texas

**BALANCE SHEET
GOVERNMENTAL FUNDS - Continued**

September 30, 2014

	<u>General Fund</u>	<u>Economic Development Corporation Fund</u>	<u>Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:					
Non-Spendable:					
Prepaid items	\$ 14,814	\$	\$	\$	\$ 14,814
Restricted:					
Economic development		503,582		101,914	605,496
Capital improvement			390,836		390,836
Debt service				15,134	15,134
Contributor purposes				1,485	1,485
Municipal court technology	21,094				21,094
Municipal court security	51,648				51,648
Child safety	6,220				6,220
Police department	6,408				6,408
Assigned:					
Vehicle replacement	1,688				1,688
Unassigned	<u>777,275</u>			<u>(2,756)</u>	<u>774,519</u>
Total fund balances	<u>879,147</u>	<u>503,582</u>	<u>390,836</u>	<u>115,777</u>	<u>1,889,342</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,065,948</u>	<u>\$ 503,582</u>	<u>\$ 390,836</u>	<u>\$ 124,085</u>	<u>\$ 2,084,451</u>

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

CITY OF WEST COLUMBIA

West Columbia, Texas

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

September 30, 2014

Total fund balances – governmental funds balance sheet	\$ 1,889,342
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Capital assets include \$ 3,813,880 in assets less \$ 1,605,585 in accumulated depreciation.	2,208,295
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds. Deferred inflows of resources – property taxes for the general fund and the debt service fund amounted to \$ 39,450 and \$ 705, respectively.	40,155
Municipal court receivables unavailable to pay for current period expenditures are not recognized in the governmental funds. Municipal court receivables, net of allowance, total \$ 95,815 (\$ 958,147 less allowance for uncollectibles of \$ 862,332).	95,815
Payables for bond principal are not reported in the funds.	(240,000)
Payables for bond interest are not reported in the funds.	(6,708)
Payables for tax note principal are not reported in the funds.	(180,000)
Payables for tax note interest are not reported in the funds.	(1,932)
Payables for note principal are not reported in the funds.	(73,587)
Payables for note interest are not reported in the funds.	(91)
Payables for capital lease principal are not reported in the funds.	(4,294)
Payables for capital lease interest are not reported in the funds.	(5)
Payables for compensated absences are not reported in the funds.	(<u>26,885</u>)
Net position of governmental activities – statement of net position.	\$ <u><u>3,700,105</u></u>

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

CITY OF WEST COLUMBIA

West Columbia, Texas

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended September 30, 2014

	General Fund	Economic Development Corporation Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 1,678,729	\$ 267,755	\$	\$ 48,982	\$ 1,995,466
Revenue producing facilities	365,136				365,136
Fines and fees	293,229				293,229
Licenses and permits	18,461				18,461
Intergovernmental revenue	88,293				88,293
Miscellaneous	58,914	5,280	7,931	2,091	74,216
Total revenues	2,502,762	273,035	7,931	51,073	2,834,801
Expenditures:					
Current:					
General Government and Administrative	387,537				387,537
Public safety	1,165,590				1,165,590
Public works	464,717				464,717
Culture and recreation	225,825	17,044		12,686	255,555
Capital outlay	162,791				162,791
Debt Service:					
Principal	19,735	41,000		40,000	100,735
Interest and fiscal charges	1,911	15,549		6,072	23,532
Total expenditures	2,428,106	73,593	-0-	58,758	2,560,457
Excess (deficiency) of revenues over expenditures	74,656	199,442	7,931	(7,685)	274,344
Other Financing Sources (Uses):					
Transfers in	210,415		236,066	41,272	487,753
Transfers out	(145,220)	(91,000)	(191,909)	(9,415)	(437,544)
Issuance of loan	74,498				74,498
Total other financial sources (uses)	139,693	(91,000)	44,157	31,857	124,707
Net change in fund balances	214,349	108,442	52,088	24,172	399,051
Fund balances – beginning	664,798	395,140	338,748	91,605	1,490,291
Fund balances – ending	\$ 879,147	\$ 503,582	\$ 390,836	\$ 115,777	\$ 1,889,342

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

CITY OF WEST COLUMBIA
West Columbia, Texas

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

For the Year Ended September 30, 2014

Net change in fund balances – total governmental funds	\$	399,051
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the governmental activities statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay of \$ 162,791 exceeded depreciation expense of \$ 104,715.		58,076
Note proceeds provide financial resources to governmental funds, but issuing debt increases long-term liabilities in the governmental activities statement of net position. The amount of proceeds is \$ 74,498.	(74,498)
Property tax revenues in the governmental activities statement of activities do not provide current financial resources and are not reported as revenues in the funds. Deferred property tax revenues for the general fund decreased by \$ 6,792 and decreased for the debt service fund by \$ 4.	(6,796)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the governmental activities statement of net assets. These amounts were for general obligation bonded debt of \$ 41,000; tax notes of \$ 40,000, loans of \$ 16,340 and capital leases of \$ 3,395.		100,735
Municipal court revenues in the governmental activities statement of activities do not provide current financial resources and are not reported as revenues in the governmental funds. Municipal court receivables, net of allowance, decreased by \$ 6,908.	(6,908)
Some expenses reported in the governmental activities statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This is the amount of the change in accrued interest on long-term debt of \$ 2,175.		2,175
Some expenses reported in the governmental activities statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This is the amount of the change in accrued compensated absences of \$ 4,570.		<u>4,570</u>
Change in net position of governmental activities	\$	<u>476,405</u>

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

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CITY OF WEST COLUMBIA
West Columbia, Texas

STATEMENT OF NET POSITION - PROPRIETARY FUND

September 30, 2014

	<u>Enterprise Fund</u>
<u>Assets</u>	
Current Assets:	
Cash and cash equivalents	\$ 1,004,242
Accounts receivable, net	177,836
Due from other funds	4,991
Inventory	<u>45,232</u>
Total current unrestricted assets	<u>1,232,301</u>
Restricted Assets:	
Cash and cash equivalents	<u>132,324</u>
Total current restricted assets	<u>132,324</u>
Total current assets	<u>1,364,625</u>
Noncurrent Assets:	
Capital Assets:	
Property, plant and equipment	7,416,243
Accumulated depreciation	<u>(4,446,938)</u>
Net capital assets	<u>2,969,305</u>
Total assets	<u>4,333,930</u>
<u>Deferred Outflows of Resources</u>	
Deferred outflows of resources	<u> </u>
Total deferred outflows of resources	<u>-0-</u>
Total assets and deferred outflows of resources	<u>\$ 4,333,930</u>

(Continued)

CITY OF WEST COLUMBIA
West Columbia, Texas

STATEMENT OF NET POSITION - PROPRIETARY FUND - Continued

September 30, 2014

	<u>Enterprise Fund</u>
<u>Liabilities</u>	
Current Liabilities:	
Accounts payable	\$ 52,476
Accrued expenses payable	5,222
Compensated absences	6,298
Due to other funds	<u>22,334</u>
Total current unrestricted liabilities	86,330
Current Liabilities Payable From Restricted Assets:	
Customer meter deposits	<u>99,548</u>
Total current liabilities	<u>185,878</u>
Noncurrent Liabilities:	
Noncurrent liabilities	<u> </u>
Total noncurrent liabilities	<u>-0-</u>
Total liabilities	<u>185,878</u>
<u>Deferred Inflows of Resources</u>	
Deferred inflows of resources	<u> </u>
Total deferred inflows of resources	<u>-0-</u>
<u>Net Position</u>	
Invested in capital assets, net of related debt	2,969,305
Restricted For:	
Sewer replacement	32,776
Unrestricted	<u>1,145,971</u>
Total net position	<u>4,148,052</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 4,333,930</u>

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

CITY OF WEST COLUMBIA
West Columbia, Texas

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

For the Year Ended September 30, 2014

	<u>Enterprise Fund</u>
Operating Revenues:	
Water service	\$ 595,300
Sewer charges	582,761
Varner Creek Utility District	172,578
Miscellaneous	<u>73,540</u>
Total operating revenues	<u>1,424,179</u>
Operating Expenses:	
Water production	206,430
Water distribution	277,689
Water administration	123,976
Sewer collection	64,758
Sewer treatment plant	317,756
Depreciation	<u>174,016</u>
Total operating expenses	<u>1,164,625</u>
Operating income	<u>259,554</u>
Non-Operating Revenues (Expenses):	
Interest revenue	2,665
Interest and fiscal charges	<u>(111)</u>
Total non-operating revenues (expenses)	<u>2,554</u>
Income before contributions and transfers	262,108
Capital contributions	33,398
Transfers in	151,909
Transfers out	<u>(202,118)</u>
Change in net position	245,297
Net position – beginning	<u>3,902,755</u>
Net position – ending	<u>\$ 4,148,052</u>

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

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CITY OF WEST COLUMBIA
West Columbia, Texas

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUND**

For the Year Ended September 30, 2014

	<u>Enterprise Fund</u>
Cash Flows from Operating Activities:	
Receipts from customers	\$ 1,502,957
Receipts from other funds	(6,884)
Payments to suppliers	(684,497)
Payments to employees	<u>(472,171)</u>
Net cash provided by operating activities	<u>339,405</u>
Cash Flows from Non-Capital Financing Activities:	
Operating transfers from other funds	151,909
Operating transfers to other funds	<u>(202,118)</u>
Net cash used for non-capital financing activities	<u>(50,209)</u>
Cash Flows from Capital and Related Financing Activities:	
Principle payments on loan	(12,863)
Purchases of capital assets	(21,745)
Interest and fees	<u>(111)</u>
Net cash used by capital and related financing activities	<u>(34,719)</u>
Cash Flows from Investing Activities:	
Interest received	<u>2,665</u>
Net cash provided by investing activities	<u>2,665</u>
Net increase in cash and cash equivalents	257,142
Balances – beginning of year	<u>879,424</u>
Balances – end of the year	<u>\$ 1,136,566</u>

(Continued)

CITY OF WEST COLUMBIA
West Columbia, Texas

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUND - Continued**

For the Year Ended September 30, 2014

	<u>Enterprise Fund</u>
Reconciliation of Operating Income to Net Cash Provided by	
Operating Activities:	
Operating income	\$ 259,554
Adjustments to Reconcile Operating Income to Net Cash Provided by	
Operating Activities:	
Depreciation	174,016
Changes in Assets and Liabilities:	
Receivable, net	75,766
Due from other funds	(4,991)
Inventory	19,535
Accounts payable	(186,041)
Accrued expenses payable	447
Due to other funds	(1,893)
Customer deposits	<u>3,012</u>
Net cash provided by operating activities	<u>\$ 339,405</u>
Non-Cash Investing, Capital and Financing Activities:	
Capital improvements – Grants	\$ 33,398
Capital contributions	<u>(33,398)</u>
Net effect of non-cash transactions	<u>\$ -0-</u>

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

CITY OF WEST COLUMBIA
West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2014

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CITY OF WEST COLUMBIA
West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Statement

The City of West Columbia (the "City") operates under General Law as embodied in the Texas Local Government Code and was incorporated in 1938. The City operates under a Council-Mayor form of government and provides the following services as authorized by state law: public, streets and drainage, health and social services, culture-recreation, public services and improvements and general administrative services.

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). As allowed in Section P80 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, the City has elected not to apply Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989. The more significant accounting policies of the City are described below.

Financial Reporting Entity

The basic financial statements of the City include the primary government organizations, for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The decision to include a potential component unit in the reporting entity was made by applying the criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*.

Included in the reporting entity:

City of West Columbia (Primary government)

The City operates under a General Law. The City operates under a Council-Manager form of government and provides the following services as authorized by state law: public safety, streets and drainage, health and social services, culture-recreation, public services and improvements and general administrative services.

The following entity was found to be a component unit of the City and is included in the basic financial statements:

CITY OF WEST COLUMBIA

West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Financial Reporting Entity - Continued

West Columbia Economic Development Corporation (the "Corporation")

The City created the Corporation for the purpose of promoting parks, drainage and street improvements, and economic development within the City. The Corporation's governing board is substantially the same as the governing body of the City. There are seven directors, two of whom are members of the City Council. The remaining five members are residents of the City or the County. All Board members are appointed by the City Council. The Corporation is authorized to sell bonds or other forms of indebtedness. Upon dissolution of the Corporation, the assets of the Corporation shall be distributed to the City. The Corporation provides all of its services to the City. A blended presentation has been used to report the financial information of this component unit. The Corporation is presented as a special revenue fund. The financial information for the Corporation is available from the City.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report financial information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity 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 function or segment. *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 operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. The City does not have any fiduciary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor governmental funds are combined and reported in a separate column in the fund financial statements. The City has only one proprietary fund.

CITY OF WEST COLUMBIA
West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement Focus, Basis Of Accounting, and Financial Statement Presentation

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 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.

Property taxes, franchise taxes, licenses, municipal court revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when cash is received by the government.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first and the unrestricted resources as needed.

The City has presented the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund. 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 *Economic Development Corporation (Special Revenue Fund)* accounts for specific projects and expenditures for the improvement of the City. Sales taxes and private donations provide the resources to fund these projects.

The *Capital Improvement (Capital Projects Fund)* accounts for the various projects ongoing for improvements to the City's infrastructure, primarily water and sewer systems.

CITY OF WEST COLUMBIA

West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement Focus, Basis Of Accounting, and Financial Statement Presentation - Continued

The City reports the following major proprietary fund:

The Enterprise Fund is used to account for the provision of water and sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and sewer system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted, if necessary, to ensure integrity of the funds.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, and 2) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Enterprise Fund are charges to customers for sales and services. The City also recognized as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system.

Operating expenses for the Enterprise Fund includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

New Pronouncements

GASB issues statements on a routine basis with the intent to provide authoritative guidance on the preparation of financial statements and to improve governmental accounting and financial reporting of governmental entities. Management reviews these statements to ensure that preparation of its financial statements are in conformity with generally accepted accounting principles and to anticipate changes in those requirements. The following recent GASB Statements reflect the action and consideration of management regarding these requirements:

GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", was issued November 2010. The statement was implemented and did not have an impact on the City's financial statements. This statement is effective for periods beginning after December 15, 2011.

GASB Statement No. 61, "The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34", was issued November 2010. The statement was implemented and did not have an impact on the City's financial statements. This statement is effective for periods beginning after June 15, 2012.

CITY OF WEST COLUMBIA
West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

New Pronouncements - Continued

GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", was issued June 2011. The statement was implemented and did not have an impact on the City's financial statements, although it has reclassified certain items previously recorded as assets and liabilities within the City's financial statements as outflow and inflows of resources. This statement is effective for periods beginning after December 15, 2011.

GASB Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions-and amendment of GASB Statements No. 53", was issued June 2011. The statement was implemented and did not have an impact on the City's financial statements.

GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities", was issued March 2012. The statement was implemented and did have an impact on the City's financial statements. This statement is effective for periods beginning after December 15, 2012 and was adopted in the prior fiscal year.

GASB Statement No. 66, "Technical Corrections – 2012 - an amendment of GASB Statements No. 10 and No. 62", was issued March 2012. This statement is effective for periods beginning after December 15, 2012. The statement was implemented and did not have an impact on the City's financial statements.

GASB Statement No. 67, "Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25", was issued June 2012. This statement is effective for periods beginning after June 15, 2013. The statement was implemented and did not have an impact on the City's financial statements.

GASB Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27", was issued June 2012. The management of the City does believe that the implementation of this statement will have a material effect on the financial statements of the City. This statement is effective for periods beginning after June 15, 2014.

GASB Statement No. 69, "Government Combinations and Disposals of Government Operations", was issued January 2013. The management of the City does not believe that the implementation of this statement will have a material effect on the financial statements of the City. This statement is effective for periods beginning after December 15, 2013.

GASB Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees", was issued April 2013. This statement is effective for periods beginning after June 15, 2013. The statement was implemented and did not have an impact on the City's financial statements.

GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68", was issued November 2013. The management of the City believes that the implementation of this statement will have a material effect on the financial statements of the City. This statement is effective for periods beginning after June 15, 2014.

CITY OF WEST COLUMBIA
West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Budgetary Data

All departments of the City submit requests for appropriation to the City Manager so that a budget may be prepared. The budget is prepared by fund and includes requested appropriations for the next year. The proposed budget is presented to the Mayor and City Council for review. The City Council holds budget workshops and may add to, subtract from, or change appropriations. A public hearing is held prior to adoption.

Once the budget is adopted, expenditures may not legally exceed total appropriations at the fund level. Line item and department budgets may exceed appropriated amounts at the discretion of the City Council as long as total expenditures for the fund do not exceed appropriated amounts. Revisions to the budget were made during the year. Appropriations not exercised in the current year lapse at the end of the year.

The City adopts annual budgets for all governmental fund types (General Fund, Special Revenue Funds, Capital Improvement Fund, and Debt Service Fund) and the proprietary fund type (Enterprise Fund).

Financial statements in this report are based on the legally enacted basis (modified accrual basis with certain exceptions) and the generally accepted accounting principles (GAAP basis). The financial statements prepared on the legally enacted basis differs from the GAAP basis statements on an individual fund basis as follows:

Enterprise Fund -

1. Principal payments on bonds are recorded as a current year expense as opposed to a reduction of the principal balance on the balance sheet (GAAP).
2. Capital expenditures are recorded as current year expense as opposed to being capitalized and depreciated over the estimated useful life of the asset (GAAP).
3. Capital contributions.

The following schedules reconcile the difference between the City's legally enacted basis and the GAAP basis:

	2014
Enterprise Fund:	
Change in net position - GAAP basis	\$ 245,297
Depreciation	174,016
Capital contribution	(33,398)
Capital outlay	(21,745)
Debt principal payments	(12,863)
Change in net position - budget basis	\$ 351,307

CITY OF WEST COLUMBIA
West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized. Encumbrances outstanding at year-end are reported as a reservation of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. There were no outstanding encumbrances at September 30, 2014.

Cash and Cash Equivalents and Investments

Cash and temporary investments include amounts in demand deposits and short-term investments with a maturity date within three months of the date acquired by the City. For purposes of the cash flow statement, cash and temporary investments are considered cash equivalents. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", investments are stated at fair value. State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements, and other such securities or obligations as allowed in the Public Funds Investment Act (PFIA) as amended and approved by the City's Council. The City's management believes it complied with the requirements of the PFIA and the City's investment policies.

Inventory

Inventory is valued at cost and consists primarily of utility meters and supplies. The consumption method of inventory is employed by the City, whereby the purchases of these supplies are charged directly to inventory for control and then expended as consumed.

Compensated Absences

The City's sick leave policy provides twelve paid sick days per year. The City does not pay for any unused sick leave upon termination, resignation or retirement. The amount of any expense, which may occur, resulting from utilization of unused sick leave, cannot be determined as of September 30, 2014.

Eligible City employees accrue vacation time annually at various rates based on length of service with the City. Vacation time can be accrued on January 1 of each year.

The City offers comp time for hours actually worked above 40 hours per week, at the discretion of each Department Head. Comp time reported is the amount of time to be paid at the employee's regular rate. For example, if an employee works 42 hours in a work week, he/she may be paid for 40 hours at their regular rate and earn 3 hours of comp time or be paid 40 hours at their regular rate and 2 hours at 1 ½ times their regular rate. This is a voluntary program and employees have the option to be paid for overtime hours or receive comp time. Employees may accumulate up to 240 hours of comp time for all departments, except the police department. The police department employees may accumulate up to 480 hours of comp time. At the end of the fiscal year (September 30), employees will be paid for any comp time accumulated over the maximums. Employees who leave the employment of the City will receive payment for any unused comp time at the time of their departure.

CITY OF WEST COLUMBIA

West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The estimated liabilities include required salary related payments. Compensated absences are reported as accrued in the government-wide and proprietary fund financial statements. Governmental funds report only matured compensated absences payable to currently terminating employees and is included in wages and benefits payable. As of September 30, 2014, there were no matured compensated absences reported in the governmental funds. Maturing compensated absences payable in the Governmental Activities totaled \$ 26,885 at September 30, 2014. Accrued compensated absences reported in the Enterprise Fund at September 30, 2014 totaled \$ 6,298.

Capital Assets

Capital assets, which include land, buildings, equipment, vehicles, and water and sewer infrastructure, 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 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The amount of interest cost to be capitalized on assets with tax-exempt borrowing is equal to the cost of the borrowing less interest earned on the related tax-exempt borrowing. During the year ended September 30, 2014, no capitalized interest was recorded.

Assets capitalized have an original cost of \$ 5,000 or more and over two years of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	40 Years
Equipment	15 Years
Vehicles	7-15 Years
Water and Sewer Infrastructure	30 Years

Salvage values are utilized to eliminate the complete depreciation of assets that remain in use beyond their estimated useful lives.

Deferred Outflows and Inflows of Resources

Guidance for deferred outflows of resources and deferred inflows of resources is provided by GASB No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position". Concepts Statement No. 4, Elements of Financial Statements, introduced and defined those elements as a consumption of net position by the government that is applicable to a future reporting period, and an acquisition of net position by the government that is applicable to a future period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Further, GASB No. 65, "Items Previously Reported as Assets and Liabilities", had an objective to either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues).

CITY OF WEST COLUMBIA
West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of January 1 for all real and business property located in the City in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

The appraisal and recording of all property within the City is the responsibility of the Brazoria County Appraisal District (BCAD), an independent governmental unit with a board of directors appointed by the taxing jurisdictions within the county and funded from assessments against those taxing jurisdictions. BCAD is required by law to assess property at 100% of its appraised value. Real property must be reappraised at least every two years. Under certain circumstances taxpayers and taxing units, including the City, may challenge orders of the BCAD Review Board through various appeals and, if necessary, legal action.

The assessed value of the property tax roll on July 12, 2013, upon which the levy for the 2013-14 fiscal year was based, was \$ 119,649,525. Taxes are delinquent if not paid by January 31. Delinquent taxes are subject to penalty and interest charges plus 20% delinquent collection fees for attorney costs.

The tax rate assessed to finance general fund operations was \$ 0.831900 per \$ 100 valuation for the year ended September 30, 2014.

Current tax collections for the year ended September 30, 2014 were 97.51% of the year-end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the general and debt service funds are based on historical experience in collecting taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. As of September 30, 2014, property taxes receivable, net of estimated uncollectible taxes, totaled \$ 44,029 and \$ 730 for the general and debt service funds, respectively.

Pension Plans

It is the policy of the City to fund pension costs annually. Pension costs are composed of normal cost and, where applicable, amortization of unfunded actuarial accrued liability and of unfunded prior service costs. In the fiscal year ended September 30, 1999, the City implemented GASB Statement 27, Accounting for Pensions by State and Local Governmental Employers, which standardizes financial reporting for pensions by state and local governmental employers for the Emergency Services Personnel Retirement Fund (the Fund) upon the Fund's adoption of GASB Statement 25. For fiscal year ended September 30, 1998, the City implemented GASB Statement 27 for the Texas Municipal Retirement System (TMRS). At the date of transition and implementation of GASB Statement 27, there was no pension liability or pension asset (see Note 9).

CITY OF WEST COLUMBIA
West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 position. Bond premiums and discounts are unearned and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. The City has not recorded any bond premiums and discounts. Bond issuance costs are reported as expenditures or expenses in the current period.

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

Fund Equity

The City Council meets on a regular basis to manage and review cash financial activities and to ensure compliance with established policies. The City's Unassigned General Fund Balance is maintained to provide the City with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The unassigned General Fund Balance may only be appropriated by resolution of the City Council. Fund Balance of the City may be committed for a specific source by formal action of the City Council. Amendments or modifications of the committed fund balance must also be approved by formal action by the City Council. When it is appropriate for fund balance to be assigned, the City Council has delegated authority to the Mayor or City Manager. In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, followed by assigned fund balance, and lastly, unassigned fund balance.

The City implemented GASB 54, "Fund Balance, Reporting and Governmental Fund Type Definitions", for its governmental funds. Under GASB 54, fund balances are required to be reported according to the following classifications:

Non-spendable Fund Balance – Includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories, prepaid amounts, assets held for sale, and long-term receivables.

Restricted Fund Balance – Constraints placed on the use of these resources are either externally imposed by creditors (such as through covenants), grantors, contributors or other governments; or are imposed by law (through constitutional provisions enabling legislation).

Committed Fund Balance – Amounts that can only be used for specific purposes because of a formal action (resolution or ordinance) by the government's highest level of decision-making authority.

CITY OF WEST COLUMBIA
West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund Equity - Continued

Assigned Fund Balance – Amounts that are constrained by the City’s intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, another body (such as a Finance Committee), or by an official to whom that authority has been given. With the exception of the General Fund, this is the residual fund balance classification for all government funds with positive balances.

Unassigned Fund Balance – This is the residual classification of the General Fund. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amounts had been restricted, committed, or assigned.

As of September 30, 2014, non-spendable fund balances include \$ 14,814 for prepaid items in the general fund. Restricted fund balances include \$ 605,496 for economic development, \$ 390,836 for the capital improvement fund, \$ 15,134 for the debt service fund, \$ 1,485 for contributor purposes, \$ 21,094 for municipal court technology, \$ 51,648 for municipal court security, \$ 6,220 for child safety, and \$ 6,408 for the police department. There were no committed fund balances. Assigned fund balances include \$ 1,688 for vehicle replacement. Unassigned fund balance includes \$ 774,519 in the general fund.

Net Position

Net position represents the differences between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position 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 position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

NOTE 2 - DEPOSITS, INVESTMENTS AND DERIVATIVES

The City classifies deposits and investments for financial statement purposes as cash and cash equivalents, current investments, and non-current investments based upon both liquidity (demand deposits) and maturity date (deposits and investments) of the asset at the date of purchase. For this purpose an investment is considered a cash equivalent if when purchased it has maturity of three months or less. Investments are classified as either current investments or non-current investments. Current investments have maturity of one year or less and non-current investments are those that have a maturity of more than one year. See Note 1 for additional Governmental Accounting Standards Board Statement No. 3 disclosures.

CITY OF WEST COLUMBIA
West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2014

NOTE 2 - DEPOSITS, INVESTMENTS AND DERIVATIVES - Continued

Cash and cash equivalents, current investments, and non-current investments as reported on the statement of net position at September 30, 2014 are as follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Cash and Temporary Investments:			
Cash (petty cash accounts)	\$ 750	\$	\$ 750
Financial Institution Deposits:			
Demand deposits	2,774,396	132,324	2,906,720
Total	\$ 2,775,146	\$ 132,324	\$ 2,907,470

Deposits

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned to them. The City requires that all deposits with financial institutions be collateralized in an amount equal to 100 percent of uninsured balances.

At September 30, 2014, in addition to petty cash of \$ 750, the carrying amount of the City's cash, savings, and time deposits was \$ 2,906,720. The financial institutions balances were \$ 2,936,683 at September 30, 2014. Bank balances of \$ 250,000 were covered by federal depository insurance, and \$ 2,686,683 was covered by collateral pledged in the District's name. The collateral was held in safekeeping departments of unrelated banks, which act as the pledging bank's agent.

Investments

Chapter 2256 of the Texas Government Code (the Public Funds Investment Act) authorizes the City to invest its funds under written investment policy (the "investment policy") that primarily emphasizes safety of principal and liquidity, addresses investment diversification, yield, and maturity and addresses the quality and capability of investment personnel. This investment policy defines what constitutes the legal list of investments allowed under the policies, which excludes certain instruments allowed under chapter 2256 of the Texas Government Code.

The City's deposits and investments are invested pursuant to the investment policy, which is approved by City Council. The investment policy includes lists of authorized investment instruments and allowable stated maturity of individual investments. In addition it includes an "Investment Strategy Statement" that specifically addresses each investment option and describes the priorities of suitability of investment type, preservation and safety of principal, liquidity, marketability, diversification and yield. Additionally, the soundness of financial institutions (including broker/dealers) in which the City will deposit funds is addressed. The City's investment policy and types of investments are governed by the Public Funds Investment Act (PFIA). The City's management believes it complied with the requirements of the PFIA and the City's investment policy.

The City's Investment Officer submits an investment report each quarter to the City Council. The report details the investment positions of the City and the compliance of the investment portfolio as they relate to both the adopted investment strategy statements and Texas State law.

CITY OF WEST COLUMBIA

West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

NOTE 2 - DEPOSITS, INVESTMENTS AND DERIVATIVES - Continued

Investments - Continued

The City is authorized to invest in the following investment instruments provided they meet the guidelines of the investment policy:

1. Obligations of, or guaranteed by, governmental entities as permitted by Government Code 2256.009;
2. Certificates of deposit and share certificates as permitted by Government Code 2256.010;
3. Fully collateralized repurchase agreements permitted by Government Code 2256.011;
4. A securities lending program as permitted by Government Code 2256.0115;
5. Banker's acceptances as permitted by Government Code 2256.012;
6. Commercial paper as permitted by Government Code 2256.013;
7. No-load money market mutual funds and no-load mutual funds as permitted by Government Code 2256.014;
8. A guaranteed investment contract as an investment vehicle for bond proceeds, provided it meets the criteria and eligibility requirements established by Government Code 2256.015; and
9. Public funds investment pools as permitted by Government Code 2256.016.

At September 30, 2014, the City held no investments.

Derivatives

Interest in derivative products has increased in recent years. Derivatives are investment products, which may be a security or contract, which derives its value from another security, currency, commodity, or index, regardless of the source of funds used. The City made no direct investments in derivatives during the year ended September 30, 2014, and holds no direct investments in derivatives at September 30, 2014.

NOTE 3 - RECEIVABLES AND UNCOLLECTIBLE ACCOUNTS

Receivables as of September 30, 2014, for the government's individual governmental major funds and proprietary fund including the applicable allowances for uncollectible accounts are as follows:

	Governmental Funds				Total
	General Fund	Economic Development Corporation Fund	Capital Improvement Fund	Other Governmental Funds	
Receivables:					
Property taxes	\$ 79,645	\$	\$	\$ 5,655	\$ 85,300
Hotel occupancy tax				16,157	16,157
Sales taxes	103,216	51,608			154,824
Receivables from other governments	133				133
Other	49,544			1,762	51,306
Gross receivables	232,538	51,608	-0-	23,574	307,720
Less Allowance for Uncollectibles:					
Property taxes	35,616			4,925	40,541
Net total receivables	\$ 196,922	\$ 51,608	\$ -0-	\$ 18,649	\$ 267,179

CITY OF WEST COLUMBIA

West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

NOTE 3 - RECEIVABLES AND UNCOLLECTIBLE ACCOUNTS - Continued

	<u>Proprietary Fund</u>
Receivables:	
Accounts:	
Customers	\$ 219,311
Other	<u>27,241</u>
Gross receivables	246,552
Less Allowance for Uncollectibles:	
Customers	<u>68,716</u>
Net total receivables	\$ <u><u>177,836</u></u>

Municipal Court Receivables

Municipal court receivables are reported in the governmental activities statement of net position. Since these receivables do not represent current available resources, they are not reported in the governmental funds balance sheet. The allowance for uncollectible receivables related to municipal court assessments is determined based on historical experience and evaluation of collectibility in relation to the aging of customer accounts. The allowance for uncollectible receivables for the year ended September 30, 2014 was \$ 862,332.

NOTE 4 - DEFERRED INFLOWS OF RESOURCES AND UNEARNED REVENUE

Governmental funds defer the recognition of revenue in connection with receivables for revenues that are considered to be unavailable to liquidate liabilities of the current period and report these amounts as deferred inflows of resources. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned and report these amounts as a liability (unearned revenue).

As of September 30, 2014, the various components of deferred inflows of resources and unearned revenue reported in the governmental funds were as follows:

	<u>Deferred Inflows of Resources (Unavailable)</u>
Delinquent property taxes receivable (general fund)	\$ 39,450
Delinquent property taxes receivable (debt service fund)	<u>705</u>
Total deferred inflows of resources	\$ <u><u>40,155</u></u>

CITY OF WEST COLUMBIA
West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2014

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund balances at September 30, 2014 consisted of the following individual fund receivables and payables:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund:		
Hotel Occupancy Tax Fund	\$ 3,085	\$
Capitol Park Fund	4,518	
Capital Improvement Fund		1,617
Enterprise Fund	<u>22,334</u>	<u>4,991</u>
Total General Fund	<u>29,937</u>	<u>6,608</u>
Special Revenue Funds:		
Economic Development Corporation Fund:		
General Fund		3,085
Capitol Park Fund:		
General Fund		<u>4,518</u>
Total Special Revenue Funds	<u>-0-</u>	<u>7,603</u>
Capital Improvement Fund:		
General Fund	<u>1,617</u>	
Total Capital Improvement Fund	<u>1,617</u>	<u>-0-</u>
Debt Service:		
General Fund		
Total Debt Service Fund	<u>-0-</u>	<u>-0-</u>
Enterprise Fund:		
General Fund	<u>4,991</u>	<u>22,334</u>
Total Enterprise Fund	<u>4,991</u>	<u>22,334</u>
Total	<u>\$ 36,545</u>	<u>\$ 36,545</u>

CITY OF WEST COLUMBIA
West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2014

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS - Continued

Interfund transfers for the year ended September 30, 2014 consisted of the following individual fund transfers in and transfers out:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Special Revenue Funds:		
Economic Development Corporation Fund	\$ 91,000	\$
Hotel Occupancy Tax Fund	9,415	
Capital Improvement Fund	40,000	105,448
Debt Service Fund		39,772
Enterprise Fund	<u>70,000</u>	
Total General Fund	<u>210,415</u>	<u>145,220</u>
Debt Service Fund:		
General Fund	39,772	
Enterprise Fund	<u>1,500</u>	
Total Debt Service Fund	<u>41,272</u>	<u>-0-</u>
Special Revenue Funds:		
Economic Development Corporation Fund:		
General Fund		91,000
Hotel Occupancy Tax:		
General Fund		<u>9,415</u>
Total Special Revenue Funds	<u>-0-</u>	<u>100,415</u>
Capital Improvement Fund:		
General Fund	105,448	40,000
Enterprise Fund	<u>130,618</u>	<u>151,909</u>
Total Capital Improvement Fund	<u>236,066</u>	<u>191,909</u>
General Fixed Assets Fund:		
Enterprise Fund		
Total General Fixed Assets Fund	<u>-0-</u>	<u>-0-</u>
Enterprise Fund:		
General Fund		70,000
Debt Service Fund		1,500
Capital Improvement Fund	<u>151,909</u>	<u>130,618</u>
Total Enterprise Fund	<u>151,909</u>	<u>202,118</u>
Total	<u>\$ 639,662</u>	<u>\$ 639,662</u>

CITY OF WEST COLUMBIA

West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

NOTE 6 - CAPITAL ASSETS

Capital Asset Activity

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

	<u>Balance</u> <u>10/01/13</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>09/30/14</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 626,140	\$	\$	\$ 626,140
Construction in progress	<u>38,279</u>	<u>88,293</u>	<u>85,650</u>	<u>40,922</u>
Total capital assets, not being depreciated	<u>664,419</u>	<u>88,293</u>	<u>85,650</u>	<u>667,062</u>
Capital Assets:				
Buildings	1,868,930			1,868,930
Equipment	467,801	85,650		553,451
Vehicles	<u>649,939</u>	<u>74,498</u>		<u>724,437</u>
Total capital assets, being depreciated	<u>2,986,670</u>	<u>160,148</u>	<u>-0-</u>	<u>3,146,818</u>
Accumulated Depreciation:				
Buildings	781,736	37,060		818,796
Equipment	198,796	27,984		226,780
Vehicles	<u>520,338</u>	<u>39,671</u>		<u>560,009</u>
Total accumulated depreciation	<u>1,500,870</u>	<u>104,715</u>	<u>-0-</u>	<u>1,605,585</u>
Total capital assets being depreciated, net	<u>1,484,800</u>	<u>55,433</u>	<u>-0-</u>	<u>1,541,233</u>
Governmental activities capital assets, net	<u>\$ 2,150,219</u>	<u>\$ 143,726</u>	<u>\$ 85,650</u>	<u>\$ 2,208,295</u>
	<u>Balance</u> <u>10/01/13</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>09/30/14</u>
Business-type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 41,750	\$	\$	\$ 41,750
Construction in progress	<u>91,429</u>	<u>33,398</u>	<u>124,827</u>	
Total capital assets, not being depreciated	<u>133,179</u>	<u>33,398</u>	<u>124,827</u>	<u>41,750</u>
Capital Assets:				
Buildings	238,000			238,000
Equipment	186,704	124,827		311,531
Vehicles	153,343	21,745		175,088
Water and sewer infrastructure	<u>6,649,874</u>			<u>6,649,874</u>
Total capital assets being depreciated	<u>7,227,921</u>	<u>146,572</u>	<u>-0-</u>	<u>7,374,493</u>

(continued)

CITY OF WEST COLUMBIA
West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2014

NOTE 6 - CAPITAL ASSETS - Continued

Capital Asset Activity - Continued

	Balance 10/01/13	Additions	Retirements	Balance 09/30/14
Accumulated Depreciation:				
Buildings	\$ 120,734	\$ 3,249	\$	\$ 123,983
Equipment	71,805	15,398		87,203
Vehicles	95,063	10,393		105,456
Water and sewer infrastructure	<u>3,985,320</u>	<u>144,976</u>		<u>4,130,296</u>
Total accumulated depreciation	<u>4,272,922</u>	<u>174,016</u>	-0-	<u>4,446,938</u>
Total capital assets being depreciated, net	<u>2,954,999</u>	<u>(27,444)</u>	-0-	<u>2,927,555</u>
Business-type activities capital assets, net	<u>\$ 3,088,178</u>	<u>\$ 5,954</u>	<u>\$ 124,827</u>	<u>\$ 2,969,305</u>

Depreciation

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

Governmental Activities:

General administration	\$ 4,271
Public safety	55,321
Public works	5,434
Culture and recreation	<u>39,689</u>
Total depreciation expense-governmental activities	<u>\$ 104,715</u>

Business-type Activities:

Water and sewer	\$ <u>174,016</u>
Total depreciation expense-business-type activities	<u>\$ 174,016</u>

NOTE 7 - LONG-TERM DEBT

General Long-Term Debt

General long-term debt, which consists of sales tax revenue bonds maturing serially, tax notes, and notes payable, which are summarized as follows:

Sales Tax Revenue Bonds Payable:

Sales Tax Revenue Bonds	Interest Rate (%)	Series Date Issued	Series Date Maturity	Callable	Bonds Outstanding 9-30-14
Sales Tax Revenue Bonds - Series 2009	5.5%	2009	2019	-	<u>\$ 240,000</u>

CITY OF WEST COLUMBIA
West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2014

NOTE 7 - LONG-TERM DEBT - Continued

General Long-Term Debt - Continued

Sales tax revenue bond transactions for the year ended September 30, 2014 are as follows:

Bonds outstanding, October 1, 2013	\$ 281,000
Maturities	(41,000)
Bonds outstanding, September 30, 2014	\$ <u>240,000</u>

Aggregate maturities of sales tax revenue bonds for the years subsequent to September 30, 2014 are as follows:

Year Ended September 30,	Principal	Interest	Total
2015	\$ 43,000	\$ 12,829	\$ 55,829
2016	45,000	10,397	55,397
2017	48,000	7,826	55,826
2018	51,000	5,115	56,115
2019	53,000	2,236	55,236
Total	\$ 240,000	\$ 38,403	\$ 278,403

Tax Note

In June 2011, the City was approved for a tax note for \$ 300,000 with an interest rate of 2.76%. The proceeds of this tax note were used for the repair and replacement of the City's water and sewer lines.

Tax note payable transactions for the year ended September 30, 2014 are as follows:

Tax note payable, October 1, 2013	\$ 220,000
Maturities	(40,000)
Tax note outstanding, September 30, 2014	\$ <u>180,000</u>

Presented below is a summary of tax note payable requirements to maturity:

Year Ended September 30,	Principal	Interest	Total
2015	\$ 40,000	\$ 4,968	\$ 44,968
2016	45,000	3,864	48,864
2017	45,000	2,622	47,622
2018	50,000	1,380	51,380
Total	\$ 180,000	\$ 12,834	\$ 192,834

CITY OF WEST COLUMBIA
West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2014

NOTE 7 - LONG-TERM DEBT - Continued

General Long-Term Debt - Continued

In June 2014, the City was approved for a loan for \$ 37,837 with an interest rate of 2.99%. The proceeds of this loan were used to purchase a police vehicle. The City is required to make forty-eight monthly payments of \$ 838 beginning in July 2014.

Note payable transactions for the year ended September 30, 2014 are as follows:

Note payable, October 1, 2013	\$	-0-
Issuances		37,837
Maturities		<u>(2,236)</u>
 Note payable, September 30, 2014	 \$	 <u>35,601</u>

Aggregate maturities of these notes payable for the one year subsequent to September 30, 2014 are as follows:

Year Ended September 30,	Principal	Interest	Total
2015	\$ 9,107	\$ 940	\$ 10,047
2016	9,384	663	10,047
2017	9,668	379	10,047
2018	<u>7,442</u>	<u>93</u>	<u>7,535</u>
 Total	 <u>\$ 35,601</u>	 <u>\$ 2,075</u>	 <u>\$ 37,676</u>

Total interest paid for the year ended September 30, 2014 was \$ 277.

In September 2011, the City was approved for a loan for \$ 29,657 with an interest rate of 3.99%. The proceeds of this loan were used to purchase a phone system. The City is required to make forty-eight monthly payments of \$ 670 beginning in October 2011.

Note payable transactions for the year ended September 30, 2014 are as follows:

Note payable, October 1, 2013	\$	15,429
Maturities		<u>(7,561)</u>
 Note payable, September 30, 2014	 \$	 <u>7,868</u>

Aggregate maturities of these notes payable for the one year subsequent to September 30, 2014 are as follows:

Year Ended September 30,	Principal	Interest	Total
2015	\$ 7,868	\$ 171	\$ 8,039
 Total	 <u>\$ 7,868</u>	 <u>\$ 171</u>	 <u>\$ 8,039</u>

Total interest paid for the year ended September 30, 2014 was \$ 478.

CITY OF WEST COLUMBIA

West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

NOTE 7 - LONG-TERM DEBT - Continued

General Long-Term Debt - Continued

In December 2013, the City was approved for a loan for \$ 36,661 with an interest rate of 2.99%. The proceeds of this loan were used to purchase a police vehicle. The City is required to make forty-eight monthly payments of \$ 812 beginning in January 2014.

Note payable transactions for the year ended September 30, 2014 are as follows:

Note payable, October 1, 2013	\$	-0-
Issuances		36,661
Maturities		<u>(6,545)</u>
Note payable, September 30, 2014	\$	<u>30,116</u>

Aggregate maturities of these notes payable for the one year subsequent to September 30, 2014 are as follows:

<u>Year Ended</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 8,957	\$ 778	\$ 9,735
2016	9,229	506	9,735
2017	9,508	227	9,735
2018	<u>2,422</u>	<u>13</u>	<u>2,435</u>
Total	\$ <u>30,116</u>	\$ <u>1,524</u>	\$ <u>31,640</u>

Total interest paid for the year ended September 30, 2014 was \$ 757.

Business Type Activities:

In May 2009, the City was approved for a loan for \$ 88,800 with an interest rate of 4.5%. The proceeds of this loan were used to purchase a backhoe. The City is required to make sixty monthly payments of \$ 1,658 beginning in June 2009.

Note payable transactions for the year ended September 30, 2014 are as follows:

Note payable, October 1, 2013	\$	12,863
Maturities		<u>(12,863)</u>
Note payable, September 30, 2014	\$	<u>-0-</u>

Total interest paid for the year ended September 30, 2014 was \$ 111.

CITY OF WEST COLUMBIA
West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2014

NOTE 7 - LONG-TERM DEBT - Continued

Summary of Long-Term Debt Transactions

Transactions for the year ended September 30, 2014 are summarized as follows:

	Balance 10/01/13	Issues or Additions	Payments or Expenditures	Balance 09/30/14	Due Within One Year
Governmental Type Activities:					
Sales tax revenue bonds	\$ 281,000	\$	\$ 41,000	\$ 240,000	\$ 43,000
Tax note payable	220,000		40,000	180,000	40,000
Note payable	15,429	74,498	16,340	73,587	25,933
Leases payable	7,689		3,395	4,294	3,000
Compensated absences	31,455	26,885	31,455	26,885	26,885
Component of Bonded Debt:					
Accrued interest payable	10,911	8,736	10,911	8,736	8,736
Total governmental activities	<u>566,484</u>	<u>110,119</u>	<u>143,101</u>	<u>533,502</u>	<u>147,554</u>
Business Type Activities:					
Notes payable	12,863		12,863	-0-	-0-
Compensated absences	7,025	6,298	7,025	6,298	6,298
Total business type activities	<u>19,888</u>	<u>6,298</u>	<u>19,888</u>	<u>6,298</u>	<u>6,298</u>
Total government (net)	<u>\$ 586,372</u>	<u>\$ 116,417</u>	<u>\$ 162,989</u>	<u>\$ 539,800</u>	<u>\$ 153,852</u>

NOTE 8 - LEASES

Capital Leases

In April 2009, the City entered into a lease-purchase agreement for a copier for the police department. The City financed \$ 4,463 over five years with an interest rate of 7.85%. The City is required to make monthly payments of \$ 91 for five years. The first payment was due May 2009. Interest paid on this lease in 2014 was \$ 105.

In March 2011, the City entered into a lease-purchase agreement for a copier for the police department. The City financed \$ 13,928 over five year with an interest rate of 4.84%. The City is required to make monthly payments of \$ 262 for five years. The first payment was due April 2011. Interest paid on this lease in 2014 was \$ 284

CITY OF WEST COLUMBIA
West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2014

NOTE 8 - LEASES - Continued

Capital Leases - Continued

The following is a schedule of future minimum lease payments under capital leases, together with the net present value of the minimum lease payments, as of September 30, 2014:

Year Ended September 30,	Amount
2015	\$ 3,142
2016	1,309
	4,451
Less amount representing interest	(157)
Net present value of minimum lease payments	\$ 4,294

The assets acquired through capital leases are as follows:

	Governmental Activities
Assets:	
Vehicles	\$ 227,589
Less: Accumulated depreciation	(200,733)
Total	\$ 26,856
Equipment	\$ 141,231
Less: Accumulated depreciation	(66,870)
Total	\$ 74,361

NOTE 9 - PENSION PLAN

Plan Description

The City provides pension benefits for all of its full-time employees except firefighters, 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 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 from 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:

CITY OF WEST COLUMBIA

West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

NOTE 9 - PENSION PLAN - Continued

Plan Description - Continued

	Plan Year 2013	Plan Year 2014
Employee deposit rate	5%	5%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/25	60/5, 0/25
Updated Service Credit	100%	100%
	Repeating, Transfers	Repeating, Transfers
Annuity Increase (to retirees)	0% of CPI	0% of CPI

Contributions

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

The City contributes to the TRMS 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 (i.e., the December 31, 2013 valuation will determine the contribution rate beginning January 1, 2015).

The annual pension cost and net pension obligation/(asset) are as follows:

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contribution Made	Percentage of APC Contributed	Net Pension Obligation/ (Asset)
2012	\$ 47,941	\$ 47,941	100%	-0-
2013	48,851	48,851	100%	-0-
2014	40,533	40,533	100%	-0-

CITY OF WEST COLUMBIA
West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2014

NOTE 9 - PENSION PLAN - Continued

Contributions - Continued

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

Valuation date	12-31-11	12-31-12	12-31-13
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Entry Age Normal
Amortization Method	Level Percent of payroll	Level Percent of payroll	Level Percent of payroll
GASB 25 Equivalent Single Amortization Period	25.0 years; closed period	25.0 years; closed period	25.0 years; closed period
Amortization Period for new Gains/Losses	25 years	25 years	25 years
Asset Valuation Method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Actuarial Assumptions: Investment Rate of Return*	7.0%	7.0%	7.0%
Projected Salary Increases*	Varies by age & service	Varies by age & service	Varies by age & service
*Includes Inflation rate at	3.00%	3.00%	3.00%
Cost-of-Living Adjustments	0.00%	0.00%	0.00%

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

CITY OF WEST COLUMBIA
West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2014

NOTE 9 - PENSION AND OPEB-SUPPLEMENTAL DEATH BENEFITS PLAN - Continued

The funding status of December 31, 2013, is presented as follows:

Actuarial Valuation Date	Actuarial Value of Assets (1)	Actuarial Accrued Liability (AAL) (2)	Funded Ratio (3) (1) / (2)	Unfunded AAL (UAAL) (4) (2) - (1)	Covered Payroll (5)	UAAL as a Percentage of Covered (6) (4) / (5)
12-31-13	\$ 3,947,869	\$ 3,550,244	111.2%	\$(397,625)	\$ 1,237,372	(32.1)%

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

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

NOTE 10 - TEXAS STATEWIDE EMERGENCY SERVICES PERSONNEL RETIREMENT FUND

Plan Description

The Texas Emergency Services Retirement System (TESRS) administers a cost-sharing multiple employer pension system (the System) established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. Direct financial activity for the System is classified in the financial statements as pension trust funds. Of the nine member state board of trustees, at least five trustees must be active members of the pension system, one of whom must represent emergency medical services personnel. One trustee may be a retiree of the pension system, and three trustees must be persons who have experience in the fields of finance, securities investment, or pension administration. At August 31, 2014, there were 198 contributing fire and/or emergency services department members participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a member department.

On August 31, 2014, the pension system membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	3,073
Terminated Members Entitled to Benefits but Not Yet Receiving Them	2,161
Active Participants (Vested and Nonvested)	4,036

CITY OF WEST COLUMBIA
West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2014

NOTE 10 - TEXAS STATEWIDE EMERGENCY SERVICES PERSONNEL RETIREMENT FUND -
Continued

Plan Description - Continued

Senate Bill 411, 65th Legislature, Regular Session (1977) created TESRS and established the applicable benefit provisions. The 79th Legislature, Regular Session (2005), recodified the provisions and gave the TESRS Board of Trustees authority to establish vesting requirements, contribution levels, benefit formulas, and eligibility requirements by board rule. The benefit provisions include retirement benefits as well as death and disability benefits. Member are 50% vested after the tenth year of service, with the vesting percent increasing 10% for each of the next five years of service so that a member becomes 100% vested with 15 years of service.

Upon reaching age 55, each vested member may retire and receive a monthly pension equal to his vested percent multiplied by six times the governing body's average monthly contribution over the member's years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 6.2% compounded annually. There is no provision for automatic postretirement benefit increases.

On and off duty death benefits and on-duty disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump-sum amount and continuing monthly payments to a member's surviving spouse and dependent children.

Funding Policy

Contributions are made by governing bodies for the participating departments. No contributions are required from the individuals who are members of the System, nor are they allowed. The governing bodies of each participating department are required to make contributions for each month a member performs emergency services for a department (this minimum contribution is \$ 36 per member and the department may make a higher monthly contribution for its members). This is referred to as a Part One contribution, which is the legacy portion of the System contribution that directly impacts future retiree annuities.

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

The board rule defining contributions was amended effective July 27, 2014 to add the potential for actuarially determined Part Two contributions that would be required only if the expected future annual contributions from the state are not enough with the Part One contributions to provide an adequate contribution arrangement as determined by the most recent actuarial valuation. This Part Two portion, which is actuarially determined as a percent of the Part One portion (not to exceed 15%), is to be actuarially adjusted near the end of each even-numbered calendar year based on the most recent actuarial valuation. Based on the actuarial valuation as of August 31, 2014, the Part Two contribution rate was 0%, since the first actuarial valuation report after adoption of the rules showed the System to have an adequate contribution arrangement without any Part Two contributions.

CITY OF WEST COLUMBIA
West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2014

NOTE 10 - TEXAS STATEWIDE EMERGENCY SERVICES PERSONNEL RETIREMENT FUND - Continued

Funding Policy - Continued

Additional contributions may be made by governing bodies within two years of joining the System, to grant up to ten years of credit for service per member. Prior service purchased must have occurred before the department began participation in the System.

A small subset of participating departments have a different contribution arrangement which is being phased out over time. In this arrangement, contributions made in addition to the monthly contributions for active members, are made by local governing bodies on a pay-as-you-go basis for members who were pensioners when their respective departments merged into the System. There is no actuarial impact associated with this arrangement as the pay-as-you-go contributions made by these governing bodies are always equal to benefit payments paid by the System.

Annual Required Contributions

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions were set by board rule, and there is no maximum rate. For the fiscal year ending August 31, 2014, total contributions (dues, prior service, and interest on prior service financing) of \$ 4,176,659 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. The state appropriated \$ 1,530,343 for the fiscal year ending August 31, 2014.

The purpose of the biennial actuarial valuation is to determine if the contribution arrangement is adequate to pay the benefits that are promised. Actuarial assumptions are disclosed below.

The actuarial valuation as of August 31, 2014 stated that TESRS has an adequate contribution arrangement for the benefit provisions recognized in the valuation based on the expected total contributions, including the expected contributions both from the governing body of each participating department and from the state. The expected contributions from the state are state appropriations equal to (1) the maximum annual contribution (one-third of all contributions to the System by governing bodies of participating departments in a year) as needed in accordance with state law governing the system and (2) approximately \$ 625,000 each year to pay for part of the System's administrative expenses. On August 31, 2014, the actuarial liabilities exceeded the actuarial assets by \$ 26,093,761.

Actuarial Assumptions

The total pension liability in the August 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.50%
Salary increases	N/A
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

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

CITY OF WEST COLUMBIA
West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2014

NOTE 10 - TEXAS STATEWIDE EMERGENCY SERVICES PERSONNEL RETIREMENT FUND –
Continued

Actuarial Assumptions - Continued

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Net Real Rate of Return</u>
Equities:		
Large cap domestic	32%	5.2%
Small cap domestic	10%	5.8%
Developed international	21%	5.5%
Emerging markets	6%	5.4%
Master limited partnership	5%	7.1%
Fixed Income:		
Domestic	21%	1.4%
International	5%	1.6%
Cash	0%	0.0%
Total	100%	

The actuarial assumptions and methods for the two most recent biennial valuations are shown below.

Valuation date	August 31, 2010	August 31, 2012
Actuarial cost method	Entry Age	Entry Age
Amortization method	Level dollar, open	Level dollar, open
Remaining amortization period	30 years	Infinity
Asset valuation method	Market value smoothed by a 5-year deferred recognition method with a 80%/120% corridor on market value	Market value smoothed by a 5-year deferred recognition method with a 80%/120% corridor on market value

CITY OF WEST COLUMBIA
West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2014

NOTE 11 - RISK- POOL PARTICIPATION

The City is a participant in the Texas Municipal League Intergovernmental Risk Pool for coverage of property and worker's compensation claims. The City pays monthly/annual premiums to the pool for the coverage stated. The agreement with the Texas Municipal League Intergovernmental Risk Pool requires the pool to be self-sustaining. Therefore, the City's exposure for claims is designated to be limited to their deductible.

NOTE 12 - DEFICIT FUND BALANCES

As of September 30, 2014, the City had a deficit fund as itemized below:

	<u>2014</u>
Fund Balances:	
Special Revenues Funds:	
Capitol Park	\$ 2,756

Deficit balances will either be offset by future revenues or reimbursed by other funds. The special revenue funds would be reimbursed by the General Fund.

NOTE 13 - EVALUATION OF SUBSEQUENT EVENTS

On January 14, 2015, the City sold approximately 2.808 acres of land for approximately \$ 420,000 with the buyer having a repurchase option lasting one year in length.

Other than the above mentioned item, the City has evaluated subsequent events through February 2, 2015, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WEST COLULMBIA

West Columbia, Texas

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL -
GENERAL FUND AND ECONOMIC DEVELOPMENT CORPORATION
SPECIAL REVENUE FUND

For the Year Ended September 30, 2014

	General Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Taxes	\$ 1,604,200	\$ 1,605,400	\$ 1,678,729	\$ 73,329
Revenue producing facilities	348,401	357,491	365,136	7,645
Fines and fees	318,800	356,300	293,229	(63,071)
Licenses and permits	18,755	18,755	18,461	(294)
Intergovernmental revenue		97,375	88,293	(9,082)
Miscellaneous	25,490	38,710	58,914	20,204
Total revenues	<u>2,315,646</u>	<u>2,474,031</u>	<u>2,502,762</u>	<u>28,731</u>
Expenditures:				
Current:				
General Government and Administrative:				
Administrative	149,060	153,715	145,375	8,340
Legislative	81,955	49,455	41,407	8,048
Legal	16,215	16,215	13,138	3,077
Municipal court	165,165	168,045	115,478	52,567
Finance	73,635	75,745	72,139	3,606
Public Safety:				
Police	1,063,920	1,119,110	1,049,992	69,118
Fire	64,120	67,015	61,955	5,060
Fire marshal	5,980	6,180	6,311	(131)
Emergency medical services	48,000	48,000	47,332	668
Public Works:				
Streets and drainage	227,019	259,949	205,378	54,571
Sanitation	250,000	250,000	259,339	(9,339)
Culture and Recreation:				
Community development				-0-
Library	40,600	40,405	43,249	(2,844)
Parks and recreation	181,705	221,470	182,576	38,894
Capital outlay		96,325	162,791	(66,466)
Debt Service:				
Principal	21,197	20,222	19,735	487
Interest and fiscal charges	2,053	1,958	1,911	47
Total expenditures	<u>2,390,624</u>	<u>2,593,809</u>	<u>2,428,106</u>	<u>165,703</u>

CITY OF WEST COLUMBIA

West Columbia, Texas

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL -
GENERAL FUND AND ECONOMIC DEVELOPMENT CORPORATION
SPECIAL REVENUE FUND - Continued

For the Year Ended September 30, 2014

	General Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Excess (deficiency) of revenues over expenditures	\$(74,978)	\$(119,778)	\$ 74,656	\$ 194,434
Other Financing Sources (Uses):				
Transfers in	154,750	214,550	210,415	(4,135)
Transfers out	(139,772)	(139,772)	(145,220)	(5,448)
Issuance of loan			74,498	74,498
Total other financing sources	14,978	74,778	139,693	64,915
Net change in fund balances	(60,000)	(45,000)	214,349	259,349
Fund balances – beginning	664,798	664,798	664,798	-0-
Fund balances – ending	\$ 604,798	\$ 619,798	\$ 879,147	\$ 259,349

Economic Development Corporation Special Revenue Fund

<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Original</u>	<u>Final</u>		
\$ <u>75,000</u>	\$ <u>86,200</u>	\$ <u>199,442</u>	\$ <u>113,242</u>
			-0-
(<u>75,000</u>)	(<u>91,000</u>)	(<u>91,000</u>)	-0-
(<u>75,000</u>)	(<u>91,000</u>)	(<u>91,000</u>)	-0-
-0-	(<u>4,800</u>)	<u>108,442</u>	<u>113,242</u>
<u>395,140</u>	<u>395,140</u>	<u>395,140</u>	-0-
\$ <u><u>395,140</u></u>	\$ <u><u>390,340</u></u>	\$ <u><u>503,582</u></u>	\$ <u><u>113,242</u></u>

CITY OF WEST COLUMBIA

West Columbia, Texas

**TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS
LAST THREE FISCAL YEARS**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets**</u>	<u>Actuarial Accrued Liability* (AAL)-</u>	<u>Unfunded AAL (UAAL)</u>	<u>Percentage Funded</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
	(a)	(b)	(b-a)	(a/b)	(c)	(b-a)/(c)
2011	\$ 3,593,787	\$ 3,165,838	\$(427,949)	113.50%	\$ 1,214,215	(35.24%)
2012	3,784,063	3,230,861	(553,202)	117.10%	1,221,819	(45.30%)
2013	3,947,869	3,550,244	(397,625)	111.20%	1,237,372	(32.10%)

* As of December 31 of the preceding year, the date of the actuarial valuation.

** Assets are stated at cost as of December 31 of the preceding year.

CITY OF WEST COLUMBIA
West Columbia, Texas

TEXAS STATEWIDE EMERGENCY SERVICES PERSONNEL RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS
LAST THREE FISCAL YEARS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)* - Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Total Members Covered (c)	UAAL Per Member Covered (b-a)/(c)
8/31/10***	\$ 64,113,803	\$ 81,264,230	\$ 17,150,427	78.9%	8,644	1,984
8/31/12**	67,987,497	101,856,042	33,868,555	66.7%	9,448	3,585
8/31/14	83,761,038	109,854,799	26,093,761	76.2%	9,270	2,815

* The actuarial accrued liability is based upon the entry age actuarial cost method.

** Changes in actuarial assumptions were reflected in this valuation.

*** Changes in actuarial assumption and method were reflected in this valuation.

Notes to the Required Supplementary Information

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Actuarial assumptions and methods as of the latest actuarial valuation are as follows:

Valuation date	August 31, 2014
Actuarial cost method	Entry age
Amortization method	Level dollar, open
Amortization period	30 years
Asset valuation method	Market value smoothed by a 5 year deferred recognition method with a 80%/120% corridor on market value

Actuarial assumptions:

Investment rate of return*	7.75% per year, net of investment expenses
Projected salary increases	N/A
*Includes inflation at	3.50%
Cost-of-living adjustments	None

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**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES**

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CITY OF WEST COLUMBIA
West Columbia, Texas

COMBINING BALANCE SHEET- NONMAJOR GOVERNMENTAL FUNDS

September 30, 2014

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Replica and Museum Fund	Hotel Occupancy Tax Fund	Capitol Park Fund	Debt Service Fund	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Assets:					
Cash and cash equivalents	\$ 1,485	\$ 88,842	\$	\$ 15,109	\$ 105,436
Taxes receivable, net		16,157		730	16,887
Accounts receivable, net			1,762		1,762
Total assets	1,485	104,999	1,762	15,839	124,085
Deferred Outflows of Resources:					
Deferred outflows of resources					
Total deferred outflows of resources	-0-	-0-	-0-	-0-	-0-
Total assets and deferred outflows of resources	\$ 1,485	\$ 104,999	\$ 1,762	\$ 15,839	\$ 124,085
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Due to other funds	\$	\$ 3,085	\$ 4,518	\$	\$ 7,603
Total liabilities	-0-	3,085	4,518	-0-	7,603
Deferred Inflows of Resources:					
Deferred inflows of resources – property taxes				705	705
Total deferred inflows of resources	-0-	-0-	-0-	705	705
Fund Balances:					
Restricted:					
Contributor purposes	1,485				1,485
Economic development		101,914			101,914
Debt service				15,134	15,134
Unassigned			(2,756)		(2,756)
Total fund balances	1,485	101,914	(2,756)	15,134	115,777
Total liabilities, deferred inflows of resources and fund balances	\$ 1,485	\$ 104,999	\$ 1,762	\$ 15,839	\$ 124,085

CITY OF WEST COLUMBIA
West Columbia, Texas

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended September 30, 2014

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Replica and Museum Fund	Hotel Occupancy Tax Fund	Capitol Park Fund	Debt Service Fund	
<u>Revenues</u>					
Taxes	\$	\$ 47,531	\$	\$ 1,451	\$ 48,982
Miscellaneous	<u>29</u>	<u>281</u>	<u>1,762</u>	<u>19</u>	<u>2,091</u>
Total revenues	<u>29</u>	<u>47,812</u>	<u>1,762</u>	<u>1,470</u>	<u>51,073</u>
<u>Expenditures</u>					
Current:					
Culture and Recreation:					
Community development		10,817	1,869		12,686
Debt Service:					
Principal				40,000	40,000
Interest and fiscal charges				<u>6,072</u>	<u>6,072</u>
Total expenditures	<u>-0-</u>	<u>10,817</u>	<u>1,869</u>	<u>46,072</u>	<u>58,758</u>
Excess (deficiency) of revenues over expenditures	<u>29</u>	<u>36,995</u>	<u>(107)</u>	<u>(44,602)</u>	<u>(7,685)</u>
Other Financing Sources (Uses):					
Transfers in				41,272	41,272
Transfer out		<u>(9,415)</u>			<u>(9,415)</u>
Total other financing sources (uses)	<u>-0-</u>	<u>(9,415)</u>	<u>-0-</u>	<u>41,272</u>	<u>31,857</u>
Net change in fund balances	29	27,580	(107)	(3,330)	24,172
Fund balances – beginning	<u>1,456</u>	<u>74,334</u>	<u>(2,649)</u>	<u>18,464</u>	<u>91,605</u>
Fund balances – ending	<u>\$ 1,485</u>	<u>\$ 101,914</u>	<u>\$ (2,756)</u>	<u>\$ 15,134</u>	<u>\$ 115,777</u>

CITY OF WEST COLUMBIA
West Columbia, Texas

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

For the Year Ended September 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 800	\$ 1,600	\$ 1,451	\$(149)
Miscellaneous	<u> </u>	<u>50</u>	<u>19</u>	<u>(31)</u>
Total revenues	<u>800</u>	<u>1,650</u>	<u>1,470</u>	<u>(180)</u>
Expenditures:				
Debt Service:				
Principal on long-term debt	40,000	40,000	40,000	-0-
Interest on long-term debt	<u>6,072</u>	<u>6,077</u>	<u>6,075</u>	<u>5</u>
Total expenditures	<u>46,072</u>	<u>46,077</u>	<u>46,072</u>	<u>5</u>
Excess of revenues over (under) expenditures	(45,272)	(44,427)	(44,602)	(175)
Other Financing Sources (Uses):				
Transfers in	<u>41,272</u>	<u>40,427</u>	<u>41,272</u>	<u>845</u>
Total other financing sources (uses)	<u>41,272</u>	<u>40,427</u>	<u>41,272</u>	<u>845</u>
Net change in fund balances	(4,000)	(4,000)	(3,330)	670
Fund balances – beginning	<u>18,464</u>	<u>18,464</u>	<u>18,464</u>	<u>-0-</u>
Fund balances – ending	<u>\$ 14,464</u>	<u>\$ 14,464</u>	<u>\$ 15,134</u>	<u>\$ 670</u>

CITY OF WEST COLUMBIA
West Columbia, Texas

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL -
REPLICA AND MUSEUM SPECIAL REVENUE FUND

For the Year Ended September 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$ 50	\$ 50	\$ 29	\$(21)
Total revenues	50	50	29	(21)
Expenditures:				
Current:				
Culture and Recreation:				
Community development	50	50		50
Total expenditures	50	50	-0-	50
Net change in fund balances	-0-	-0-	29	29
Fund balances – beginning	1,456	1,456	1,456	-0-
Fund balances – ending	\$ 1,456	\$ 1,456	\$ 1,485	\$ 29

CITY OF WEST COLUMBIA

West Columbia, Texas

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL -
HOTEL OCCUPANCY TAX SPECIAL REVENUE FUND**

For the Year Ended September 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 30,000	\$ 30,000	\$ 47,531	\$ 17,531
Miscellaneous	<u>100</u>	<u>250</u>	<u>281</u>	<u>31</u>
Total revenues	<u>30,100</u>	<u>30,250</u>	<u>47,812</u>	<u>17,562</u>
Expenditures:				
Current:				
Culture and Recreation:				
Community development	<u>20,350</u>	<u>20,350</u>	<u>10,817</u>	<u>9,553</u>
Total expenditures	<u>20,350</u>	<u>20,350</u>	<u>10,817</u>	<u>9,553</u>
Excess (deficiency) of revenues over expenditures	<u>9,750</u>	<u>9,900</u>	<u>36,995</u>	<u>27,095</u>
Other Financing Sources (Uses):				
Transfers out	(<u>9,750</u>)	(<u>9,900</u>)	(<u>9,415</u>)	<u>485</u>
Total other financing sources (uses)	(<u>9,750</u>)	(<u>9,900</u>)	(<u>9,415</u>)	<u>485</u>
Net change in fund balances	-0-	-0-	27,580	27,580
Fund balances – beginning	<u>74,334</u>	<u>74,334</u>	<u>74,334</u>	<u>-0-</u>
Fund balances – ending	<u>\$ 74,334</u>	<u>\$ 74,334</u>	<u>\$ 101,914</u>	<u>\$ 27,580</u>

CITY OF WEST COLUMBIA
West Columbia, Texas

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

For the Year Ended September 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$ 250	\$ 350	\$ 7,931	\$ 7,581
Total revenues	250	350	7,931	7,581
Expenditures:				
Current:				
Capital outlay	205,900	17,590		17,590
Total expenditures	205,900	17,590	-0-	17,590
Excess (deficiency) of revenues over expenditures	(205,650)	(17,240)	7,931	25,171
Other Financing Sources (Uses):				
Transfers in	205,650	209,149	236,066	26,917
Transfers out	(191,909)	(191,909)	(191,909)	-0-
Total other financing sources (uses)	205,650	17,240	44,157	-0-
Net change in fund balances	-0-	-0-	52,088	25,171
Fund balances – beginning	338,748	338,748	338,748	-0-
Fund balances – ending	\$ 338,748	\$ 338,748	\$ 390,836	\$ 25,171

CITY OF WEST COLUMBIA
West Columbia, Texas

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

For the Year Ended September 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$ 1,200	\$ 1,200	\$ 1,762	\$ 562
Total revenues	1,200	1,200	1,762	562
Expenditures:				
Current:				
Culture and Recreation:				
Community development	1,200	1,200	1,869	(669)
Total expenditures	1,200	1,200	1,869	(669)
Excess (deficiency) of revenues over expenditures	-0-	-0-	(107)	(107)
Other Financing Sources (Uses):				
Transfers in				-0-
Total other financing sources (uses)	-0-	-0-	-0-	-0-
Net change in fund balances	-0-	-0-	(107)	(107)
Fund balances – beginning	(2,649)	(2,649)	(2,649)	-0-
Fund balances – ending	\$(2,649)	\$(2,649)	\$(2,756)	\$(107)

CITY OF WEST COLUMBIA

West Columbia, Texas

SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION - ACTUAL COMPARED TO BUDGETARY BASIS ENTERPRISE FUND

For the Year Ended September 30, 2014

	Budgeted Amounts	
	Original	Final
Operating Revenues:		
Water service	\$ 590,000	\$ 590,000
Sewer charges	575,000	575,000
Varner Creek Utility District	175,000	175,000
Miscellaneous	68,800	71,450
Total operating revenues	1,408,800	1,411,450
Operating Expenses:		
Water production	167,215	230,405
Water distribution	359,050	342,850
Water administration	134,730	129,135
Sewer collection	152,860	153,695
Sewer treatment plant	424,395	428,190
Depreciation		
Total operating expenses	1,238,250	1,284,275
Operating income	170,550	127,175
Nonoperating Revenues (Expenses):		
Interest revenue	2,100	2,100
Interest and fiscal charges	(637)	(637)
Capital outlay	(72,000)	(128,150)
Debt principal payments	(12,863)	(12,863)
Total nonoperating revenues (expenses)	(83,400)	(139,550)
Net income (loss) before contributions and operating transfers	87,150	(12,375)
Capital contributions		33,400
Transfers in	20,000	171,910
Transfers out	(107,150)	(107,150)
Change in net position	-0-	85,785
Net position – beginning	3,902,755	3,902,755
Net position – ending	\$ 3,902,755	\$ 3,988,540

Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget- Positive (Negative)
\$ 595,300	\$	\$ 595,300	\$ 5,300
582,761		582,761	7,761
172,578		172,578	(2,422)
<u>73,540</u>		<u>73,540</u>	<u>2,090</u>
1,424,179	-0-	1,424,179	12,729
206,430		206,430	23,975
277,689		277,689	65,161
123,976		123,976	5,159
64,758		64,758	88,937
317,756		317,756	110,434
<u>174,016</u>	<u>(174,016)</u>	<u>-0-</u>	<u>-0-</u>
1,164,625	<u>(174,016)</u>	990,609	293,666
<u>259,554</u>	<u>174,016</u>	<u>433,570</u>	<u>306,395</u>
2,665		2,665	565
(111)		(111)	526
	(21,745)	(21,745)	106,405
	<u>(12,863)</u>	<u>(12,863)</u>	<u>-0-</u>
2,554	<u>(34,608)</u>	<u>(32,054)</u>	<u>107,496</u>
262,108	139,408	401,516	413,891
33,398	(33,398)	-0-	(33,400)
156,960		156,960	(14,950)
<u>(207,169)</u>	<u>-0-</u>	<u>(207,169)</u>	<u>(100,019)</u>
245,297	106,010	351,307	265,522
<u>3,902,755</u>		<u>3,902,755</u>	<u>-0-</u>
<u>\$ 4,148,052</u>	<u>\$ 106,010</u>	<u>\$ 4,254,062</u>	<u>\$ 265,522</u>

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