

CITY OF COLUMBIA, TENNESSEE

Comprehensive Annual Financial Report

For the Year Ended June 30, 2016

Prepared By:

Patti Amorello, CMFO, CGFM, Finance Director, City Recorder

CITY OF COLUMBIA, TENNESSEE

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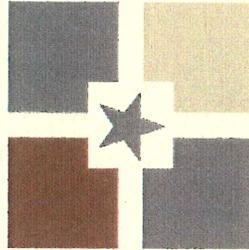
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INTRODUCTORY SECTION

CITY OF COLUMBIA



T E N N E S S E E

OFFICE OF THE MAYOR

September 26, 2016

To the Citizens and City Council of Columbia, Tennessee:

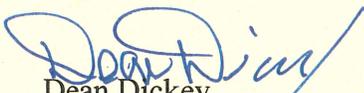
The Comprehensive Annual Financial Report of the City of Columbia, Tennessee for the fiscal year ended June 30, 2016 is enclosed. The City has applied for and received its seventeenth consecutive "Certificate of Achievement for Excellence in Financial Reporting" from the Government Finance Officers Association of the United States and Canada for the FY 2014-15 financial report. We believe that the continued attainment of this recognition demonstrates the City's dedication to both the highest standards of financial reporting and the quality of information reported to our elected officials and citizens, the Comptroller's Office, bond buyers and sellers and the organization as a whole.

In reading through the Finance Director's Transmittal Letter which follows, it's apparent that there are many exciting changes going on in our City. The overall economy is improving, and we are seeing growth and development in both businesses and residences. We are beginning or already underway with several projects to benefit our City. The City's elected officials and Management Team recognize the ongoing requirement to maintain our existing infrastructure and facilities and to replace capital equipment when it reaches the end of its useful life. Additionally, we are aware of the need to identify and allocate resources to comply with mandates that are passed down from other governmental agencies.

To guide the City Council and Management Team in moving the community forward, we have again updated our Strategic Plan as a roadmap to guide us through the year 2025. The plan highlights the priorities identified by the City Council during our Strategic Planning sessions. The City Manager periodically reports on our progress towards achieving the milestones in the plan and the plan is updated annually prior to the beginning of the budget process. The Strategic Plan may be found on the City's website.

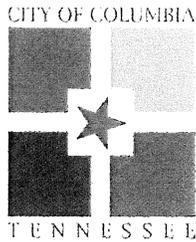
The City Council will continue in our efforts to improve the quality of life of the citizens of Columbia and look forward to being a part of the exciting changes taking place within our beautiful city throughout the coming year.

Yours truly,


Dean Dickey
Mayor

Something Good Around Every Corner

City Hall 700 North Garden Street Columbia, Tennessee 38401 Phone 931.560.1505



FINANCE DEPARTMENT

September 26, 2016

To the Honorable Mayor, City Council and Citizens of the City of Columbia, Tennessee:

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2016.

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

Yeary, Howell & Associates, Certified Public Accountants, have issued an unqualified (“clean”) opinion on the City of Columbia’s financial statements for the year ended June 30, 2016. The independent auditor’s report is located at the front of the financial section of this report.

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

Profile of the Government

The City of Columbia, incorporated on November 18, 1817, is the county seat of Maury County and is located approximately 40 miles southwest of Nashville, Tennessee. The City of Columbia currently occupies a land area of 28 square miles and serves a population of approximately 37,2490. The City of Columbia is empowered to levy a property tax on both real and personal property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Council.

The City of Columbia operates under the council-manager form of government. The governing council consists of seven members (Mayor, Councilman at Large and five City Council members elected by ward). The election of the Mayor and Councilman at Large (Vice Mayor) is staggered by two years from the election of council members. The Mayor is the presiding officer of the City Council. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing board members, and appointing a City Manager, who is chief administrative officer of the City. The City Manager is responsible for carrying out the policies and ordinances of the council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments.

Something Good Around Every Corner

City Hall 700 North Garden Street Columbia, Tennessee 38401 Phone 931.560.1510

The City provides a wide range of services characteristic of similar jurisdictions in the State, including public safety (police and fire protection), highway and street maintenance, public works, parks and recreation, development services (including engineering, planning and code administration), solid waste collection and general administrative support services. The City also operates a sewerage collection system through the Wastewater Fund, which is managed as a City department. Electric power, water and broadband telecommunication services are provided by the Columbia Power & Water Systems (CPWS), which are operated by the City of Columbia Board of Public Utilities. The Wastewater Fund and CPWS are business-type activity funds that have been included as an integral part of the City of Columbia's financial statements.

The Council is required to adopt a budget by no later than the close of the fiscal year. This annual budget serves as the foundation for the City of Columbia's financial planning and control. The budget is prepared by fund, function (e.g. police), and activity (e.g. patrol). Department heads may transfer resources within and between activities as they see fit with City Manager approval. Transfers between departments, however, require City Council approval and amendment to the budget ordinance.

Local Economy and Outlook

Unemployment statistics as of August 31, 2016, indicate a 4.2 percent unemployment rate for Maury County as compared to a statewide rate of 5.0 percent and a national jobless rate of 5.0 percent. A major driver of employment in the area continues to be the automotive and automotive supplier sector. This sector includes General Motors Spring Hill Manufacturing Facility, which is one of the area's largest employers.

The General Motors Spring Hill Manufacturing facility is located on 2,100 acres directly adjacent to the city limits of Columbia. Currently, the site manufacturing operations consist of:

- A flexible vehicle assembly plant producing the Cadillac XT5 and the GMC Acadia,
- An engine plant making 4-cylinder and 8-cylinder engines (The Spring Hill team has produced more than 5 million Ecotec 4-cylinder engines and the site recently launched a V8 engine in record time),
- A stamping plant producing internal and external parts for the vehicles assembled at Spring Hill Manufacturing,
- Two polymer injection molding operations for molded interior and exterior parts, also for Spring Hill produced vehicles,
- A paint shop, and
- A body shop.

Since 2010, General Motors has announced more than \$2 billion for the Spring Hill Manufacturing operations. This includes a \$148 million investment announced in February 2016 to repurpose flexible machining and assembly equipment to build Small Block 6.2L V8 engines for GM's popular trucks. Spring Hill Manufacturing also recently broke ground for the expansion of its engine plant, part of the \$788.7 million investment announced in April of this year.

The workforce at the Spring Hill Manufacturing facility includes more than 3,200 GM employees and more than 1,100 third party employees.

Several area automotive suppliers have had activity over the past year, including the following:

- Magna International Inc. completed construction in 141 days on a new, state-of-the-art manufacturing facility in Spring Hill, Tennessee, which opened in January 2015. The \$16 million, 122,500-square-foot facility manufactures complete seat assemblies supplying General Motors' Spring Hill Assembly Plant and currently employs approximately 300.
- Ohio-based Comprehensive Logistics opened in Spring Hill in February 2016 with a \$30 million investment estimated to create more than 200 jobs. The building houses a manufacturing and assembly operation to supply General Motors Spring Hill Manufacturing and provides parts sequencing and headliners, tires and wheels, rear suspensions and front vertical assemblies, in addition to logistical services.
- Samuel & Son & Co, Inc. is continuing progress in the development of its blanking service center facility in Columbia. The facility started full production December 1, 2015, providing support to the growing automotive market in the Southern United States. The \$36 million facility is 108,000 square feet on a 30-acre site with rail access and currently employs 48. By the end of 2017, total investment in the plan will reach \$66 million with a target employment of 80 by adding 100,000 square feet of manufacturing and warehousing space for a second blanking line and a state-of-the-art slitting line.

Business activity in the non-automotive sector during the year included the following:

The IBEX Global call center (formerly known as TRG Customer Solutions) at Northfield opened in October 2011 with approximately 75 employees and has currently maintain a workforce of nearly 1,000 employees.

CLARCOR Inc. purchased the former Porter-Walker building, a 62,250-square foot facility on Oakland Parkway. The company invested \$10 million and created 29 new jobs. The facility includes research laboratories, pilot and semi-works lines, a center for nanofiber production and a learning center and houses research scientists and engineers.

In November 2015, Sleep Solutions and Services, LLC (S3) officials announced that the company would locate new call center operations in Columbia. Since that time, S3, a medical software and support company specializing in respiratory services, has invested \$4 million in the facility and has created 35-40 new jobs in Maury County. In conjunction with that transaction, Baxter Enterprises purchased the former YMCA location and made renovation to the facility. The recreation portion of the facility, which opened in April 2016, is named Muletown Rec and is available to the public via memberships.

Goodwill Enterprises constructed a \$2.1 million, 23,633 square foot retail location. Additionally, renovations were done to a nearby building to house a career solutions location.

A \$4.1 million Hyundai dealership is currently under construction on Nashville Highway. The 21,118 square foot facility is slated for completion by the end of January 2017, with an estimated initial employment of 30 people.

The City’s official population has increased from 26,372 in 1980, 28,583 in 1990, 33,055 in 2000 to the most recent census count of 34,681 in 2010. The census figures reflect a rate of growth of approximately 15 percent during each of the 10-year census periods until the last count, which showed less than half a percent growth annually. Estimated population as of June 2016 is 37,249.

The number of building permits issued during calendar year 2015 (487) increased 34% from 2014 (363). Total valuation for permits issued nearly tripled from \$27,874,838 to \$81,918,677. The value of residential new construction doubled from \$9.2 million to \$21.9 million and valuation for new commercial increased from \$3.8 million to \$32.4 million.

A comparison of permits issued and the related valuation follows:

<u>Calendar year:</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Number of permits	487	363	350	315	327
Valuation of permits	\$81,918,677	\$27,874,838	\$26,126,958	\$27,704,406	\$20,100,284

Maury Regional Medical Center has invested \$9 million toward projects—completed or in progress—that include a new Critical Care floor and renovations to the medical/surgical floor, the orthopedic floor, the Imaging Department, the fourth floor of the medical plaza and the sixth floor of the medical office building in the past fiscal year.

As noted in last year’s transmittal letter, significant projects permitted at the beginning of FY 2015-16 included \$16.2 million (permitted in July 2015) for construction of 8 apartment buildings with 24 units each for the new Eagle Ridge at Gholson Hill development, \$915,000 for nearly 20,000 square feet in additional storage buildings at A+ Storage, \$899,000 for a 16,000 square foot addition to the existing Columbia Machine Works facility, \$661,746 for construction of a new Burger King on Bear Creek Pike, \$600,000 for construction of a 2-story office building on North Main Street and \$550,000 for a tenant build out for Ollies Bargain Outlet.

In July 2015, National HealthCare Corporation (NHC) broke ground on a new skilled nursing and transitional care center that will open in fall of 2016. The new center will be called the NHC-Maury Regional Transitional Care Center and represents more than an \$18 million investment by NHC. The joint venture with Maury Regional Medical Center will create more than 125 jobs in the 73,500 square foot single-story center with 104 skilled nursing beds. When completed, the center will replace the existing 92-bed NHC Healthcare-Hillview facility.

Other projects permitted during the year included \$2.1 million for 2 additional 12-unit apartment buildings at Arden Village, a new Dairy Queen “Grill and Chill”, \$745,000 for building renovations to a TN Farm Bureau facility on Tom J Hitch Parkway, and construction of a 15,200 square foot shell building for additional retail locations on Brookmeade. After the end of the fiscal year and before issuance of this report, Puckett’s added an ice creamery called “Hattie Jane’s and the Windmill Bakery & Coffee Shop, the Fashion House and Bleu 32 Vintage Marketplace opened on or in close proximity to the downtown square.

The government’s expenses within most categories have increased during the past ten years, primarily a function of ever-increasing salary and benefit expense. Retirement funding has been a

primary driver of benefits expense, with the City's share of funding for retirement and other postemployment benefits at 25.57% for FY 2015-16 compared to 25.07% for FY 2014-15 and 21.81% for FY 2013-14. Employees hired after July 1, 2012 fall under a defined contribution plan through ICMA-RC and do not participate in the previously-established defined benefit plan (City of Columbia Employees' Retirement plan). It is forecast that contributions required to fund the defined benefit plan will continue to increase for several years before leveling off.

The City has an established Capital Equipment Replacement Plan and Management Information Systems replacement schedule, which provide a guide to identify equipment that has reached the end of its useful life and to aid in ensuring that equipment is replaced once its useful life has expired, although deferral of equipment replacement has often been used as an aid in balancing the budget each year.

The City's General Fund revenue base continues to consist primarily of sales and property taxes. Local sales tax collections during the year (\$9,164,587) reflected an increase of 10% from the FY 2015 total of \$8,330,399, a result of overall improvement and new development within the area's economy. Local sales tax collections represented 29% of total General Fund revenues for FY 2015-16 and exceeded the budgeted amount (\$8,253,564) by approximately 11%. The property tax rate was maintained at \$1.44 during the FY 2015-16 budget process and collections (\$10,814,301) increased 2.6% when compared to FY 2014-15 (\$10,538,704). Property taxes represented over 34% of total General Fund revenues.

Long-term Financial Planning

The City's General Fund balance as of June 30, 2016 is approximately \$22.16 million, which is equal to almost 70 % of the adopted General Fund budget for the new fiscal year. Over \$2.6 million of the fund balance was used to balance the adopted and subsequently amended FY 2016-17 budget. That amount was used for one-time capital items, not recurring expenditures. The General Fund balance represents an increase of 15.4% from the \$19.1 million balance from FY 2014-15, with the remaining balance (after budget) over the target range of 25%, or 3 months of budgeted expenditures for the new fiscal year.

The City established a new trust fund for FY 2008-09 to comply with Governmental Accounting Standards Board (GASB) Statement No. 45 titled "Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions". The Annual Required Contribution (ARC) is being funded monthly as a percentage of payroll. Additional information may be found in Note 7 of the financial statement.

A \$1 million Sanitation Equipment Capital Outlay note was authorized in October 2014 to provide funding for replacement Sanitation collection/fleet vehicles. The bid for the note was awarded at the same meeting. Based upon bid awards for the related vehicles, the actual amount of funds borrowed was \$960,972. Those funds were drawn in November 2015.

In December 2015 and January 2016, the City refunded two Sewer debt issues and one General Obligation debt issue at interest rates of 1.39% and 2.25%, respectively. By refunding the debt at a substantially lower interest rate, over \$1 million in interest savings will be realized over the duration of the bonds.

Note: In 1999, the City's A2 bond rating was raised to A1 by Moody's Investors Service. The rating was amended to Aa2 in 2010 when Moody's recalibrated ratings of municipal bond issues and issuers to its global rating scale. That Aa2 rating was affirmed in June 2011 when the City issued \$7 million in Sewer System Revenue and Tax Bonds.

Relevant Financial Policies

The City follows state statutes on the budgetary process. In the past, the City Council has agreed with staff's recommendation to retain a General Fund balance of at least 25% of the adopted budget, or three months of operating expenses. A Fund Balance policy affirming that recommendation was adopted by the City Council on October 6, 2011. The City also has a Debt Policy in place, which was adopted on the same date.

Major Initiatives – During the Year. Following is a summary of items of interest that have occurred during the fiscal year, as well as a synopsis of ongoing projects and issues that the City will face in the near future:

- During the 2015-16 fiscal year, the City expended approximately \$200,000 in grant funds, as compared to over \$2 million the preceding fiscal year. Grant expenditures included:
 - \$6,277 for bulletproof vests for Police department staff from Bulletproof Vest Program funds,
 - \$32,921 for equipment and supplies funded with Federal Equitable Sharing Funds,
 - \$42,033 for demolitions of abandoned properties and administrative services from the South Central Tennessee Development District for a Community Livability Grant from the US Department of Housing and Urban Development,
 - \$100,000 for a settlement agreement for bridge decking repairs to close out the Riverwalk Project (Federal Highway Administration funding), and
 - \$5,681 in Justice Assistance Grant funds from the U.S. Department of Justice used to reimburse Maury County for a portion of the cost of a vehicle/accessories purchased with grant funds.
- In July 2015, the City Council passed an ordinance adopting a hotel/motel tax in the amount of 5%. The proceeds received from are dedicated for tourism development. For FY 2015-16, revenues received this new source were over \$600,000. Expenditures during FY 2015-16 were \$452,640, including a \$400,000 transfer to the Capital Projects Fund for further development of the Ridley Sports Complex.
- The Maury County/City of Columbia Animal Services Facility completed its eleventh year of operations. Maury County manages the facility and “bought out” the City’s capital investment (approximately \$640,000) in the building over a 5-year period, with the City and County splitting net operating expenses 50/50. For the fiscal year ending June 30, 2016, the City’s payment to Maury County for facility operations was \$189,913 (compared with \$203,382 for FY 2014-15).

- During the 2015-16 fiscal year, several “Columbia Works” projects were completed by Public Works staff:
 - One of the more significant projects included Woodland Street between 10th and 11th Streets. A large open drain with deep and rutted ditches and high grass was remedied by building a vaulted drainage way (creating walls along the natural rock floor, installing a vaulted lid and covering the area with soil and grass), providing additional yard space for the homes. Additionally, storm sewer pipe and storm inlets were also installed in the area.
 - Along 8th street, sidewalks in front of the Maury County Library and the Boys & Girls Club were replaced with new sidewalks with decorative brick inlays. The improvements tie in with other streetscape improvements in the area and create a safe walking surface.

- Wastewater projects completed during the year include:
 - Completion of the pump station telemetry upgrade (\$342,256 budget allocation), which allows communication via VHF radio,
 - Completion of the upgrade and repair of the treatment plant (supervisory control and data acquisition) SCADA system (\$300,000 budget allocation).
 - All 7 of the Management Operation & Maintenance Programs (MOM) set forth in the 2014 EPA Administrative Order on Consent were completed, submitted and approved by the agency

Major Initiatives – For the Future. Following is a summary of items of interest that have occurred during the beginning of the new fiscal year, as well as highlights of ongoing projects and issues that the City will face in the near future:

- During FY 2015-16, the City awarded a proposal to Lose & Associates for the development of soccer fields at Ridley Sports Complex. The FY 2016-17 budget includes a \$1,000,000 budget allocation to begin the project, specifically the mass grading component of the project, the construction of a restroom and the purchase of bleachers/installation of bleacher pads for the Mid-State Classic. The Public Works Department has performed most of the work thus far, resulting in significant savings to the City. The City will be issuing approximately \$7 million in General Obligation Public Improvement Bonds early in 2017 for this project, which will include 7 soccer fields (one a competition grade), restroom and multipurpose building, roads and parking lots.

- Within the Wastewater Department, capital improvement items for the 2016-17 fiscal year include:
 - Sewer rehabilitation projects to reduce or eliminate system overflows in the Royal Oaks and Stevens Bottom sub-basins and the West 1st area are currently in progress via a \$1.3 million contract with Parchman Construction,
 - A \$651,000 construction project is underway to upgrade and renovate the Carters Creek Pike Pump Station.
 - A \$250,000 project to replace the Dixie Pump Station is in design phase and bids for construction are expected to be solicited in the near future.

- Investigation and evaluation of the condition of the sanitary sewer within the footprint of the proposed West 7th Street Multi-Modal Streetscape Project is underway (\$810,000 budget allocation),
 - Other Infrastructure Rehabilitation - A professional services agreement has been executed, and work to evaluate the condition of the sanitary sewer collection system is underway. In order to satisfy measures set forth in the recently executed EPA Administrative Order on Consent, development of various system evaluation and rehabilitation plans is necessary. This work will be on-going throughout the five (5) year duration of the AOC and a \$500,000 budget allocation has been provided for Sanitation Sewer Evaluation Survey work in areas defined as critical in the Capacity Assessment Report submitted to the EPA in September 2016.
- In July 2015, the City Council passed an ordinance adopting a hotel/motel tax in the amount of 5%. Proceeds received from the tax are dedicated for tourism development. Other than the \$250,000 allocated for the Ridley Sports Complex soccer fields, other anticipated expenditures include \$225,000 for Presidential Park, \$50,000 for a marketing plan currently underway with ChandlerThinks and \$75,000 for continued support of the James K. Polk Home, two historic markers, support of the Mid-State Classic and other marketing-related strategies.
- In August 2015, the City Council authorized accepting an agreement with the Tennessee Department of Transportation for a Transportation Alternatives grant for improvements to West 7th Street, including sidewalks, ADA upgrades, crosswalk signalization, utility relocation, landscaping, pedestrian amenities and pedestrian lighting with other transportation-related structures. The \$1,375,304 grant requires a \$343,826 match. Supplemental City funds in the amount of \$95,824 have also been appropriated for a total project amount of \$1,814,954.
- An agreement with the Tennessee Department of Transportation has been executed for the next phase of Surface Transportation funds (\$753,600) will be used for intersection improvements at James Campbell Boulevard at Highland Avenue/Campbellsville Pike.
- \$363,280 for West 6th Street streetscape and improvements with Surface Transportation Projects funded by the Federal Highway Administration through the Tennessee Department of Transportation.
- Columbia was awarded \$315,000 via a Community Development Block Grant for the demolition of blighted structures located throughout the city. A total of 15 structures from Phase 1 and Phase 2 have been razed so far at a cost of \$91,227 and 15 more properties (phase 3) will be bid and awarded by mid-November. Eligible phase 3 properties should be demolished by the end of December and phase 4 consisting of 1 structure (an old apartment building) is undergoing environmental review.
- A \$500,000 Home Grant was awarded to Columbia by Tennessee Housing & Development Authority to provide assistance to owners in need of home repairs. There were 17 homeowners eligible to receive funding out of more than 70 applicants. The “Environmental Clearances” have been received for all the homes. The work write-ups

for the 5 properties with the greatest need has been completed and the properties have been advertised for bidding by contractors. After these are completed, the construction for the next 5 properties will be bid, and the process continues until the funds are allocated. It is anticipated that funds will be expended within the 2016-17 fiscal year.

Awards – Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to the City of Columbia for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2015. This was the seventeenth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

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

This report has been prepared with the help of the City Recorder's Office, Finance Department staff and the cooperation of each City department. The guidance provided by the City Manager, the support and leadership extended by the Mayor and City Council, and the technical assistance and guidance of the staff of Yeary, Howell & Associates in the preparation of this report are all recognized and appreciated.

Respectfully submitted,



Patti Amorello
Finance Director/City Recorder



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

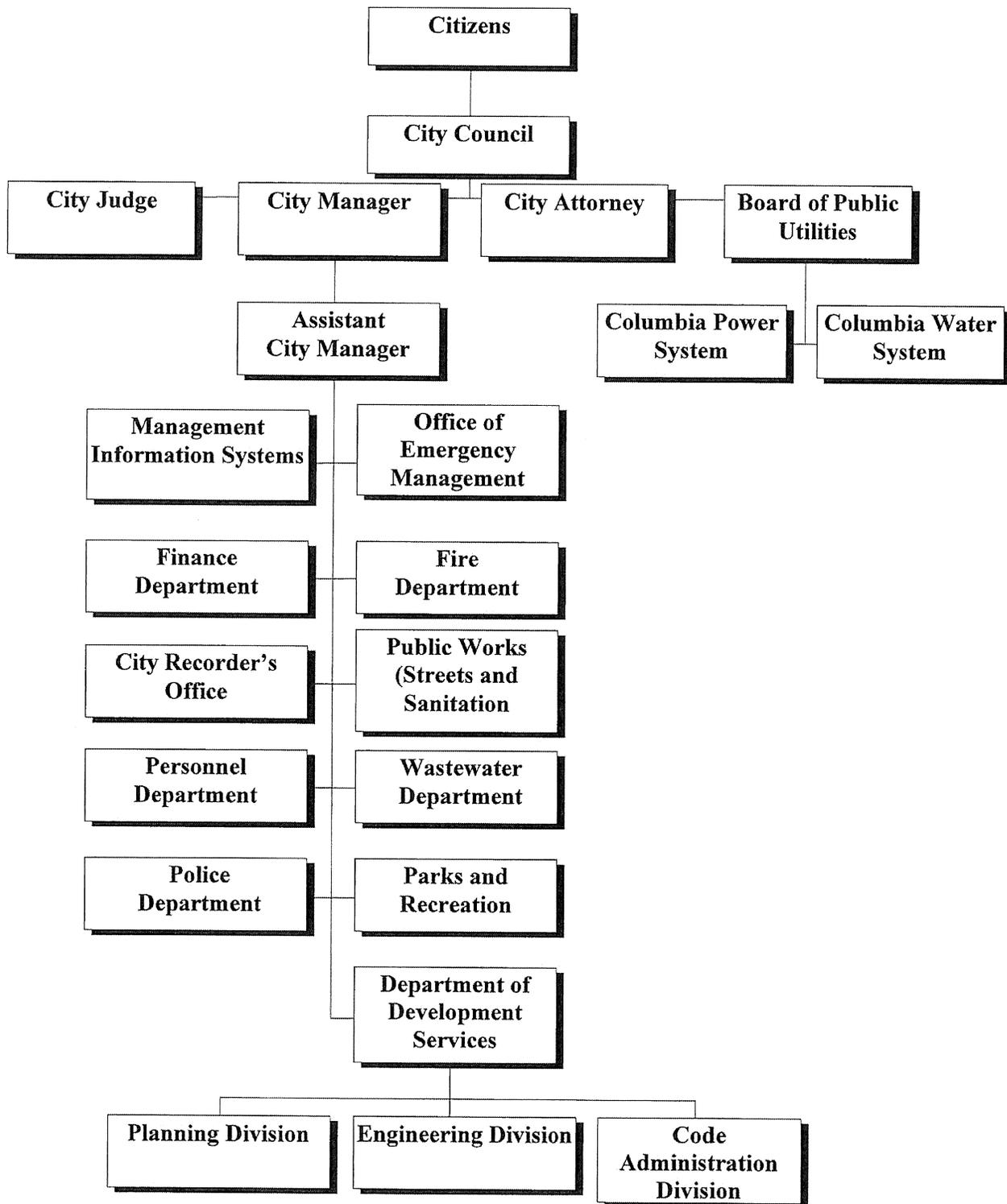
**City of Columbia
Tennessee**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

**CITY OF COLUMBIA
Organization Chart
FY 2015-16**



CITY OF COLUMBIA, TENNESSEE

List of Elected and Appointed Officials

Elected Officials

Mayor	Dean Dickey
Vice Mayor	Christa Martin, Ed. D.
Council Member-Ward 1	Carl McCullen
Council Member-Ward 2	Debbie Matthews
Council Member-Ward 3	Tony Greene
Council Member-Ward 4	Mike Greene
Council Member-Ward 5	Mark King

Appointed Officials

City Manager	Tony Massey
Assistant City Manager	Thad Jablonski
City Engineer	Glenn Harper
Emergency Management Director	Mark Blackwood
Finance Director/City Recorder-CMFO	Patti Amorello
Fire Chief	Tommy Hemphill
Development Services Director	Paul Keltner
Management Information Systems Director	Rick Harrison
Parks & Recreation Director	Mackel Reagan
Personnel Director	Connie Etzkin
Police Chief	Tim Potts
Public Works Director	Ken Donaldson
Wastewater Director	Mark Williams

FINANCIAL SECTION

YEARY, HOWELL & ASSOCIATES

Certified Public Accountants

501 EAST IRIS DRIVE
NASHVILLE, TN 37204-3109

HUBERT E. (BUDDY) YEARY
GREGORY V. HOWELL

(615) 385-1008
FAX (615) 385-1208

Independent Auditor's Report

Honorable Mayor and City Council
City of Columbia, Tennessee
Columbia, Tennessee

Report on the Financial Statements

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 Columbia, Tennessee, (the City) as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Columbia Power and Water System (Enterprise) Funds, which statements reflect 68%, 68% and 89%, respectively of the assets and deferred outflows, net position, and revenues of the business - type activities of the City. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Power and Water System (Enterprise) Funds, is based solely on the report of the other auditors. 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 risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, 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 of Columbia, Tennessee, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General and Sanitation Funds 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 on pages 3 through 19 and the schedules of funding progress, employer contributions and actuarial methods and significant assumptions on pages 66 - 73 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, Combining and Individual Nonmajor Fund Statements and Schedules, Financial Schedules and Statistical Section are presented for purposes of additional analysis and are not a required part of the financial statements.

The Combining and Individual Nonmajor Fund Financial Statements and Schedules and Financial Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the Combining and Individual Nonmajor Fund Financial Statements and Schedules and Financial Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2016 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 of Columbia's internal control over financial reporting and compliance.

September 23, 2016



CITY OF COLUMBIA, TENNESSEE

Management's Discussion and Analysis

As management of the City of Columbia, Tennessee (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 June 30, 2016.

This analysis focuses on significant variances in financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the City.

Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes. We encourage readers to consider the information presented here in conjunction with our Letter of Transmittal (page ii-ix) and the City's financial statements (beginning on page 20).

Financial Highlights

- The assets of the City of Columbia exceeded its liabilities at the close of the most recent fiscal year by \$218,887,112 (net position). Of this amount, \$46,319,263 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position during the year increased by \$10,242,493 as a result of increases of \$5,078,519 within governmental funds and \$5,163,974 in the Sewer, Power and Water Systems.
- As of the close of the current fiscal year, the City of Columbia's governmental funds reported combined ending fund balances of \$26,976,757. The ending fund balance reflected a net increase of \$4,427,609, as compared with an increase of \$2,045,177 in the prior fiscal year. Almost 73% of this total amount, \$19,604,465, is unassigned and available for spending at the government's discretion.
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed*, *assigned* and *unassigned* components of *fund balance*) for the General Fund was \$21,822,305 or 76.4 percent of total General Fund expenditures and uses. Over \$2.2 million of fund balance was used to balance the FY 2016-17 budget when it was initially adopted and an additional \$403,616 was committed in conjunction with the first FY 2016-17 budget amendment. The City remains in a stable financial position to meet unexpected emergencies, uncertainties at the State level or a general slowdown in the economy.
- The City's total debt decreased by nearly \$3 million (approximately 5%) during the year as a result of routine principal payments on debt for governmental and business activities. Those payments were offset by a \$960,972 capital outlay note that was issued during FY 2015-16. Two separate refunding transactions were also made during FY 2015-16 to reduce future interest payments without increasing the life of the debt. Included in the refunded issues were two Sewer Revenue & Tax Bond issues (which transitioned to General Obligation Refunding issues) and one refunded General Obligation issue.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction of the City of Columbia's basic financial statements. The City of Columbia's basic financial statements include 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 of Columbia's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Columbia's assets and liabilities, with the difference between the two 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 of Columbia is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as 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 future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Columbia that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other 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 of Columbia include general government, public safety, public works (roads and streets), sanitation, parks and recreation, and community support. The business-type activities of the City of Columbia include the sewer, power and water systems.

The government-wide financial statements can be found on pages 20-21 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 of Columbia, 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 of Columbia 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 *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City of Columbia maintains eight 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, Sanitation and Capital Projects funds, which are considered to be major funds. Data from the other five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found on pages 22-31 of this report.

Proprietary funds. There are two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Columbia uses enterprise funds to account for activities in its Sewer Fund and the Columbia Power and Water Systems. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among a City's various functions. The City of Columbia used an internal service fund beginning July 1, 2011 to account for costs associated with the employees' health insurance plan. The balance of the internal service fund at June 30, 2015 was allocated back in a pro-rata share to the General, Sanitation and Wastewater funds, which provided funding during FY 2014-15.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewer Fund and the Power and Water systems, all three of which are considered to be major funds of the City of Columbia.

The basic proprietary fund financial statements can be found on pages 32-34 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of Columbia's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 35-36 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 37-63 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. The City of Columbia's progress in funding its obligation to provide pension benefits to its employees is presented along with related actuarial methods and significant assumptions. Required supplementary information can be found on pages 64-71 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 73-80 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Columbia, assets exceeded liabilities by \$218,887,112 as of June 30, 2016.

City of Columbia, Tennessee Net Position-Primary Government

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current and Other Assets	\$ 44,450,546	\$ 39,613,588	\$ 61,517,945	\$ 59,105,560	\$ 105,968,491	\$ 98,719,148
Capital Assets	<u>44,285,703</u>	<u>44,333,776</u>	<u>179,150,265</u>	<u>179,307,029</u>	<u>223,435,968</u>	<u>223,640,805</u>
Total Assets	88,736,249	83,947,364	240,668,210	238,412,589	329,404,459	322,359,953
Total Deferred Outflows of Resources	2,975,072	2,763,306	1,131,485	812,101	4,106,557	3,575,407
Long-term Liabilities Outstanding	36,504,406	35,365,875	53,042,182	55,953,915	89,546,588	91,319,790
Other Liabilities	<u>1,960,102</u>	<u>2,023,158</u>	<u>11,551,356</u>	<u>11,057,926</u>	<u>13,511,458</u>	<u>13,081,084</u>
Total Liabilities	38,464,508	37,389,033	64,593,538	67,011,841	103,058,046	104,400,874
Total Deferred Inflows of Resources	11,553,696	12,707,039	12,162	182,828	11,565,858	12,889,867
Net Position:						
Net investment in capital assets	32,818,883	32,909,034	132,591,349	129,324,547	165,410,232	162,233,581
Restricted	3,478,803	3,098,146	3,678,813	3,600,713	7,157,616	6,698,859
Unrestricted	<u>5,395,431</u>	<u>607,418</u>	<u>40,923,833</u>	<u>39,104,761</u>	<u>46,319,264</u>	<u>39,712,179</u>
Total Net Position	\$ 41,693,117	\$ 36,614,598	\$ 177,193,995	\$ 172,030,021	\$ 218,887,112	\$ 208,644,619

The largest portion of the City of Columbia's net position (nearly 76 percent) reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City of Columbia uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Columbia'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. An additional portion of the City's net position represents resources that are subject to restrictions as to how they may be used. These include net assets restricted for drug enforcement (\$315,802), highways and streets (\$1,302,485), solid waste disposal (\$1,123,638), park improvements (\$83,284), employee postemployment benefits (\$572,074) and debt service (\$3,760,334). Additionally, \$1,955,940 was committed to be used for capital projects.

At the end of the current fiscal year, the City of Columbia reported positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The government's net position as a result of activity throughout the year increased \$10,242,493 (\$5,078,519 within Governmental Activities and \$5,163,974 in Business Activities). The following analysis of net position will be based upon actual activity throughout the year.

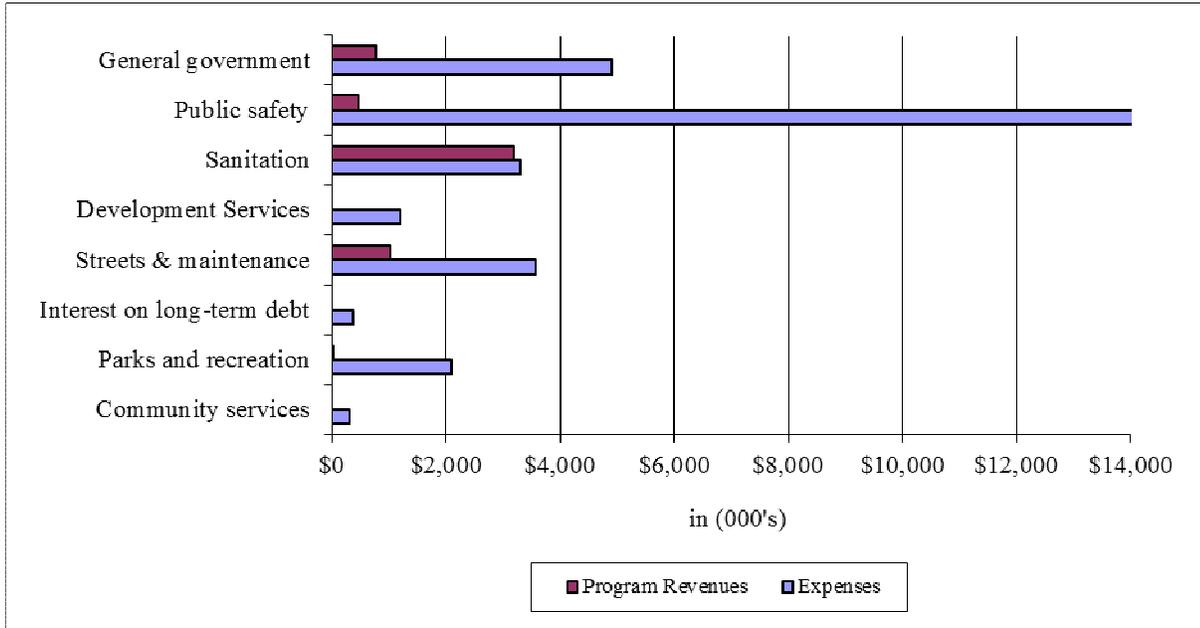
Governmental activities. Governmental activities increased the City of Columbia’s net position by \$5,078,519 or 49.6% of the total growth in the net position of the City. Key elements of this increase are as follows:

- Revenues increased nearly \$394,000 (1.1%) from the previous year, as a result of the following:
 - Capital grants and contributions decreased by nearly \$2 million from FY 2014-15. During FY 2014-15, the City received over \$1.8 million in surface Transportation Program funds for a project that was completed at the end of the fiscal year. Minimal activity occurred during FY 2015-16, primarily engineering services for several major projects that will be underway for FY 2016-17.
 - The decrease referenced above was offset by:
 - Over \$1 million increase in sales taxes as a result of an overall growth and improvement in the local economy,
 - A \$795,000 increase in other taxes, over \$600,000 of which was associated with a new hotel-motel tax,
 - A \$546,000 increase in the “Miscellaneous category”, approximately \$400,000 from the sale of several buildings and parcels of land owned by the City and \$90,000 from the sale of surplus garbage trucks, and
 - A \$136,000 increase in property taxes.
- Overall expenses increased \$146,000, or less than half a percent. Influencing factors included the following:
 - Public Safety (Police & Fire) increased approximately \$744,000 (10.5%), a result of additional salary and benefit costs, \$160,000 in additional Fire capital outlay (vehicle) purchases, and \$50,000 in vehicle purchases within the Drug Fund.
 - Public Works/Streets expenses decreased \$547,000, or 15%, as a result of biannual paving that was done in FY 2014-15.
 - Sanitation expenses increased \$177,000 as a result of an increase in the rate charged to transport garbage to the landfill.
 - Parks & recreation expenses increased \$172,000 or 9%. The increase is attributable to the Muletown BBQ event and the Mid State Classic together with a minimal increase in capital outlay purchases.
 - Development Services expenses increased \$169,000, a result of \$35,000 in increased salary and benefit expense (adding another Code Enforcement position), \$55,000 for comprehensive planning services and demolition of some uninhabitable structures.
 - During FY 2014-15, \$529,149 was recorded as a loss associated the abandonment of a capital asset in relation to improvements previously made to the former City Hall building at 707 North Main Street that were deemed to no longer have any residual value as a result of the renovation project to create the new Police Department building. The increases noted above were offset by this amount, as it was a non-recurring item.

The City's Changes in Net Position
For the year ended June 30,

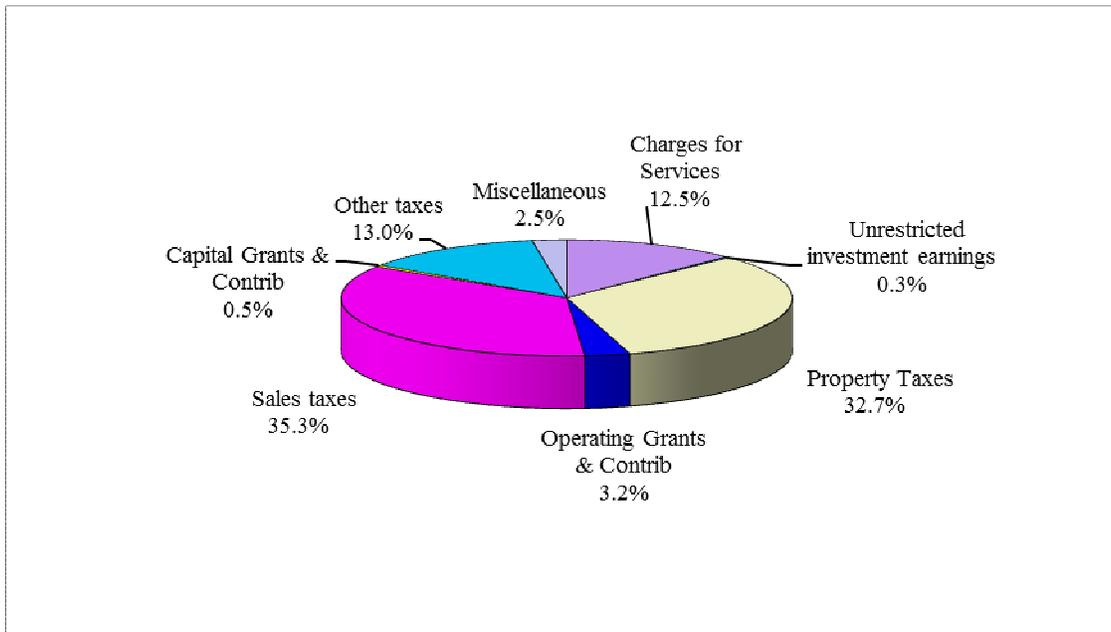
	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues:						
Charges for Services	\$ 4,238,699	\$ 4,186,345	\$ 88,826,765	\$ 88,876,324	\$ 93,065,464	\$ 93,062,669
Operating grants and contributions	1,098,479	1,293,895			1,098,479	1,293,895
Capital grants and contributions	184,530	2,137,572	769,005	345,695	953,535	2,483,267
General Revenues:						
Property Taxes	11,081,793	10,945,490			11,081,793	10,945,490
Sales Taxes	11,958,028	10,946,492			11,958,028	10,946,492
Other taxes	4,405,484	3,610,074			4,405,484	3,610,074
Miscellaneous	<u>936,547</u>	<u>390,010</u>	<u>102,347</u>	<u>197,852</u>	<u>1,038,894</u>	<u>587,862</u>
Total Revenues	<u>33,903,560</u>	<u>33,509,878</u>	<u>89,698,117</u>	<u>89,419,871</u>	<u>123,601,677</u>	<u>122,929,749</u>
Expenses:						
General government	4,912,611	4,950,758	-	-	4,912,611	4,950,758
Public Safety (Police & Fire)	15,009,895	14,266,192	-	-	15,009,895	14,266,192
Streets/Public Works	3,573,219	4,126,015	-	-	3,573,219	4,126,015
Sanitation	3,303,006	3,126,853			3,303,006	3,126,853
Parks and recreation	2,093,393	1,921,320	-	-	2,093,393	1,921,320
Development Services	1,194,238	1,025,890	-	-	1,194,238	1,025,890
Community support	307,309	276,102	-	-	307,309	276,102
Special Item	-	529,149	-	-	-	529,149
Interest on long-term debt	366,541	391,387	-	-	366,541	391,387
Power	-	-	65,247,476	66,368,295	65,247,476	66,368,295
Water	-	-	9,031,211	7,786,069	9,031,211	7,786,069
Sewer	-	-	<u>8,320,285</u>	<u>8,632,740</u>	<u>8,320,285</u>	<u>8,632,740</u>
Total Expenses	<u>30,760,212</u>	<u>30,613,666</u>	<u>82,598,972</u>	<u>82,787,104</u>	<u>113,359,184</u>	<u>113,400,770</u>
Increase (decrease) in net position before transfers	3,143,348	2,896,212	7,099,145	6,632,767	10,242,493	9,528,979
Transfers	<u>1,935,171</u>	<u>1,948,656</u>	<u>(1,935,171)</u>	<u>(1,948,656)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	5,078,519	4,844,868	5,163,974	4,684,111	10,242,493	9,528,979
Net position-beginning	<u>36,614,598</u>	<u>31,769,730</u>	<u>172,030,021</u>	<u>218,887,112</u>	<u>208,644,619</u>	<u>199,115,640</u>
Net position-ending	<u>\$ 41,693,117</u>	<u>\$ 36,614,598</u>	<u>\$ 177,193,995</u>	<u>\$ 223,571,223</u>	<u>\$ 218,887,112</u>	<u>\$ 208,644,619</u>

Expenses and Program Revenues – Governmental Activities



As reflected in the graph above, Public Safety remains the largest activity, a reflection of the City’s continued commitment to a safe community. General Government (including City administrative functions and cooperative agreements related to several grant projects), Sanitation and Streets and Maintenance also represent significant drivers of overall expenses.

Revenue by Source – Governmental Activities

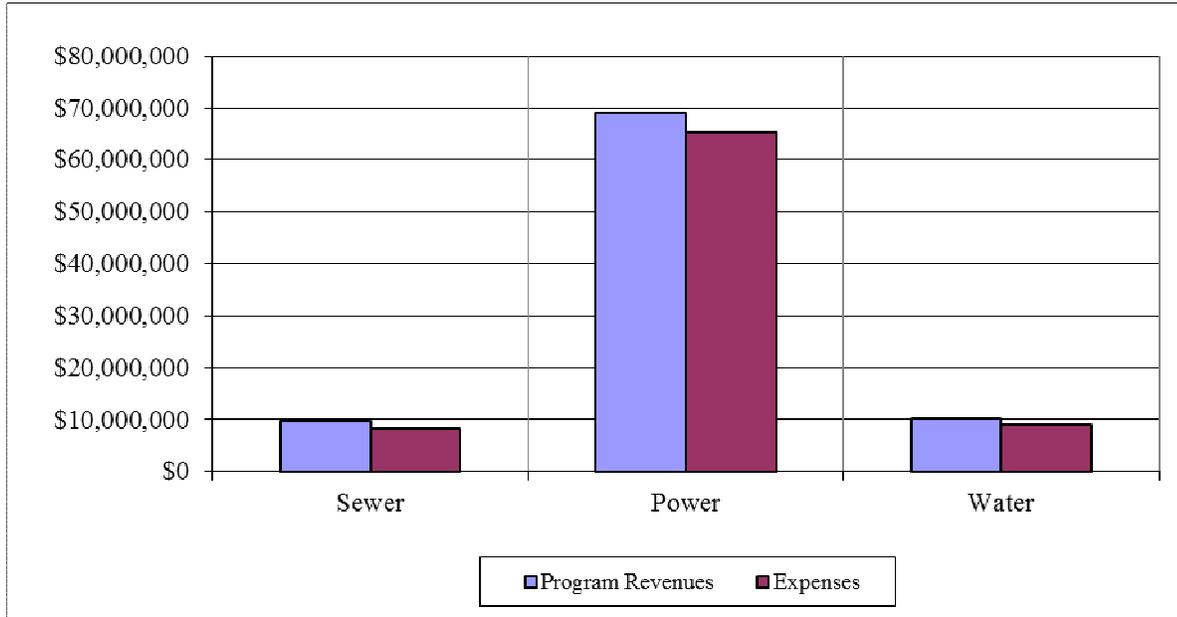


As the above graph shows, property and sales taxes made up 66% of revenues for governmental funds. Charges for services at made up 12.5% of revenues and other taxes brought in 13%.

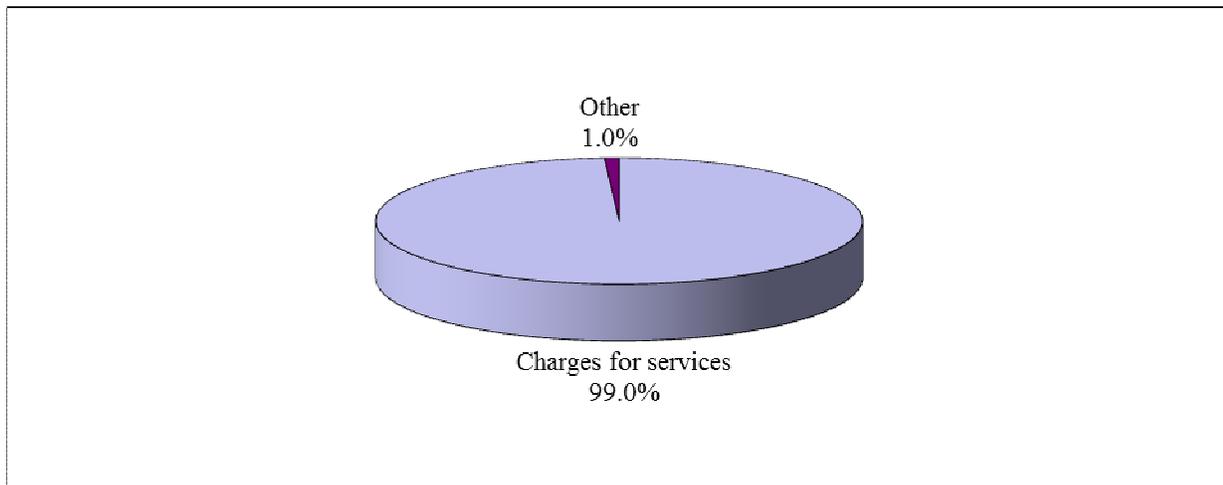
Business-type activities. Business-type activities increased the City of Columbia's net position by \$5,163,974, accounting for 50.4% of the growth in the government's net position. Key elements of this increase are as follows:

- The City's Sewer Fund reflected a total increase in net position of \$1,127,152 compared to an increase of \$18,180 for FY 2014-15 and an increase in net position of \$285,398 for FY 2013-14.
 - Operating revenues (\$9,622,342) increased approximately \$631,749 (7%) when compared to FY 2014-15 (\$8,990,593). Revenue from industrial user fees increased \$75,000 (25%) as a result of additional waste haulers in the area. Contributed sewer lines increased from less than \$33,000 to over \$283,000 (850%). Several developments that had been started several years ago but put on hold during the economic downturn were acquired by others and completed or finished by the original developers. Sewer tap fees increased from \$275,500 to \$684,000 (250%) as a result of a boom in residential development and a significant increase in commercial development.
 - Operating expenses decreased 2% (\$153,209) from the previous year, from \$7,968,083 to \$7,814,874. Primary components of the decrease were a slight reduction in salary/benefits cost due to staffing transitions and \$15,000 in decreased utility charges. During FY 2014-15, a one-time \$77,000 payment was made for a consent agreement and final order with the EPA related to previous discharge violations.
- The Columbia Power System reflected an increase in net position of 2,827,601 to over \$63.4 million for the year. Within the Power System, the Electric System showed ending net position of over \$65.5 million and the Broadband System had a deficit in net position of slightly over \$2.1 million.
 - Operating revenues for the Electric System decreased approximately \$369,000 during the fiscal year from \$69.4 million to \$69 million (a .5% decrease for FY 2015-16 compared to a 1% increase for FY 2014-15). Electric sales revenue decreased \$1.1 million (a result of lower megawatt hours sold due to more moderate temperatures) and broadband sales increased \$608,000.
 - During FY 2016, Electric System operating expenses decreased \$871,000 or 1.3%, a result of a reduction in energy purchased related to decreased consumption.
 - The Broadband system reflected operating income of \$1.08 million for the year compared with \$1.3 million for FY 2014-15 and customers increased from 5,555 at June 30, 2015 to 5,858 at June 30, 2016, a result of significant capital upgrades to the system and competitive marketing.
 - Capital contributions received from developers and builders for electric system extensions totaled \$265,000 during the year, compared with \$190,000 during FY 2014-15.
- The Columbia Water System accounts for the remainder of the total increase in business-type assets, reflecting a change in net position of \$1,209,221 (compared with \$2,669,769 for FY 2014-15).
 - Water sales decreased \$345,000 (compared to a \$212,000 increase in FY 2014-15) as a result of a slight increase in total gallons sold.
 - Operating expenses increased approximately \$868,000 during the fiscal year, including an increase of \$459,000 in additional distribution expense.
 - Capital contributions of water plant deeded to the system by developers and builders for water system extensions totaled \$221,000 during the year.

Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-type Activities



Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the City of Columbia'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 of Columbia's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

**Changes in Fund Balances of Governmental Funds
For the year ended June 30,**

	<u>2016</u>	<u>2015</u>
REVENUES:		
Taxes	\$ 23,813,515	\$ 21,993,026
Intergovernmental	4,972,474	6,767,528
Licenses and permits	621,717	318,425
Fines and fees	342,812	403,575
Charges for services	3,542,605	3,384,995
Other	<u>482,204</u>	<u>444,953</u>
TOTAL REVENUES	<u>33,775,327</u>	<u>33,312,502</u>
EXPENDITURES		
Current:		
General government	4,793,680	4,881,980
Public Safety (Police & Fire)	14,704,229	14,618,819
Public Works (Streets, Development Services)	4,391,905	4,890,583
Sanitation	3,083,042	3,006,445
Parks and recreation	1,790,542	1,741,159
Community support (including Drug Education)	307,309	276,102
Other	250	250
Capital outlay	2,287,751	4,469,594
Debt Service	<u>1,413,993</u>	<u>1,231,049</u>
TOTAL EXPENDITURES	<u>32,772,701</u>	<u>35,115,981</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,002,626</u>	<u>(1,803,479)</u>
OTHER FINANCING SOURCES (USES)		
Proceeds from issuance of debt	2,360,972	0
Transfer to refunding escrow agent	(1,398,795)	0
Proceeds from sale of capital assets	527,635	0
Transfers in	4,608,283	5,160,224
Transfers out	<u>(2,673,112)</u>	<u>(1,311,568)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,424,983</u>	<u>3,848,656</u>
NET CHANGES IN FUND BALANCES	4,427,609	2,045,177
FUND BALANCE, BEGINNING OF YEAR	<u>22,549,149</u>	<u>20,503,972</u>
FUND BALANCE, END OF YEAR	<u>\$ 26,976,757</u>	<u>\$ 22,549,149</u>

As of the end of the current fiscal year, the City of Columbia's governmental funds reported combined ending fund balances of \$26,976,757, an increase of \$4,427,609 from the prior year. Approximately 73% of this total (\$19,604,465) constitutes unassigned fund balance, available for spending at the government's discretion.

Assets, Liabilities and Fund Balances
Total Governmental Funds
June 30,

	<u>2016</u>	<u>2015</u>
Total assets	\$ 40,610,703	\$ 36,285,958
Total liabilities	\$ 1,537,836	\$ 1,808,492
Total deferred inflows of resources	\$ 12,096,110	\$ 11,928,317
Fund balances:		
Nonspendable	291,782	262,388
Restricted	2,906,730	2,524,772
Committed	1,955,940	900,455
Assigned	2,217,840	1,422,828
Unassigned	<u>19,604,465</u>	<u>17,438,706</u>
Total fund balances	26,976,757	22,549,149
Total liabilities, deferred inflows and fund balances	<u>\$ 40,610,703</u>	<u>\$ 36,285,958</u>

Fund balance classifications were modified for FY 2010-11 in accordance with GASB Statement No. 54.

The General Fund is the chief operating fund of the City of Columbia. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$19,604,465 while total General Fund balance was \$22,155,786. A measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 68.6% of total General Fund expenditures. Total fund balance represents 77.6% of that same amount.

The fund balance of the City of Columbia's General Fund increased by \$2,963,778 during FY 2015-16.

- Revenues and Other Financing Sources increased by \$2,097,886 (3.7%) from the previous year. Factors in the increase were as follows:
 - Property taxes increased less approximately \$275,000 from the previous year to \$10,814,300. The tax rate remained constant at 1.44,
 - Local sales tax collections increased from the previous year by \$831,407 (10%) to \$9,161,806,
 - State sales tax increased \$177,348 (6.8%),
 - State income and excise tax increased \$114,196 (28%) due to overall improved personal investment earnings,
 - Payments in lieu of tax from utilities remained relatively constant compared to FY 2014-15, and
 - \$604,000 was generated by a new hotel-motel tax.

- Total Expenditures and Financing Uses increased by \$1,355,703 (5%) from the preceding year:
 - Overall salary and benefit expense within the General Fund increased \$289,472 (1.4%). Increased salaries as a result of a 2% pay increase were offset by lower overall expenses due to employee retirements. Several positions weren't filled or were filled with employees making a lower rate of pay than the previous incumbent. New employees are hired under a defined contribution plan which costs the City 4% of compensation versus the old defined benefit plan which is funded at 25.57% for the retirement and OPEB components.

- Legal services decreased \$58,000 as a result of the settlement of some ongoing litigation,
- Police Department–Supplies showed a reduction of \$130,000. During FY 2014-15, the Department moved into its new location and additional funds were spent to furnish and equip work spaces.
- Public Works–Streets showed a decrease in supply costs of \$39,000 as a result of a reduction in purchases for Columbia Works projects.
- Development Services showed an increase within Services of \$66,000, \$55,000 of which was related to the ongoing comp plan and \$12,000 for the demolition of two properties.
- Parks & Recreation showed an increase of \$50,000 in services and supplies, primarily related to the Mid-State Classic and Muletown BBQ event.
- Capital outlay expenditures increased \$64,635 (7.6%) from FY 2014-15. General Government decreased \$100,000 (\$153,000 was spent in 14-15 on renovations to a building at 814 South Main), the Fire Department increased \$160,000 from the previous fiscal year as a result of the purchase of 2 vehicles (\$67,000) and improvements to a parking lot, lighting upgrades and replacement of some of the doors at Station #1. Parks and Recreation purchased a new vehicle (\$20,000).
- Other departments and categories remained relatively constant when compared to FY 2014-15.
- Transfers to the Capital Projects Fund increased approximately \$1.2 million for the following projects: \$354,000 for proceeds from the sale of buildings to be used for improvements to the Jack & Jill Building, \$440,000 for matching funds for a multimodal grant for improvements on West 7th Street and \$450,000 for design services for soccer fields at Ridley Sports Complex.

Other Governmental Funds reflected increases and decreases as follows:

The Sanitation Fund decreased by \$42,599 during the year. Revenues reflected a \$88,657 increase as a result of the sale of old garbage trucks. Expenditures reflected a \$924,267 increase from the purchase of 6 new collection vehicles (\$960,972) which were funded by the issuance of a capital outlay note. Transfer to the Debt Service Fund increased \$201,915 due to the note associated with the capital outlay expenditures.

The State Street Aid Fund balance increased \$336,590 (35%) from \$950,590 to \$1,287,180. Revenues from gas tax increased \$46,579 (5%) from FY 2015-16. Expenditures decreased \$579,908 as a result of it being an “off-year” for the biannual resurfacing program.

The Drug Fund balance increased \$91,293 from \$224,509 to \$315,802. Proceeds from the sale of the former Narcotics & Vice Building (\$126,000) were partially offset by increased capital outlay expenditures for vehicle purchases. The Streets and Transportation Fund increased \$3,173 from \$12,807 to \$15,980 due to \$2,542 less in charges for street lighting bills.

The Debt Service Fund increased \$19,888 from \$61,633 to \$81,521. Interest expense was \$20,000 lower than FY 2014-15 due to a bond refunding that reduced overall interest expense.

The Capital Projects Fund balance more than doubled (an increase of \$1,055,486) from \$900,454 to \$1,955,940. Transfers in the amount of \$1.2 million were made from the General Fund during the year for projects detailed in the section above, but the related projects were just beginning at fiscal yearend so only minimal expenditures were made.

Proprietary funds. The City of Columbia’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Sewer System (\$10,350,200), Power System (\$15,142,309) and Water System (\$15,431,324) totaled \$40,923,833 after an adjustment to reflect the consolidation of internal service fund activities related to the Sewer system. The Sewer, Power and Water Systems reflected \$1,127,152, \$2,827,601 and \$1,209,221

increases in net position, respectively. Other factors concerning the finances of these three funds have already been addressed in the discussion of the City of Columbia’s business-type activities.

General Fund Budgetary Highlights

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Variance
Expenditures and other financing uses:			
Council, Attorney & Court	\$ 484,628	\$ 491,628	\$ 7,000
City Manager's Office	450,153	451,903	1,750
Emergency Management	130,810	130,810	-
Management Information Systems	451,625	456,218	4,593
Finance	392,778	395,778	3,000
City Recorder	488,959	488,959	-
Personnel	268,644	268,644	-
General Government	2,888,686	2,831,507	(57,179)
Police Department	7,951,504	8,055,216	103,712
Fire Department	7,300,982	7,291,696	(9,286)
Streets & Maintenance	2,846,593	2,881,700	35,107
Development Services	1,380,123	1,394,473	14,350
Parks & Recreation	1,929,730	1,986,030	56,300
Community Services	196,000	196,000	-
Capital Outlay	792,000	1,170,390	378,390
Transfers	<u>1,178,312</u>	<u>2,421,962</u>	<u>1,243,650</u>
	\$ 29,131,527	\$ 30,912,914	\$ 1,781,387

Within the Council, Attorney & Court budget, an additional \$7,000 budget allocation was made for supplemental strategic planning services.

Within the City Manager’s budget, additional budget allocations were made for a Tennessee Arts Commission Grant (\$1,750).

In Management Information Systems, an outstanding order from FY 2014-15 (\$3,593) was rebudgeted.

In Finance, salaries and benefits were increased \$3,000 for additional compensation for the Finance Director related to assumption of City Recorder duties

The General Government budget decreased by \$57,00 from budget transfers to capital outlay categories for the Farmer’s Market parking lot (\$29,139) and a replacement HVAC unit (37,450).

The Police Department budget increased over \$100,000 as a result of budgeting revenues and associated expenditures related to interagency agreements with the FBI/DEA (\$12,000), sexual offender registry fees (\$8,385) seized weapons (\$37,000), new BVP and Justice Assistance Grants (\$33,730).

Public Works-Streets increased \$35,107 during the year due to reallocation of funds for a professional services contract in place at the end of FY 2014-15 (\$35,747). The salary/benefits budget was increased by \$112,000 when the decision was made to stop using State Street Aid funds for a portion of traffic control personnel expense. Funds for Columbia Works projects during the year were reallocated from a general “Reserve” allocation to Services,

Supplies and Building Materials (Miscellaneous) throughout the year as expenditures were incurred and \$13,000 was transferred from Supplies to Capital Outlay to complete funding for the purchase of 3 replacement pickup trucks.

Development Services increased \$14,350 as a result of rebudgeting funds for an outstanding demolition contact at 6/30/15.

Parks & Recreation increased \$56,300, primarily as a result of a \$40,000 budget allocation for the Mid-State Classic and \$13,800 for the Muletown BBQ event.

Over half (\$185,000) of the \$378,390 increase to the Capital Outlay budget was related to a budget reallocation for equipment orders outstanding at the end of FY 2014-15. Transfers of \$29,139 and \$37,450 were made from reserves to capital outlay for a Farmer's Market Parking Lot improvements and a replacement HVAC system for City Hall. A \$100,000 budget allocation was also made for Columbia Works projects.

Variances occurred when comparing to the final amended budget to actual expenditures during the year as a result of the following:

- Within Council, Attorney & Court, \$30,000 remained in the Professional Services category for consulting/other services not used. In the City Manager's budget, \$21,000 remained in salaries/benefits due to transition in the Assistant City Manager position.
- Within Emergency Management, \$19,154 remained for funds not paid to Maury County during the year.
- Within the Management Information Systems budget, \$25,000 was unexpended within salaries and benefits at the end of the fiscal year from a position that was budgeted as full time but filled as part-time during the year.
- Within the City Recorder's Office, \$70,000 remained in salaries/benefits for positions which weren't filled during the year.
- Within General Government, \$102,000 remained in benefits as a result of worker's compensation expenses being less than budgeted, \$40,000 remained unexpended within several services categories and \$316,000 was unexpended within the "Reserve" allocation (\$214,000 from pending grant matching funds, \$47,000 in unexpended "Tourism Enhancement" funds and \$55,000 in other unexpended reserve funds).
- The Police Department had \$167,000 remaining in supplies, primarily from lower fuel costs during the year. Approximately \$279,000 remained in salary and benefit categories due to transitions in staffing.
- Within the Fire Department, approximately \$162,000 remained in salary and benefits categories at the end of the fiscal year.
- Streets & Maintenance had \$245,000 remaining in salaries/benefits due to staffing transitions and nearly \$80,000 was left in supplies and materials within the "Columbia Works" budget allocation.
- Development Services had a \$115,000 outstanding contract balance for comprehensive planning with Volkert, Inc. and \$12,000 for pending demolition of two properties.
- The Parks & Recreation Departments had almost \$195,000 lower expenditures than budgeted due to salary and benefit savings (\$142,000) and balances left in fuel and utility categories.
- Within Capital Outlay, slightly over \$250,000 remained at the end of the fiscal year. Over \$47,000 of that amount was within Management Information Systems (volume prices for replacement computers were lower than anticipated). The Police Department had \$15,000 in savings from vehicle purchases and \$28,000 that wasn't expended on radio system improvements. Public Works -Streets had \$39,000 budgeted for garage insulation that was reappropriated at the end of the fiscal year (work not awarded) and \$100,000 in Columbia Works capital funding remaining.

Capital Assets and Debt Administration

Capital assets. The City of Columbia's investment in capital assets for its governmental and business type activities as of June 30, 2016 amounts to \$223,435,968 (net of accumulated depreciation). This investment in capital assets includes land, buildings and structures, improvements, machinery and equipment, park facilities, roads and bridges. The total decrease in the City of Columbia's investment in capital assets for the current fiscal year was minimal (approximately .1%) at \$204,837 (a \$48,000 decrease for governmental activities and a \$157,000 increase for business-type activities).

City of Columbia Capital Assets (net of depreciation) June 30,

	Governmental		Business-type		Total	
	Activities		Activities			
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	7,522,448	7,519,262	2,184,489	2,174,490	\$ 9,706,937	\$ 9,693,752
Buildings and utility plant	25,959,083	20,375,546	274,290,841	269,800,186	300,249,924	290,175,732
Machinery and equipment	17,886,306	16,882,363	19,653,518	18,515,327	37,539,824	35,397,690
Infrastructure	74,971,677	73,918,615	-	-	74,971,677	73,918,615
Construction in progress	<u>164,021</u>	<u>6,920,785</u>	<u>4,476,155</u>	<u>2,851,068</u>	<u>4,640,176</u>	<u>9,771,853</u>
Total Assets	126,503,535	125,616,571	300,605,003	293,341,071	427,108,538	418,957,642
Less accumulated depreciation	<u>(82,217,832)</u>	<u>(81,282,795)</u>	<u>(121,454,738)</u>	<u>(114,034,042)</u>	<u>(203,672,570)</u>	<u>(195,316,837)</u>
Net Capital Assets	\$ 44,285,703	\$ 44,333,776	\$ 179,150,265	\$ 179,307,029	\$ 223,435,968	\$ 223,640,805

Within governmental activities, an increase in total assets of almost \$887,000 was offset by an increase in accumulated depreciation of nearly \$935,000, resulting in an overall decrease of \$48,000 in net capital assets for governmental funds.

Major capital asset events within governmental activities during the current fiscal year included the following:

- Land value remained constant with FY 2014-15.
- A \$300,000 decrease in buildings and improvements (Police Department and Drug Operation) was associated with the sale of a building at Pillow Drive used for Narcotic and Vice operations. A \$5.8 million increase in Parks & Recreation was associated with park improvements at the Columbia Duck Riverwalk, which were completed during the year.
- Machinery and equipment showed a net increase of \$1,003,943 during the year. Acquisitions of machinery and equipment totaled \$1.7 million (including \$318,987 for replacement Police vehicles, \$104,763 for two replacing and equipping two replacement Fire vehicles, \$133,973 for replacement trucks for Public Works, \$960,972 for 6 replacement sanitation collection vehicles (funded with proceeds of a capital outlay note), \$78,973 for three trucks for Parks & Recreation, \$50,000 for two replacement vehicles for the Narcotics & Vice Unit and \$37,450 for the replacement of two condensing units at City Hall and \$60,531 in replacement computer equipment). Acquisitions were offset by \$803,099 in disposals/sales of surplus equipment throughout the year.
- The value of infrastructure increased by over \$1.1 million as a result of lighting, fencing, bridges, sidewalks, etc. that were accepted as part of the Riverwalk project.
- Construction in progress decreased \$6.7 million during the year from \$6,920,785 to \$164,021. Additions of \$364,000 for the final Riverwalk payment, STP intersection improvements, soccer fields at Ridley Sports Complex, West 6th and West 7th Street improvements and other small projects were offset by projects rolling off

at the end of the year once the projects were completed, including \$6.9 million for the Riverwalk, \$179,000 for 814 South Main, \$21,000 for Fairview fencing and \$24,000 for the Farmer’s Market parking lot.

Net acquisitions of capital assets totaling \$7.27 million within business-type activities were offset by increased depreciation of \$7.42 million, resulting in a net decrease of approximately \$157,000. Major capital asset events within business-type activities during the current fiscal year included the following:

- Net capital assets of the Power system increased approximately \$37,000 after depreciation. Capital asset increases of approximately \$3 million (\$1.7 million in plant improvements, \$540,000 in structures and improvements and \$734,000 in machinery and equipment) were offset by \$3.8 million in additional depreciation. Construction in progress increased \$767,226 from \$1,443,910 to \$2,211,136.
- Net capital assets of the Water system increased approximately \$80,000 during the year. Capital asset increases of approximately \$2.5 million (primarily upgrades to the water treatment plant) were offset by \$2.2 million in additional depreciation. Construction in progress was \$969,190 at June 30, 2016 compared to \$738,026 at June 30, 2016.
- Net capital assets of the Sewer system decreased by \$274,000. Capital assets increased by approximately \$579,178, offset by \$2 million in additional depreciation. Construction in progress reflected an increase of \$1,190,151 from \$336,842 to \$1,526,993.

Additional information on the City of Columbia’s capital assets can be found in Note 4 on pages 45-46 of this report.

Long-term bonded debt. At the end of the current fiscal year, the City of Columbia had total long-term bonded debt outstanding of \$57,983,888. Of this amount, \$36,537,893 comprises debt backed by the full faith and credit of the City and \$21,445,995 comprises bonds and other debt secured solely by specified revenue sources (i.e. revenue bonds). Included in that amount is a \$45,995 a capital lease for the Broadband Division of the Power System.

**City of Columbia Outstanding Debt
General Obligation and Revenue Bonds
June 30,**

	Governmental Activities		Business Activities		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
General obligation bonds	\$ 8,290,000	\$ 8,645,000	\$ 10,135,000	\$ -	\$ 18,425,000	\$ 8,645,000
Capital outlay notes	3,142,893	2,765,757	-	-	3,142,893	2,765,757
Capital lease			45,995		45,995	
Revenue and tax bonds			14,970,000	26,850,000	14,970,000	26,850,000
Revenue bonds	-	-	21,400,000	22,710,000	21,400,000	22,710,000
Total	\$ 11,432,893	\$ 11,410,757	\$ 46,550,995	\$ 49,560,000	\$ 57,983,888	\$ 60,970,757

During FY 2015-16, the City’s total long-term debt decreased by nearly \$3 million as a reduction of scheduled principal payments during the year offset by the issuance of a \$960,972 million capital outlay note. Two bond issues, a 2015 GO Refunding Bond Issue and a 2016 GO Refunding Bond Issue were transacted during the year to refund a 2008 GO Public Improvement Bond issue, a 2005 Sewer Refunding & Tax Bond issue and a 2008 Sewer Revenue & Tax Bond issue. Estimated interest savings exceed \$1 million from the refunding transactions and the life of the debt has not been extended.

The City of Columbia maintains an “Aa2” rating from Moody’s Investors Service for its general obligation and revenue and tax bond debt.

State statutes set no limit for the amount of general obligation debt a governmental entity may issue. The total long-term bonded debt outstanding for the City of Columbia of \$60,970,757 translates to approximately \$1,557 per capita using the estimated population figure of 37,249 at June 30, 2016.

Additional information on the City of Columbia’s long-term debt can be found in Note 5 on pages 47-50 of this report.

Economic Factors and Next Year’s Budgets and Rates

The unemployment rate for the Maury County was 4.2 percent during August compared to a rate of 5 percent within the State of Tennessee. The Maury County unemployment rate was lower than the surrounding counties of Marshall (4.8%), Lawrence (6.0%) and Lewis (5.9%), but higher than Williamson (3.7%) and Rutherford (4.0%). The rate in adjacent Giles County was also 4.3%. With increased activity at the General Motors manufacturing facility and related suppliers, expansions and new businesses in the area, the rate is expected to continue to decrease. Inflationary trends in the region compare favorably to national indices. These factors were considered during the preparation of the FY 2016-17 budget.

The unassigned fund balance in the General Fund at June 30, 2015 was \$17,438,706 (\$2.22 million of that amount was subsequently used to balance the FY 2015-16 budget) and the unassigned fund balance in the General Fund at June 30, 2016 was \$19,604,465. Staff monitors revenues and expenditures on a monthly basis to ensure that the City remains within budgeted amounts.

Water and Sewer rates were maintained at the same rates as FY 2014-15. Broadband rates fluctuated slightly based upon the type of service provided. A commercial rate increase for Sanitation was passed on July 9, 2015 to offset an increase in the cost of transporting waste from Maury County to the landfill.

In the spring of 2014, the Board of Public Utilities approved a two-step Power System retail rate increase of approximately 1.21% of each year for fiscal year 2016 and 2017. The first step of this rate increase was effective on October 1, 2015 and the final step of the rate increase will be effective October 1, 2016. The Columbia Power System approved will continue to adjust the retail electric fuel cost adjustment on a monthly basis in response to the TVA wholesale fuel cost adjustments.

Requests for Information

This financial report is designed to provide a general overview of the City of Columbia’s finances for those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

City of Columbia
Attn: Patti Amorello, Finance Director/City Recorder
700 North Garden Street
Columbia, Tennessee 38401

CITY OF COLUMBIA, TENNESSEE

Statement of Net Position

June 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents:			
Unrestricted	\$ 28,599,440	40,408,720	69,008,160
Restricted:			
Construction funds	-	-	-
Debt service funds	-	1,455,737	1,455,737
Other	-	3,872,502	3,872,502
Total cash and cash equivalents	<u>28,599,440</u>	<u>45,736,959</u>	<u>74,336,399</u>
Investments:			
Unrestricted	-	2,250,000	2,250,000
Restricted-Debt service funds	-	2,411,520	2,411,520
Total investments	<u>-</u>	<u>4,661,520</u>	<u>4,661,520</u>
Accounts receivable:			
Property taxes	11,389,723	-	11,389,723
Other governments	3,158,546	-	3,158,546
Customers and others	645,165	8,779,876	9,425,041
Less allowance for doubtful accounts	(86,893)	(156,374)	(243,267)
Total accounts receivable	<u>15,106,541</u>	<u>8,623,502</u>	<u>23,730,043</u>
Inventory of supplies	-	1,432,378	1,432,378
Prepaid items	291,782	85,983	377,765
Internal balances	(119,291)	119,291	-
Depreciable capital assets, net of accumulated depreciation	36,599,234	172,489,621	209,088,855
Non depreciable capital assets	7,686,469	6,660,644	14,347,113
Other assets-noncurrent	-	858,312	858,312
Net OPEB asset	572,074	-	572,074
Total Assets	<u>88,736,249</u>	<u>240,668,210</u>	<u>329,404,459</u>
Deferred Outflows of Resources			
Advance refundings of debt	121,419	787,428	908,847
Pension plan	2,853,653	344,057	3,197,710
Total Deferred Outflows	<u>2,975,072</u>	<u>1,131,485</u>	<u>4,106,557</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 91,711,321</u>	<u>241,799,695</u>	<u>333,511,016</u>
Liabilities			
Accounts payable	\$ 931,880	5,702,125	6,634,005
Accrued liabilities	1,028,222	1,365,103	2,393,325
Customer deposits	-	3,872,502	3,872,502
Accrued interest	-	221,364	221,364
Advances - Tennessee Valley Authority	-	390,262	390,262
Noncurrent liabilities:			
Net pension liability	23,949,566	2,886,949	26,836,515
Due within one year	2,174,546	4,053,254	6,227,800
Due in more than one year	10,380,295	46,101,979	56,482,274
Total Liabilities	<u>38,464,508</u>	<u>64,593,538</u>	<u>103,058,046</u>
Deferred Inflows of Resources			
Unlevied property tax revenues	11,154,689	-	11,154,689
Deferred grant revenue	286,698	-	286,698
Deferred inflows-Pension plan	112,309	12,162	124,471
Total Deferred Inflow of Resources	<u>11,553,696</u>	<u>12,162</u>	<u>11,565,858</u>
Net Position			
Net investment in capital assets	32,818,883	132,591,349	165,410,232
Restricted for:			
Drug enforcement and education	315,802	-	315,802
Highways and streets	1,302,485	-	1,302,485
Solid waste disposal	1,123,638	-	1,123,638
Park improvements	83,284	-	83,284
Employees postemployment benefits	572,074	-	572,074
Debt service	81,521	3,678,813	3,760,334
Unrestricted	5,395,431	40,923,833	46,319,263
Total Net Position	<u>41,693,117</u>	<u>177,193,995</u>	<u>218,887,112</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 91,711,321</u>	<u>241,799,695</u>	<u>333,511,016</u>

See accompanying notes to financial statements.

CITY OF COLUMBIA, TENNESSEE

Statement of Activities

For the Year Ended June 30, 2016

	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs							
Primary Government:							
Governmental activities:							
General government	\$ 4,912,611	621,717	-	151,654	(4,139,240)	-	(4,139,240)
Police	7,678,041	398,131	74,622	-	(7,205,288)	-	(7,205,288)
Fire	7,331,854	-	-	-	(7,331,854)	-	(7,331,854)
Streets and maintenance	3,573,219	-	1,023,857	-	(2,549,362)	-	(2,549,362)
Sanitation	3,303,006	3,199,487	-	-	(103,519)	-	(103,519)
Parks and recreation	2,093,393	19,364	-	32,876	(2,041,153)	-	(2,041,153)
Development services	1,194,238	-	-	-	(1,194,238)	-	(1,194,238)
Community services	307,309	-	-	-	(307,309)	-	(307,309)
Interest on long - term debt	366,541	-	-	-	(366,541)	-	(366,541)
Total government activities	30,760,211	4,238,699	1,098,479	184,530	(25,238,504)	-	(25,238,504)
Business-type activities:							
Sewer System	8,320,285	9,622,342	-	283,140	-	1,585,197	1,585,197
Power System	65,247,476	69,032,354	-	264,643	-	4,049,521	4,049,521
Water System	9,031,211	10,172,069	-	221,222	-	1,362,080	1,362,080
Total business-type activities	82,598,972	88,826,765	-	769,005	-	6,996,798	6,996,798
Total primary government	\$ 113,359,184	\$ 93,065,464	\$ 1,098,479	\$ 933,535	\$ (25,238,504)	\$ 6,996,798	\$ (18,241,706)
General Revenues:							
Property taxes					\$ 11,081,793	-	\$ 11,081,793
Sales taxes					11,958,028	-	11,958,028
Business taxes					1,405,967	-	1,405,967
Local beer tax					1,370,115	-	1,370,115
Gross receipts tax - TVA					412,886	-	412,886
State income and excise tax					486,292	-	486,292
City portion of other unrestricted State shared revenues					29,722	-	29,722
Other taxes					700,502	-	700,502
Unrestricted investment earnings					100,266	102,347	202,613
Other					619,597	-	619,597
Gain on sale of capital asset					216,684	-	216,684
Transfers					1,935,171	(1,935,171)	-
Total general revenues and transfers					30,317,023	(1,832,824)	28,484,199
Change in net position					5,078,519	5,163,974	10,242,493
Net Position - beginning of year					36,614,598	172,030,021	208,644,619
Net Position - end of year					\$ 41,693,117	\$ 177,193,995	\$ 218,887,112

See accompanying notes to financial statements.

CITY OF COLUMBIA, TENNESSEE

Balance Sheet

Governmental Funds

June 30, 2016

	<u>General Fund</u>	<u>Sanitation Fund</u>	<u>Capital Project Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>					
Cash and cash equivalents	\$ 20,142,369	993,429	2,198,926	1,630,150	24,964,874
Accounts receivable					
Property taxes	11,389,723	-	-	-	11,389,723
Other governments	2,869,844	-	109,681	179,021	3,158,546
Others	526,205	-	-	-	526,205
Total accounts receivable	<u>14,785,772</u>	<u>-</u>	<u>109,681</u>	<u>179,021</u>	<u>15,074,474</u>
Prepaid items	250,197	40,910	-	675	291,782
Due from other funds	9,337	270,236	-	-	279,573
Total Assets	\$ <u>35,187,675</u>	<u>1,304,575</u>	<u>2,308,607</u>	<u>1,809,846</u>	<u>40,610,703</u>
<u>Liabilities and Fund Balance</u>					
Liabilities:					
Accounts payable	\$ 301,310	83,715	65,969	92,007	543,001
Accrued liabilities	921,167	49,828	-	17,356	988,351
Due to other funds	-	6,484	-	-	6,484
Total Liabilities	<u>1,222,477</u>	<u>140,027</u>	<u>65,969</u>	<u>109,363</u>	<u>1,537,836</u>
<u>Deferred Inflows of Resources</u>					
Unavailable revenue-property taxes and grants	11,809,412	-	286,698	-	12,096,110
Fund Balances:					
Nonspendable:					
Prepaid items	250,197	40,910	-	675	291,782
Restricted for:					
Park improvements	83,284	-	-	-	83,284
Roads and streets	-	-	-	1,302,485	1,302,485
Public safety	-	-	-	315,802	315,802
Debt service	-	-	-	81,521	81,521
Solid waste disposal	-	1,123,638	-	-	1,123,638
Committed to:					
Capital Projects	-	-	1,955,940	-	1,955,940
Assigned to:					
Park improvements	3,755	-	-	-	3,755
Appropriated in 2016-17 budget	2,214,085	-	-	-	2,214,085
Unassigned	19,604,465	-	-	-	19,604,465
Total Fund Balances	<u>22,155,786</u>	<u>1,164,548</u>	<u>1,955,940</u>	<u>1,700,483</u>	<u>26,976,757</u>
Total Liabilities, Deferred Inflows and Fund Balances	\$ <u>35,187,675</u>	<u>1,304,575</u>	<u>2,308,607</u>	<u>1,809,846</u>	<u>40,610,703</u>

See accompanying notes to financial statements.

CITY OF COLUMBIA, TENNESSEE

Reconciliation of Balance Sheet to Statement of Net Position
of Governmental Activities

June 30, 2016

Total Governmental Funds Fund Balances	\$	26,976,757
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds for:		
Capital assets, at cost	\$	126,503,535
Accumulated depreciation	<u>(82,217,832)</u>	44,285,704
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds for:		
Delinquent property taxes, net of allowance for doubtful accounts of \$86,893		567,824
Liabilities, including bonds payable and liabilities relate to pension and OPEB plans are not due and payable in the current period and therefore are not recorded in the funds for:		
Bonds and other liabilities:		
Bonds payable, net of premium and discount	(11,432,893)	
Accrued interest payable	(39,871)	
Accrued compensated absences	(1,088,020)	
Deferred loss on refunding	121,419	
Premium/discount on bonds	<u>(33,926)</u>	(12,473,291)
Pension and OPEB plans:		
Net pension Liability	(23,949,566)	
Deferred outflow pension	3,879,267	
Deferred inflow-pension	(1,137,923)	
OPEB Plan asset	<u>572,074</u>	(20,636,148)
Internal service fund is used by management to charge the costs of medical and dental insurance to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position as follows:		
Cash	3,634,566	
Receivables	118,960	
Accounts payable	(388,876)	
Amount due to Sewer Fund	<u>(392,380)</u>	2,972,270
Net position of governmental activities	\$	<u><u>41,693,117</u></u>

See accompanying notes to financial statements.

CITY OF COLUMBIA, TENNESSEE

Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental Funds

For the Year Ended June 30, 2016

	General Fund	Sanitation Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 23,813,515	-	-	-	23,813,515
Intergovernmental	3,796,963	-	151,654	1,023,857	4,972,474
Licenses and permits	621,717	-	-	-	621,717
Fines and costs	273,211	-	-	69,601	342,812
Charges for services	346,464	3,196,141	-	-	3,542,605
Miscellaneous	403,398	7,817	6,516	64,473	482,204
Total Revenues	<u>29,255,268</u>	<u>3,203,958</u>	<u>158,170</u>	<u>1,157,931</u>	<u>33,775,327</u>
Expenditures:					
Current:					
General government	4,793,680	-	-	-	4,793,680
Police	7,576,572	-	-	-	7,576,572
Fire	7,127,657	-	-	-	7,127,657
Streets and maintenance	2,498,678	-	-	677,205	3,175,883
Development services	1,216,022	-	-	-	1,216,022
Recreation	1,790,542	-	-	-	1,790,542
Sanitation	-	3,083,042	-	-	3,083,042
Community support	196,000	-	-	111,309	307,309
Program costs	-	-	-	250	250
Capital outlay	919,548	960,972	346,334	60,897	2,287,751
Debt service	-	-	-	1,413,993	1,413,993
Total Expenditures	<u>26,118,699</u>	<u>4,044,014</u>	<u>346,334</u>	<u>2,263,654</u>	<u>32,772,701</u>
Excess (deficiency) of revenues over expenditures	<u>3,136,569</u>	<u>(840,056)</u>	<u>(188,164)</u>	<u>(1,105,723)</u>	<u>1,002,626</u>
Other Financing Sources (Uses):					
Proceeds from issuance of debt	-	960,972	-	1,400,000	2,360,972
Transfer to refunding escrow agent	-	-	-	(1,398,795)	(1,398,795)
Proceeds from sale of capital assets	314,000	87,635	-	126,000	527,635
Transfers in	1,935,171	-	1,243,650	1,429,462	4,608,283
Transfers out	(2,421,962)	(251,150)	-	-	(2,673,112)
Total Other Financing Sources (Uses)	<u>(172,791)</u>	<u>797,457</u>	<u>1,243,650</u>	<u>1,556,667</u>	<u>3,424,983</u>
Net change in fund balance	2,963,778	(42,599)	1,055,486	450,944	4,427,609
Fund Balance, Beginning of Year	<u>19,192,008</u>	<u>1,207,147</u>	<u>900,454</u>	<u>1,249,539</u>	<u>22,549,148</u>
Fund Balance, End of Year	<u>\$ 22,155,786</u>	<u>1,164,548</u>	<u>1,955,940</u>	<u>1,700,483</u>	<u>26,976,757</u>

See accompanying notes to financial statements.

CITY OF COLUMBIA, TENNESSEE

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
of Governmental Funds to the Statement of Activities**

For the Year Ended June 30, 2016

Amounts reported for net change in fund balance - total governmental funds	\$	4,427,609
Amounts reported for governmental activities in the Statement of Net Activities are different because:		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense for governmental activities. Gains and losses from disposals of capital assets are not presented in the fund financial statements. Specific amounts follow:</p>		
Capital assets acquisitions	\$ 2,155,371	
Donated capital assets	32,876	
Book value of capital asset sold	(341,705)	
Depreciation expense	<u>(1,894,595)</u>	(48,053)
<p>Revenues for governmental activities that do not provide current financial resources are not reported as revenues in the governmental funds for:</p>		
Property taxes		(90,573)
<p>Repayment of bond principal is an expenditure in the governmental funds, but reduces long-term liabilities for governmental activities. Conversely, bond issuance proceeds are other financing sources in the governmental funds, but increases long-term liabilities for governmental activities. Specific amounts related to debt follow:</p>		
Bond payments	1,043,836	
Proceeds from debt issuance	(960,972)	
Costs of refunding	-	
Amortization of bond premium / discount	<u>(2,315)</u>	80,549
<p>OPEB costs are recognized as expenditures in the fund statements, but are deferred and amortized in the government-wide statements, resulting in a net difference</p>		
<p>Expenses reported for governmental activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds for:</p>		
Changes in net pension benefit obligation	467,839	
Changes in net OPEB asset		
Changes in the accrual for interest	2,411	
Changes in the accrual for compensated absences	<u>(69,465)</u>	400,785
<p>Internal service fund is used by management to charge the costs of medical and dental insurance to individual funds. The net revenues of the internal service are reported in the statement of activities.</p>		
		<u>308,202</u>
Change in net position of governmental activities	\$	<u>5,078,519</u>

See accompanying notes to financial statements.

CITY OF COLUMBIA, TENNESSEE

Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual

General Fund

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues:				
Taxes:				
Real and personal property taxes	\$ 10,389,000	10,389,000	10,814,301	425,301
Local sales tax	8,253,564	8,253,564	9,164,587	911,023
Tax equivalents payments	452,774	452,774	358,043	(94,731)
Business tax	1,099,000	1,099,000	1,405,967	306,967
Local beer and liquor tax	1,204,700	1,204,700	1,370,115	165,415
Other taxes	84,000	584,000	700,502	116,502
Total Taxes	21,483,038	21,983,038	23,813,515	1,830,477
Intergovernmental:				
State sales tax	2,650,000	2,650,000	2,793,441	143,441
State beer tax	17,000	17,000	16,934	(66)
State income and excise	225,000	225,000	486,292	261,292
State and Federal grant programs	-	36,080	74,622	38,542
TVA replacement tax	400,000	400,000	412,886	12,886
Excise tax	4,600	4,600	12,788	8,188
Total Intergovernmental	3,296,600	3,332,680	3,796,963	464,283
Licenses and Permits	200,100	200,100	621,717	421,617
Fines and Fees	317,500	317,500	273,211	(44,289)
Charges for Services:				
Recreation fees	17,500	17,500	19,364	1,864
Administrative charge-Sanitation Fund	95,000	107,000	104,000	(3,000)
Administrative charge-Sewer Fund	205,000	220,000	211,000	(9,000)
Other	10,500	10,500	12,100	1,600
Total Charges for Services	328,000	355,000	346,464	(8,536)
Miscellaneous:				
Interest revenue	35,000	35,000	80,125	45,125
Miscellaneous revenue	121,700	223,203	323,273	100,070
Total Miscellaneous	156,700	258,203	403,398	145,195
Total Revenues	25,781,938	26,446,521	29,255,268	2,808,747
Proceeds from sale of capital assets	-	314,000	314,000	-
Transfers from:				
Water Fund - Payments in lieu of tax	171,086	171,086	173,949	2,863
Waste Water Fund - Payments in lieu of tax	513,575	513,575	513,575	-
Electric Power Fund - Payments in lieu of tax	1,245,855	1,245,855	1,247,647	1,792
Total Other Financing Sources	1,930,516	2,244,516	2,249,171	4,655
Total Revenues and Other Financing Sources	27,712,454	28,691,037	31,504,439	2,813,402

Continued on next page.

CITY OF COLUMBIA, TENNESSEE

Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual

General Fund

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Expenditures:				
General government:				
Council, Attorney, and Court:				
Current:				
Salaries	\$ 90,844	91,844	91,542	302
FICA and employee benefits	41,134	41,134	34,647	6,487
Services	349,550	355,550	319,573	35,977
Supplies and materials	1,600	1,600	946	654
Miscellaneous	1,500	1,500	145	1,355
Total Council, Attorney, and Court	<u>484,628</u>	<u>491,628</u>	<u>446,853</u>	<u>44,775</u>
City Managers Office:				
Current:				
Salaries	281,856	281,856	267,657	14,199
FICA and employee benefits	83,277	83,277	76,002	7,275
Services	83,120	80,570	65,867	14,703
Supplies and materials	1,900	6,200	5,640	560
Miscellaneous	-	-	-	-
Total City Managers Office	<u>450,153</u>	<u>451,903</u>	<u>415,166</u>	<u>36,737</u>
Emergency Management:				
Current:				
Salaries	77,771	78,370	78,369	1
FICA and employee benefits	33,039	33,286	33,287	(1)
Transfer to County	20,000	19,154	-	19,154
Total Emergency Management	<u>130,810</u>	<u>130,810</u>	<u>111,656</u>	<u>19,154</u>
Management Information Systems:				
Current:				
Salaries	257,056	257,056	242,363	14,693
FICA and employee benefits	102,569	102,569	91,952	10,617
Services	81,250	84,843	82,324	2,519
Supplies and materials	10,750	11,750	11,267	483
Miscellaneous	-	-	-	-
Total Management Information Systems	<u>451,625</u>	<u>456,218</u>	<u>427,906</u>	<u>28,312</u>
Finance:				
Current:				
Salaries	263,703	268,288	268,206	82
FICA and employee benefits	116,375	116,990	116,727	263
Services	9,600	7,400	6,231	1,169
Supplies and materials	3,100	3,100	2,451	649
Miscellaneous	-	-	-	-
Total Finance	<u>392,778</u>	<u>395,778</u>	<u>393,615</u>	<u>2,163</u>

Continued on next page.

CITY OF COLUMBIA, TENNESSEE

Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual

General Fund

For the Year Ended June 30, 2016

Expenditures, continued	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
City Recorder:				
Current:				
Salaries	\$ 330,609	330,609	275,821	54,788
FICA and employee benefits	135,512	135,512	120,799	14,713
Services	19,638	19,588	18,403	1,185
Supplies and materials	3,200	3,200	2,375	825
Miscellaneous	-	50	50	-
Total City Recorder	<u>488,959</u>	<u>488,959</u>	<u>417,448</u>	<u>71,511</u>
Personnel				
Current:				
Salaries	170,931	175,331	175,116	215
FICA and employee benefits	78,213	73,813	64,822	8,991
Services	18,300	18,300	12,557	5,743
Supplies and materials	1,200	1,200	966	234
Miscellaneous	-	-	-	-
Total Personnel	<u>268,644</u>	<u>268,644</u>	<u>253,461</u>	<u>15,183</u>
Other:				
Current:				
Salaries	13,516	13,526	13,518	8
FICA and employee benefits	1,299,233	1,299,233	1,196,791	102,442
Services	611,437	619,795	579,556	40,239
Supplies and materials	31,500	36,500	35,307	1,193
Tourism enhancement	-	100,000	52,639	47,361
Miscellaneous	933,000	762,453	449,764	312,689
Total Other	<u>2,888,686</u>	<u>2,831,507</u>	<u>2,327,575</u>	<u>503,932</u>
Total General Government	<u>5,556,283</u>	<u>5,515,447</u>	<u>4,793,680</u>	<u>721,767</u>
Public Safety:				
Police Department:				
Current:				
Salaries	4,742,303	4,743,803	4,562,047	181,756
FICA and employee benefits	2,063,079	2,059,079	1,961,371	97,708
Services	590,842	606,342	583,242	23,100
Supplies and materials	534,050	610,285	442,672	167,613
Miscellaneous	21,230	35,707	27,240	8,467
Total Police Department	<u>7,951,504</u>	<u>8,055,216</u>	<u>7,576,572</u>	<u>478,644</u>

Continued on next page.

CITY OF COLUMBIA, TENNESSEE

Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual

General Fund

For the Year Ended June 30, 2016

Expenditures, continued	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Fire Department:				
Current:				
Salaries	\$ 4,682,726	4,683,976	4,598,665	85,311
FICA and employee benefits	2,091,294	2,090,044	2,012,852	77,192
Services	301,066	303,835	302,969	866
Supplies and materials	223,326	210,021	209,406	615
Miscellaneous	2,570	3,820	3,765	55
Total Fire Department	<u>7,300,982</u>	<u>7,291,696</u>	<u>7,127,657</u>	<u>164,039</u>
Total Public Safety	<u>15,252,486</u>	<u>15,346,912</u>	<u>14,704,229</u>	<u>642,683</u>
Public Works:				
Street and Maintenance				
Current:				
Salaries	1,501,413	1,576,213	1,388,232	187,981
FICA and employee benefits	721,625	759,185	702,178	57,007
Services	57,560	190,307	150,996	39,311
Supplies and materials	563,845	285,345	205,697	79,648
Miscellaneous	2,150	70,650	51,575	19,075
Total Public Works	<u>2,846,593</u>	<u>2,881,700</u>	<u>2,498,678</u>	<u>383,022</u>
Development Services				
Current:				
Salaries	778,887	783,987	763,660	20,327
FICA and employee benefits	302,786	297,686	283,880	13,806
Services	270,400	284,750	150,788	133,962
Supplies and materials	28,050	28,050	17,694	10,356
Miscellaneous	-	-	-	-
Total Development Services	<u>1,380,123</u>	<u>1,394,473</u>	<u>1,216,022</u>	<u>178,451</u>
Parks & Recreation:				
Current:				
Salaries	1,003,694	1,002,794	902,033	100,761
FICA and employee benefits	411,399	411,699	370,596	41,103
Services	315,530	294,780	272,623	22,157
Supplies and materials	189,307	207,757	184,870	22,887
Miscellaneous	9,800	69,000	60,420	8,580
Total Parks & Recreation	<u>1,929,730</u>	<u>1,986,030</u>	<u>1,790,542</u>	<u>195,488</u>

Continued on next page.

CITY OF COLUMBIA, TENNESSEE
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual
General Fund
For the Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance from Final Budget Positive (Negative)
Expenditures, continued:				
Community Service:				
Appropriations:				
Current:				
Appropriations to not-for-profit entities	\$ 22,000	22,000	22,000	-
Contractual Agreements:	<u>174,000</u>	<u>174,000</u>	<u>174,000</u>	<u>-</u>
Total Community Service	<u>196,000</u>	<u>196,000</u>	<u>196,000</u>	<u>-</u>
Capital Outlay:				
General government	-	93,732	88,379	5,353
Management information systems	167,000	166,000	118,574	47,426
Police Department	280,000	331,129	288,124	43,005
Fire Department	134,000	176,019	175,956	63
Streets	105,000	288,365	148,767	139,598
Parks and Recreation	<u>106,000</u>	<u>115,145</u>	<u>99,748</u>	<u>15,397</u>
Total Capital Outlay	<u>792,000</u>	<u>1,170,390</u>	<u>919,548</u>	<u>250,842</u>
Total Expenditures	<u>27,953,215</u>	<u>28,490,952</u>	<u>26,118,699</u>	<u>2,372,253</u>
Other Financing Uses:				
Transfer to:				
Debt Service Fund	1,178,312	1,178,312	1,178,312	-
Capital Projects Fund	<u>-</u>	<u>1,243,650</u>	<u>1,243,650</u>	<u>-</u>
Total Other Financing Uses	<u>1,178,312</u>	<u>2,421,962</u>	<u>2,421,962</u>	<u>-</u>
Total Expenditures and Uses	<u>29,131,527</u>	<u>30,912,914</u>	<u>28,540,661</u>	<u>2,372,253</u>
Net Change in Fund Balance	(1,419,073)	(2,221,877)	2,963,778	5,185,655
Fund Balance, Beginning of Year	<u>19,192,008</u>	<u>19,192,008</u>	<u>19,192,008</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 17,772,935</u>	<u>16,970,131</u>	<u>22,155,786</u>	<u>5,185,655</u>

See accompanying notes to financial statements.

CITY OF COLUMBIA, TENNESSEE

**Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual**

Sanitation Fund

For the Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Positive (Negative)</u>
Revenues:				
Charges for Services:				
Garbage fees	\$ 3,096,500	3,129,000	3,196,141	67,141
Miscellaneous:				
Interest income	3,000	3,000	4,471	1,471
Other	-	-	90,981	90,981
Total Revenues	<u>3,099,500</u>	<u>3,132,000</u>	<u>3,291,593</u>	<u>159,593</u>
Expenditures:				
Current:				
Sanitation:				
Salaries	1,195,125	1,183,571	1,052,062	131,509
Employee benefits	713,028	714,411	615,478	98,933
Services	1,102,100	1,134,600	1,084,658	49,942
Supplies	308,550	352,496	265,147	87,349
Other	85,000	75,000	65,697	9,303
Capital Outlay	27,000	960,972	960,972	-
Total Expenditures	<u>3,430,803</u>	<u>4,421,050</u>	<u>4,044,014</u>	<u>377,036</u>
Net Change in Fund Balance	<u>(331,303)</u>	<u>(1,289,050)</u>	<u>(752,421)</u>	<u>536,629</u>
Other Financing Sources:				
Proceeds from debt issuance	-	960,972	960,972	-
Transfer to other funds	(252,266)	(251,150)	(251,150)	-
Total Other Financing Sources	<u>(252,266)</u>	<u>709,822</u>	<u>709,822</u>	<u>-</u>
Net Change in Fund Balance	(583,569)	(579,228)	(42,599)	536,629
Fund Balance, Beginning of Year	<u>1,207,147</u>	<u>1,207,147</u>	<u>1,207,147</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 623,578</u>	<u>627,919</u>	<u>1,164,548</u>	<u>536,629</u>

See accompanying notes to financial statements.

CITY OF COLUMBIA, TENNESSEE

Statement of Net Position

Proprietary Funds

June 30, 2016

	Sewer System	Power System	Water System	Total	Governmental Activities Internal Service Fund
Assets					
Current Assets:					
Cash and cash equivalents	\$ 11,994,160	13,501,338	14,913,222	40,408,720	3,634,566
Investments	-	2,000,000	250,000	2,250,000	-
Restricted Assets:					
Cash and cash equivalents:					
Debt service	-	777,487	678,250	1,455,737	-
Customer deposits	-	3,462,686	409,816	3,872,502	-
Investments - Debt Service	-	650,000	1,761,520	2,411,520	-
Accounts receivable	-	4,773,741	-	4,773,741	-
Other receivables	92,239	3,911,541	2,355	4,006,135	116,408
Less allowance for doubtful accounts	-	(156,374)	-	(156,374)	-
Inventory, materials	96,157	936,840	399,381	1,432,378	-
Due from other funds	708,326	-	1,668,803	2,377,129	-
Prepaid expenses	62,293	23,678	12	85,983	2,552
Total Current Assets	<u>12,953,175</u>	<u>29,880,937</u>	<u>20,083,359</u>	<u>62,917,471</u>	<u>3,753,526</u>
Noncurrent Assets:					
Property, Plant and Equipment:					
Plant in service	102,422,007	106,500,365	87,206,476	296,128,848	-
Less accumulated depreciation	(41,024,575)	(48,044,998)	(32,385,165)	(121,454,738)	-
	<u>61,397,432</u>	<u>58,455,367</u>	<u>54,821,311</u>	<u>174,674,110</u>	<u>-</u>
Construction in progress	1,526,993	2,211,136	738,026	4,476,155	-
Total Property, Plant and Equipment, net	<u>62,924,425</u>	<u>60,666,503</u>	<u>55,559,337</u>	<u>179,150,265</u>	<u>-</u>
Other assets:					
Conservation loans receivable	-	370,765	-	370,765	-
Bond issue costs	-	198,956	182,776	381,732	-
Other	-	105,815	-	105,815	-
Total Other Assets	<u>-</u>	<u>675,536</u>	<u>182,776</u>	<u>858,312</u>	<u>-</u>
Total Noncurrent Assets	<u>62,924,425</u>	<u>61,342,039</u>	<u>55,742,113</u>	<u>180,008,577</u>	<u>-</u>
Deferred Outflows of Resources:					
Advance refundings of debt	787,428	-	-	787,428	-
Pension plan	468,685	-	-	468,685	-
Total Deferred Outflows	<u>1,256,113</u>	<u>-</u>	<u>-</u>	<u>1,256,113</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>77,133,713</u>	<u>91,222,976</u>	<u>75,825,472</u>	<u>244,182,161</u>	<u>3,753,526</u>
Liabilities					
Current Liabilities:					
Accounts payable	140,500	5,385,308	176,318	5,702,126	388,876
Due to other funds	2,853	1,939,039	708,326	2,650,218	-
Customer deposits	-	3,462,686	409,816	3,872,502	-
Accrued expenses and other liabilities	146,663	940,124	278,316	1,365,103	-
Accrued interest	32,920	131,037	57,407	221,364	-
Current portion of long-term obligations	1,531,631	1,392,546	1,129,077	4,053,254	-
Total Current Liabilities	<u>1,854,567</u>	<u>13,250,740</u>	<u>2,759,260</u>	<u>17,864,567</u>	<u>388,876</u>
Long-Term Debt:					
Advances - Tennessee Valley Authority	-	390,262	-	390,262	-
Net pension liability	2,886,949	-	-	2,886,949	-
Long - term obligations payable-non current portion	15,541,845	14,118,237	16,441,897	46,101,979	-
Total Long-Term Debt	<u>18,428,794</u>	<u>14,508,499</u>	<u>16,441,897</u>	<u>49,379,190</u>	<u>-</u>
Total Liabilities	<u>20,283,361</u>	<u>27,759,239</u>	<u>19,201,157</u>	<u>67,243,757</u>	<u>388,876</u>
Deferred Inflows of Resources-Pension Plan					
	<u>136,790</u>	<u>-</u>	<u>-</u>	<u>136,790</u>	<u>-</u>
Net Position					
Net invested in capital assets	46,755,743	47,024,978	38,810,628	132,591,349	-
Restricted for debt service	-	1,296,450	2,382,363	3,678,813	-
Restricted for medical insurance	-	-	-	-	3,364,650
Unrestricted	9,957,820	15,142,309	15,431,324	40,531,453	-
Total Net Position	<u>56,713,563</u>	<u>63,463,737</u>	<u>56,624,315</u>	<u>176,801,615</u>	<u>3,364,650</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 77,133,714</u>	<u>\$ 91,222,976</u>	<u>\$ 75,825,472</u>	<u>\$ 244,182,162</u>	<u>\$ 3,753,526</u>
Total Net Position above	\$ 56,713,563			176,801,615	
Adjustment to reflect the consolidation of internal service fund activities ' related to the Enterprise Fund	392,380			392,380	
Net Position of Business - Type Activities	<u>\$ 57,105,943</u>			<u>177,193,995</u>	

See accompanying notes to financial statements.

CITY OF COLUMBIA, TENNESSEE

Statement of Revenue, Expenses and Changes
in Net Position

Proprietary Funds

For the Year Ended June 30, 2016

	Sewer System	Power System	Water System	Total	Governmental Activities Internal Service Fund
Operating Revenues:					
Services	\$ 9,590,452	61,099,895	9,548,339	80,238,686	-
Broadband sales	-	6,663,064	-	6,663,064	-
Medical premiums	-	-	-	-	4,365,410
Other	31,890	1,269,395	623,730	1,925,015	-
Total Operating Revenues	9,622,342	69,032,354	10,172,069	88,826,765	4,365,410
Operating Expenses:					
Purchased power and programming	-	48,443,340	-	48,443,340	-
Programming purchased	-	2,774,718	-	2,774,718	-
Production / treatment	2,463,365	-	2,056,983	4,520,348	-
Distribution	947,418	5,557,906	1,687,993	8,193,317	-
Customer accounts and service	-	937,321	656,863	1,594,184	-
Other direct costs and expenses	1,445,387	98,977	-	1,544,364	-
Administration and general expense	555,097	3,343,117	1,723,277	5,621,491	226,001
Medical claims expense	-	-	-	-	3,804,182
Depreciation	2,403,607	3,638,451	2,185,748	8,227,806	-
Total Operating Expenses	7,814,874	64,793,830	8,310,864	80,919,568	4,030,183
Operating Income (Loss)	1,807,468	4,238,524	1,861,205	7,907,197	335,227
Nonoperating Revenues (Expenses):					
Other income	55,530	25,727	21,090	102,347	13,662
Interest expense	(522,181)	(398,585)	(732,200)	(1,652,966)	-
Amortization expense	(23,917)	(55,061)	11,853	(67,125)	-
Total Nonoperating Revenues (Expenses)	(490,568)	(427,919)	(699,257)	(1,617,744)	13,662
Net Income (Loss) Before Transfers and Contributions	1,316,900	3,810,605	1,161,948	6,289,453	348,889
Transfers Special item and contributions:					
Transfer out - payments to City of Columbia for in lieu of tax	(513,575)	(1,247,647)	(173,949)	(1,935,171)	-
Special item - loss on abandonment of asset	-	-	-	-	-
Capital contribution - utility plant	283,140	264,643	221,222	769,005	-
Total Transfers, Special item and Contributions	(230,435)	(983,004)	47,273	(1,166,166)	-
Change in Net Position	1,086,465	2,827,601	1,209,221	5,123,287	348,889
Net Position , Beginning of Year, as Restated	55,627,098	60,636,136	55,415,094	171,678,328	3,015,761
Net Position, End of Year	\$ 56,713,563	63,463,737	56,624,315	176,801,615	3,364,650
Change in Net Position above	\$ 1,086,465			5,123,287	
Adjustment to reflect the consolidation of internal service fund activities ' related to the Enterprise Fund		40,687		40,687	
Changes in Net Positions of Business - Type Activities	\$ 1,127,152			5,163,974	

See accompanying notes to financial statements.

CITY OF COLUMBIA, TENNESSEE

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2016

	Sewer System	Power System	Water System	Total	Governmental Activities Internal Service Fund
<u>Cash Flows from Operations</u>					
Cash received from customers	\$ 9,586,069	68,016,147	9,549,333	87,151,549	4,246,514
Cash paid to employees for services	(1,779,872)	(7,534,872)	(3,352,579)	(12,667,323)	-
Cash paid to suppliers of goods and services	(3,844,129)	(51,202,945)	(2,692,130)	(57,739,204)	(3,813,688)
Payments in lieu of taxes	(513,575)	(1,247,647)	(173,949)	(1,935,171)	-
Other	-	969,573	622,531	1,592,104	-
Net Cash Provided (Used) by Operating Activities	<u>3,448,493</u>	<u>9,000,256</u>	<u>3,953,206</u>	<u>16,401,955</u>	<u>432,826</u>
<u>Cash Flows from Capital and Related Financing Activities</u>					
Purchase of property, plant and equipment	(1,870,272)	(3,232,062)	(1,958,339)	(7,060,673)	-
Interest paid on bonds	(545,711)	(419,435)	(705,539)	(1,670,685)	-
Proceeds from sale of capital assets	22,544	-	-	22,544	-
Payments on long-term debt	(1,250,000)	(1,170,729)	(1,010,000)	(3,430,729)	-
Payment refunding escrow account	(86,774)	-	-	(86,774)	-
Bond costs of refunding issues	38,348	-	-	38,348	-
Net (cost to remove) salvage on utility plant	-	(101,880)	(86,569)	(188,449)	-
Net Cash Used by Capital and Related Financing Activities	<u>(3,691,865)</u>	<u>(4,924,106)</u>	<u>(3,760,447)</u>	<u>(12,376,418)</u>	<u>-</u>
<u>Cash Flows from Non-Capital Financing Activities</u>					
Increase in interfund receivable	20	-	-	20	-
Conservation loans made	-	(63,504)	-	(63,504)	-
Collections on conservation loans	-	130,712	-	130,712	-
TVA advances	-	63,504	-	63,504	-
Payments on TVA advances	-	(131,936)	-	(131,936)	-
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>20</u>	<u>(1,224)</u>	<u>-</u>	<u>(1,204)</u>	<u>-</u>
<u>Cash Flows from Investing Activities</u>					
Purchase of investments	-	(5,300,000)	(2,889,238)	(8,189,238)	-
Sale of investment	-	5,300,638	2,889,413	8,190,051	-
Interest received on investments	55,532	25,727	20,668	101,927	13,662
Net Cash Provided (Used) by Investing Activities	<u>55,532</u>	<u>26,365</u>	<u>20,843</u>	<u>102,740</u>	<u>13,662</u>
Net Increase (Decrease) in Cash and Restricted Cash	(187,820)	4,101,291	213,602	4,127,073	446,488
Cash and Restricted Cash, Beginning of Year	<u>12,181,980</u>	<u>13,640,220</u>	<u>15,787,686</u>	<u>41,609,886</u>	<u>3,188,078</u>
Cash and Restricted Cash, End of Year	<u>\$ 11,994,160</u>	<u>17,741,511</u>	<u>16,001,288</u>	<u>45,736,959</u>	<u>3,634,566</u>

Reconciliation of Operating Income to Net Cash Provided (Used) by Operations

Operating income (loss)	\$ 1,807,468	4,238,524	1,861,205	7,907,197	335,227
Adjustments to reconcile operating income to net cash provided by operating activities:					
Pension expense	(56,849)	-	-	(56,849)	-
Depreciation and amortization	2,403,607	3,638,451	2,185,748	8,227,806	-
Payments in lieu of taxes	(513,575)	(1,247,647)	(173,949)	(1,935,171)	-
(Increase) decrease in:					
Accounts receivable	(36,273)	(277,566)	(16,596)	(330,435)	(118,896)
Inventory	(14,154)	1,821	(21,541)	(33,874)	-
Other assets	(67,297)	1,999,984	5	1,932,692	-
Increase (decrease) in:					
Accounts payable	(90,459)	263,553	23,283	196,377	216,495
Unearned revenue	-	128,325	-	128,325	-
Customer deposits	-	192,869	(10,882)	181,987	-
Accrued expenses and other liabilities	16,025	61,942	105,933	183,900	-
Net Cash Provided (Used) By Operating Activities	<u>\$ 3,448,493</u>	<u>9,000,256</u>	<u>3,953,206</u>	<u>16,401,955</u>	<u>432,826</u>

Supplemental Schedule of Non-Cash Capital Financing and Investing Activities

Capital contributions - utility plant	\$ 283,140	264,643	221,222	769,005	-
Decrease in accrued interest related to debt refunding	\$ -	-	-	-	-
Capitalized interest and amortization expense	\$ 33,263	-	-	33,263	-
Depreciation and amortization expense capitalized in utility plant	\$ -	234,966	54,181	289,147	-
Refunding bonds issued	\$ 10,135,000	-	-	10,135,000	-
Bonds refunded	\$ (9,790,000)	-	-	(9,790,000)	-
Amortization of premium, discount and deferred loss on refunding charged to interest expense	\$ (23,917)	-	-	(23,917)	-

See accompanying notes to financial statements.

CITY OF COLUMBIA, TENNESSEE

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2016

	<u>Trust Funds</u>	<u>Agency Fund</u>
	Pension and Other Employee Benefit Trust Funds	Maury County Drug Task Force Fund
<u>Assets</u>		
Cash and cash equivalents	\$ 843,893	31,799
Receivable - interest	84,427	-
Investments, at fair value:		
Fixed income funds	22,547,792	-
Equity Securities	32,316,136	-
CP&W investments	2,600,738	-
Total Investments	57,464,666	-
Total Assets	\$ 58,392,986	31,799
<u>Liabilities</u>		
Accrued liabilities	\$ 79,958	-
Confiscations pending	-	31,799
Total Liabilities	79,958	31,799
<u>Net Position</u>		
Restricted for employee's pension benefits	44,354,030	-
Restricted for employee's postemployment benefits	13,958,998	-
Total Net Position	\$ 58,313,028	-

See accompanying notes to financial statements

CITY OF COLUMBIA, TENNESSEE

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended June 30, 2016

	Trust Funds
	Pension and Other Employee Benefit Trust Funds
<u>Additions:</u>	
Contributions:	
Employer	\$ 3,969,906
Plan members	862,500
	4,832,406
Total contributions	4,832,406
Investment income:	
Net increase (decrease) in fair value of investments	(506,751)
Investment earnings	2,815,690
	2,308,939
Net investment earnings	2,308,939
Total Additions	7,141,345
<u>Deductions:</u>	
Pension benefits and refunds	3,510,985
Healthcare premiums and supplements	558,120
Administrative expenses	409,856
	4,478,961
Total deductions	4,478,961
Net increase	2,662,384
Net Position, Beginning of Year	55,650,644
Net Position, End of Year	\$ 58,313,028

See accompanying notes to financial statements

COLUMBIA, TENNESSEE

Notes to Financial Statements

June 30, 2016

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Entity

The City of Columbia, Tennessee (the City), located in Maury County, Tennessee, was incorporated as an entity under the Chapter 380, Private Acts of Tennessee for 1972, which became the charter of the City. The City operates under a Council-Manager form of government and is governed by the Mayor, a councilman at large that serves as the Vice-Mayor, and a councilman from each of the five wards of the City. The City provides the following services and facilities as authorized by its charter: public safety (police and fire protection), public works, parks and recreation, community support, and utilities.

The financial statements of the City have been prepared, in conformity with accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board (GASB). Following is a summary of the more significant accounting policies.

Reporting Entity

As required by accounting principles generally accepted in the United States of America, the financial statements of the City present the primary government, organizations for which the primary government is considered to be financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the City's financial statements to be misleading or incomplete.

Because the following organizations are not legally separate, data from these entities has been presented as part of the primary government.

The **Columbia Power System** provides electrical and broadband service to customers located generally within Maury County, Tennessee. The Columbia Power System's board is appointed by the Mayor of the City of Columbia and is approved by City Council. The Power System is fiscally dependent upon the City because the City Council approves the borrowing of money and the issuance of bonds by the Power System.

The **Columbia Water System** provides water to residential and commercial customers in the Columbia, Tennessee area. The Columbia Water System's board is appointed by the Mayor of the City of Columbia and is approved by the City Council. The Water System is fiscally dependent upon the City because the City Council approves all the Water System's rate changes, borrowing of money, and the issuance of bonds.

Complete financial statements for the above-described organizations may be obtained from their respective administrative offices at the following locations:

*Columbia Power System
201 Pickens Lane
Columbia, TN 38401*

*Columbia Water System
201 Pickens Lane
Columbia, TN 38401*

The following separately administered organization does not meet the prescribed criteria and thus is excluded from the City's financial statements.

The **Columbia Housing Authority** is considered to be a related entity to the City but not a part of the City's reporting entity. The Mayor of the City of Columbia appoints the Columbia Housing Authority's board of directors; however, the Authority's operating and capital expenditures, including debt service, are financed entirely from grants from the U.S. Department of Housing and Urban Development and from income generated by the Authority.

Government-Wide and Fund Financial Statements

The government-wide financial statements, the statement of net position and the statement of activities, report information on all of the nonfiduciary activities of the City. For the most part, the effect of the 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.

CITY OF COLUMBIA, TENNESSEE

Notes to Financial Statements, Continued

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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 function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

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. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Basis of 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 the related cash flow. 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 eligible requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e.: when they are A measurable and available@). A measurable@ means the amount of the transaction can be determined and A available@ means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year end. Property tax revenues are recognized in the fiscal year for which they are levied. The City considers property taxes as available if they are collected by year-end. The City revenues which do not meet the recognition criteria are deferred and reported in the balance sheet as liabilities. Expenditures are recorded when the related fund liability is incurred, except for matured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Those revenues susceptible to accrual are property taxes and state income and excise taxes. Licenses and permits, charges for services, fines and forfeits, and miscellaneous revenues (except interest income on cash deposits) are recorded as revenues when received because they are generally not measurable prior to receipt. Interest income is recognized when it becomes measurable and available.

The City also recognizes imposed revenue transactions when an enforceable legal claim to the assets arises or when the resources are received, whichever comes first. In the State of Tennessee, the enforceable legal claim or lien date on taxable property occurs January 1 as stated in Tennessee Code Annotated 67-5-2101. Thus, a receivable is recognized for the tax levy of the ensuing tax year but revenue recognition is deferred until available.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

CITY OF COLUMBIA, TENNESSEE

Notes to Financial Statements, Continued

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

The government reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Sanitation Fund* accounts for the sanitation service charges and related expenditures as required by the Solid Waste Management Act of 1991 codified at TCA 68-211-801.

The *Capital Project Fund* is used to account for the cost of various long-term construction projects costs and the related funding.

The government reports the following major proprietary funds:

Sewer System- established to account for sewer service charges and related expenditures.

The following major proprietary funds are operated by the Columbia Board of Public Utilities whose members are appointed by the Mayor and approved by the Council of the City of Columbia, Tennessee.

Columbia Power System- established to account for power service charges and related expenditures. In 2002, the System established a broadband telecommunications network division pursuant to Section 7-52-601, Tennessee Code Annotated.

Columbia Water System- established to account for water service charges and related expenditures

Additionally, the City reports the following fund types:

Internal Service Fund is used to account for costs associated with the employees' health insurance plan.

The fiduciary funds account for assets held by the City in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the government under terms of a formal trust agreement. The government reports the following fiduciary funds:

Trust Funds - established to account for assets and related liabilities held by the City in a fiduciary capacity for current and former employees of the City.

Agency Fund - Maury County Drug Task Force Fund - an agency fund established to account for assets seized relative to drug cases pending final resolution.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary water, sewer, and power systems are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The Columbia Board of Public Utilities is regulated by TVA relative to the establishment of power rates. TVA will not allow debt issue costs to be expensed in the period of issuance. Accordingly, the Board has approved continued amortization of bond issue costs as defined in GASB Statement 62 for the Electric and Water Funds.

CITY OF COLUMBIA, TENNESSEE

Notes to Financial Statements, Continued

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

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

Cash and Cash Equivalents

Cash and cash equivalents are stated at cost and consist primarily of demand deposits, short-term (original maturities of three months or less) certificates of deposit and investments in the Local Government Investment Pool of the State of Tennessee. Statutes authorize the City to invest in: (1) U.S. government securities and obligations guaranteed by the U.S. government; (2) deposit accounts at state and federal chartered banks and savings and loan associations; (3) the Local Government Investment Pool of the State of Tennessee; and (4) obligations of the United States or its agencies under repurchase agreements with certain restrictions. During the current fiscal year, the City invested funds that were not immediately needed in interest bearing accounts and certificates of deposit. Deposits in financial institutions are required by state statute to be secured and collateralized by the institutions. The collateral must meet certain requirements and must have a total minimum market value of 105% of the value of deposits placed in the institutions less the amount protected by federal depository insurance. Collateral requirements are not applicable for financial institutions that participate in the State of Tennessee's collateral pool. The Pension Trust Fund is authorized to invest in certain corporate bonds and marketable securities under terms of the pension trust instrument.

Certain cash and cash equivalents are set aside by management or Council for identified purposes over which the City retains control and may, at its discretion, be subsequently used for other purposes. A portion of unrestricted net position has been designated for such amounts.

Investments

Nonparticipating investment contracts, generally certificates of deposit, are reported at original cost. All other investments, including Pension Trust Fund investments, are reported at fair value.

Receivables

Accounts receivable are presented, when considered necessary, net of an allowance for uncollectible accounts. Unbilled revenues for estimated usage between the last meter reading cycle and June 30 are recorded by the Electric Fund, the Water and Sewer Funds do not accrue unbilled revenue.

Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods or services rendered. These receivables and payables are classified as Due from other funds@ or Due to other funds@ on the balance sheet and are eliminated on the government-wide statements. Other activities between funds that are representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as Due to/from other funds.@

Restricted assets

Restricted assets, consisting of cash and investments, include funds limited by bond indentures or otherwise legally restricted for future construction projects and debt service requirement. When both restricted and unrestricted resources are available for use, it is the policy to use restricted resources first, then unrestricted resources as needed.

Capital Assets

Capital assets, which include property, plant equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of \$5,000 (\$1,500 for the Power and Water Systems) or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation. When Power and Water System depreciable plant assets are retired, the cost is removed from the asset account and charged, along the cost of removal less salvage value, to accumulated depreciation. 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.

CITY OF COLUMBIA, TENNESSEE

Notes to Financial Statements, Continued

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

In addition, the use of qualifying resources to pay for new construction rather than repaying outstanding debt effectively represents recycling of the outstanding debt to finance new projects. Capitalized interest is calculated using the average accumulated construction expenditures during the capitalization period and the weighted average interest on outstanding debt, unless specific identification of debt and/or project expenditures is possible.

Property, plant and equipment of the City is depreciated using the straight-line method over the following estimated useful lives:

Buildings	40-50 years
Improvements other than buildings	10-20 years
Utility plant in service	3-50 years
Machinery, equipment and vehicles	5-20 years
Infrastructure	10-60 years

Inventories and prepaid costs

For enterprise funds, inventories consist primarily of materials and supplies and are valued at the lower of average cost or market. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method.

Energy Conservation Loans-Power System

The Power System participates with TVA in its energy conservation loan program. Under this program, eligible customers may obtain low interest loans for conservation improvements. Advances from TVA are reported as other liabilities and loans receivable from customers are reported as other assets. Any uncollected loans are the responsibility of TVA.

Compensated absences

City employees are granted vacation and sick leave in varying amounts. In the event of termination an employee is paid for accumulated vacation leave, but not for accumulated sick leave. Accumulated vacation is accrued when incurred in the government wide and proprietary financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee terminations or retirements.

Employees of the Power and Water Fund use a paid time off (PTO) style of accruing paid leave. This policy converts all vacation and sick leave into a single PTO pool. The liability for accumulated PTO pay is reported in long-term debt, with the current portion recorded in current liabilities.

Budgets and Budgetary Accounting

Annual budgets are adopted for the general, sanitation, special revenue, debt service funds, and capital project funds on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Prior to June 30, the City Manager prepares a proposed operating budget for the fiscal year beginning July 1. This budget is submitted to the City Council for review and approval. The budget includes all proposed expenditures and the anticipated means of financing them. A public hearing is held at the City Hall in order to obtain taxpayers' comments. The budget is legally adopted by passage of an ordinance by June 30. The City Manager is authorized to transfer budgeted amounts within and between departmental activities. Any revisions to the total expenditures of any department or fund must be approved through passage of an ordinance by the City Council. Capital expenditures within the governmental funds are budgeted within the appropriate department. All annual appropriations lapse at year end.

The 2015-16 budget was amended several times throughout the year. During the fiscal year, amendments totaling \$1,781,387 and \$990,247 for the General and Sanitation Funds, respectively were approved appropriating additional expenditures and other uses for the funds during the year. The above increases in appropriations were financed in part by increases in estimated revenue sources for the General and Sanitation Funds of \$978,583 and \$993,472, respectively.

CITY OF COLUMBIA, TENNESSEE

Notes to Financial Statements, Continued

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred 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 Sewer Fund reports bond issue costs as a current period expense.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as an other financing source. Premiums received on debt issuance 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.

Grants

The City receives grant revenues from various federal and state agencies. Grant revenues and certain related program revenues are recognized when qualifying expenditures are incurred and other grant requirements are met. Grant revenues collected in advance of the period that they are intended to finance are reported as unavailable revenue. Amounts received by proprietary funds that are restricted for the acquisition or construction of capital assets are recorded as program revenue as such amounts are earned.

Government-Wide Equity

In the government-wide financial statements, equity is shown as net position and classified into three components. *Net Investment in capital assets*-capital assets, net of accumulated depreciation and outstanding debt obligations attributable to the acquisition, construction or improvement of those assets. *Restricted net position*-net position with constraints placed on use, either by (1) external groups such as creditors, grantors, or laws and regulations of other governments, (2) laws through constitutional provisions or enabling legislation. *Unrestricted net position*-All other net position that does not meet the above classifications.

Fund Equity

The City implemented Governmental Accounting Standard Board (GASB) Statement 54 for its governmental funds. As a result, fund balance is reported in the fund financial statements under the following categories. *Nonspendable fund balance* represents amounts that are required to be maintained intact, such as inventories and prepaid expenses. *Restricted fund balance* is that portion of fund balance that can be spent only for the specific purposes stipulated by external resource or through enabling legislation. *Committed fund balance* includes amounts constrained to specific purposes as determined by ordinance adopted by the City Council. Conversely, to rescind or modify a fund balance commitment, similar action by the City Council is also required. *Assigned fund balance* amounts are intended to be used by the City for specific purposes but do not meet the criteria to be restricted or committed. Amounts may be assigned by the City Council or a designee authorized by Council, such as the finance director, similar action in necessary to modify the assignment. Appropriations of fund balance to eliminate projected budgetary deficits in the subsequent year's budget are presented as assignments of fund balance. *Unassigned fund balance* is the residual classification of the General Fund. Generally, when costs are incurred for purposes for which both restricted and unrestricted funds are available it is the City's policy. The City's target is to maintain a minimum unassigned fund balance of not less than 25% of annual operating expenditures. At the end of the current fiscal year the unassigned fund balance of the General Fund was approximately 68.7% of annual General Fund expenditures and other uses. City management believes that as the unassigned amount increases so does the City's ability to cope with financial emergencies and fluctuations in the revenue cycle. In the event unassigned General Fund balance should ever fall below the 25% target level, the City will develop a plan to restore the deficiency.

Spending Policy

Generally, when costs are incurred for purposes for which both restricted and unrestricted resources are available, it is the City's policy to spend the most restricted dollars before less restricted dollars. Further, when expenditures are incurred for which committed, assigned, or unassigned amounts may be used, committed amounts are first used followed by assigned then unassigned.

CITY OF COLUMBIA, TENNESSEE

Notes to Financial Statements, Continued

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

Property taxes are levied as of November 1, on the assessed value as of the prior January 1, for property located in the City's legal boundaries. Property taxes are secured by a statutory lien effective as of the original assessment date of January 1, however property taxes are not legally available until the subsequent fiscal year. Taxes are due in one payment on November 1 and are delinquent on December 16 each tax year. Assessed values are established by the State of Tennessee at the following rates of appraised market value:

Public Utility Property	55% (Railroads 40%)
Industrial and Commercial Property	
Real	40%
Personal	30%
Residential Property	25%

The assessed value of property as of January 1, 2015 was \$722,059,087 and the assessed value of public utilities was \$23,441,453 for a total of \$745,500,540.

Taxes were levied at a rate of \$1.44 per \$100 assessed valuation. Current tax collections of \$10,322,672 for the year ended June 30, 2016 were approximately 96% of the tax levy.

In accordance with GASB 33, property taxes receivable includes the estimated 2016-17 net realizable tax levy in the amount of \$10,735,000. These revenues are reported in the financial statements as unavailable revenue until such time as legally available.

(2) DEPOSITS AND INVESTMENTS

The City is authorized to invest funds in, among other things, financial institutions and direct obligations of the Federal Government. During 2016, the City of Columbia, except for the Pension Fund, invested in certificates of deposit.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's policy requires that deposits be either (i) secured and collateralized by the institutions at 105% of the value of the deposits placed in the institution, less the amount protected by federal depository insurance or (ii) that deposits be placed in financial institutions that participate in the bank collateral pool administered by the Treasurer of the State of Tennessee. Institutions participating in the collateral pool determine the aggregated balance of their public fund accounts. The amount of collateral required to secure these public deposits must be at least 105% of the average daily balance of public deposits held. All deposits and cash equivalents were covered by federal depository insurance or by the bank collateral pool at June 30, 2016.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. City policy provides that to the extent practicable, investments are matched with anticipated cash flows. Typically certificates of deposit are issued for periods less than one year.

Credit Risk, the City does not have a formal investment policy, however management's current investment practice is formulated around the prudent-person rule: investments are made as a prudent person should be expected to make, with discretion and intelligence, to produce reasonable income, preserve capital and, in general, avoid speculative investments.

Investments:

As of June 30, 2016, the City, exclusive of the Trust Funds, had the following investments in Certificates of Deposit.

<u>Investment</u>	<u>Average Maturities</u>	<u>Fair Value</u>
Power System- Certificates of Deposit	5.11 months	\$ 2,650,000
Water Fund- Certificates of Deposit	5.92 months	1,569,619

CITY OF COLUMBIA, TENNESSEE

Notes to Financial Statements, Continued

(2) DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued):

As of June 30, 2016, the City Pension Trust Funds had the following investments:

<u>Investment</u>	<u>Average Days to Maturity</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Average Credit Rating</u>	<u>Financial Value Hierarchy</u>
Cash and cash equivalents	N/A	\$ 843,893	843,893	N/A	N/A
Fixed Income *	542	22,537,302	22,547,792	N/A	N/A
Equities		24,108,869	32,316,136	AA-AAA	Level 1
Other investments**		**	2,600,738	N/A	N/A
		<u>\$47,490,064</u>	<u>58,308,559</u>		

* Mutual Funds not rated

** Investments of the Columbia Power & Water OPEB Plan, cost information not available.

As of June 30, 2016, the Trust Funds had the following investments in any one organization that represent 5 percent or more of the fair value of plan net assets:

	<u>Pension Plan</u>	<u>OPEB Plan</u>
Vanguard GNMA Admiral Fund	\$ 4,430,542	1,810,003
Blackrock Equity Dividend Fund	3,107,553	1,072,899
Federated Strategic Value Dividend Fund	3,795,094	1,344,764
Federal Total Return Government IS Fund	3,182,072	1,312,193
Vanguard Short Inv Admiral Fund.	2,639,378	912,287

The Pension and OPEB plans have a formal investment policy which encompasses the following matters:

Policy-Investment policies of the City relative to the Trust Funds are established by ordinance. The current policy provides for investment of up to 60% of investment funds in stocks and / or equities.

Concentrations-The Trust Funds did not hold investments (other than those issued/guaranteed by the U.S. Government) in any one organization that represents 5% or more of Funds net position.

Rate of Return-The annual money-weighted rate of return based on cash flows on Trust Fund plan investments, net of investment expenses.

(3) INTERFUND TRANSACTIONS

Interfund receivables and payables among individual funds of the City for the year ended June 30, 2016, were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 9,337	-
Sanitation Fund	270,236	6,484
Power System	-	1,939,039
Water System	1,668,803	708,326
Sewer System	708,326	2,853
	<u>\$ 2,656,702</u>	<u>2,656,702</u>

Transfers among individual funds of the City for the year ended June 30, 2016, were as follows:

<u>Fund</u>	<u>Transfer From</u>	<u>Transfer To</u>
General	\$ 1,935,171	2,421,962
Capital Projects Fund	1,243,650	-
Sanitation Fund	-	251,150
Debt Service Fund	1,429,462	-
Payments in lieu of tax:		
Sewer Fund	-	513,575
Columbia Power Fund	-	1,247,647
Columbia Water Fund	-	173,949
	<u>\$ 4,608,283</u>	<u>4,608,283</u>

CITY OF COLUMBIA, TENNESSEE

Notes to Financial Statements, Continued

(3) INTERFUND TRANSACTIONS (CONTINUED)

Due from and to other funds consist primarily of amounts billed by the Columbia Power System for water, sewer and sanitation services. The Power System, upon collection, remits customer collections to the water, sewer and sanitation funds. Amounts due from the Sanitation Fund to the General Fund arose from inter fund charges paid the following month. Also, the “internal amounts” reported in the government wide statement of net position include allocated amounts due from the Internal Service Fund to the General, Sanitation and Sewer Funds in the amounts of \$2,864,206, \$291,627 and \$416,613, respectively.

Individual fund transfers of the City for the year ended June 30, 2016 are attributed to (i) transfer of of the City’s portion of in-lieu of tax payments from the Power, Water and Sewer Fund and (ii) budget appropriation transfers from the General and Sanitation Funds for debt service and capital project purposes

As discussed further in Note 7, the City made total employer contributions of \$3,969,906 to the Trust Funds, \$2,823,351 and \$1,146,555 for pension contributions and postemployment retirement health care benefits, respectively. Such amounts were reported as current expenditures, as classified by government function of the general and special revenue funds, as other direct costs and expenses of the Sewer Fund (an enterprise fund), and as employer contributions of the Trust Funds.

In accordance with Tennessee Code Annotated 7-52-603(b), a short-term note was executed allowing the Broadband division of the Power System to borrow up to \$2.5 million from the Power System. The note agreement was approved by TVA as required by the Power Contract between the City of Columbia and TVA. The note is interest - bearing at the highest earned interest rate of invested electric plant funds at that time. The balance of the loan as of June 30, 2016 is \$1,113,524 and was eliminated through consolidation for reporting purposes.

(4) CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2016, was as follows:

	<u>Beginning Balance</u>	<u>Additions/ Transfers</u>	<u>Retirements/ Transfers</u>	<u>Ending Balance</u>
Governmental activities				
<u>Capital assets, not being depreciated:</u>				
Land	\$ 7,519,262	31,286	(28,100)	7,522,448
Construction in progress	6,920,785	364,167	(7,120,931)	164,021
Total capital assets not being depreciated	<u>14,440,047</u>	<u>395,453</u>	<u>(7,149,031)</u>	<u>7,686,469</u>
<u>Capital assets, being depreciated:</u>				
Buildings and improvements	20,375,546	5,874,786	(291,249)	25,959,083
Machinery and Equipment	16,882,363	1,807,042	(803,099)	17,886,306
Infrastructure	73,918,615	1,053,062	-	74,971,677
Total capital assets, being depreciated	<u>111,176,524</u>	<u>8,734,890</u>	<u>(1,094,348)</u>	<u>118,817,066</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements	6,564,455	553,688	(162,381)	6,955,762
Machinery and Equipment	11,305,075	1,007,801	(797,179)	11,515,697
Infrastructure	63,413,265	333,108	-	63,746,373
Total accumulated depreciation	<u>81,282,795</u>	<u>1,894,597</u>	<u>(959,560)</u>	<u>82,217,832</u>
Total capital assets being depreciated, net	<u>29,893,729</u>			<u>36,599,234</u>
Governmental activities capital assets, net	<u>\$ 44,333,776</u>			<u>44,285,703</u>

CITY OF COLUMBIA, TENNESSEE

Notes to Financial Statements, Continued

(4) CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Additions/ Transfers</u>	<u>Retirements/ Transfers</u>	<u>Ending Balance</u>
Business-type activities				
<u>Capital assets, not being depreciated:</u>				
Land and land rights	\$ 2,174,489	10,000	-	2,184,489
Construction work in progress	<u>2,749,942</u>	<u>2,478,981</u>	<u>(752,768)</u>	<u>4,476,155</u>
Total capital assets not being depreciated	<u>4,924,431</u>	<u>2,488,981</u>	<u>(752,768)</u>	<u>6,660,644</u>
<u>Capital assets being depreciated:</u>				
Structures and improvements	58,475,534	1,122,930	-	59,598,464
Plant and lines	211,425,776	3,720,938	(454,337)	214,692,377
Machinery and equipment	<u>18,515,326</u>	<u>1,650,434</u>	<u>(512,242)</u>	<u>19,653,518</u>
Total capital assets being depreciated	<u>288,416,636</u>	<u>56,494,302</u>	<u>(966,579)</u>	<u>293,944,359</u>
<u>Less accumulated depreciation for:</u>				
Structures and improvements	19,830,688	1,544,904	-	21,375,592
Plant and lines	80,834,428	5,914,018	(614,514)	86,133,932
Equipment	<u>13,368,927</u>	<u>1,058,032</u>	<u>(481,745)</u>	<u>13,945,214</u>
Total accumulated depreciation	<u>114,034,043</u>	<u>8,516,954</u>	<u>(1,096,259)</u>	<u>121,454,738</u>
Total capital assets, being depreciated, net	<u>174,382,593</u>			<u>172,489,621</u>
Total business-type capital assets, net	<u>\$179,307,024</u>			<u>179,150,265</u>

Depreciation expense was charged to functions/programs as of June 30, 2016 follows:

Governmental activities:	
General Government	\$ 121,056
Public works, including depreciation of general infrastructure assets	486,240
Sanitation	281,844
Police	314,665
Fire	270,333
Management Information Systems	71,313
Recreation	<u>349,146</u>
Total depreciation expense- government activities	<u>\$ 1,894,597</u>
Business-type activities:	
Sewer	\$ 2,403,608
Power	3,873,417
Water	<u>2,239,929</u>
Total depreciation expense - business type activities	<u>\$ 8,516,954</u>

Depreciation expense capitalized as part of construction costs amounted to \$234,966 and \$54,181 for the Power and Water Systems, respectively for 2016.

During 2016, interest in the amount of \$33,263 was capitalized in the Sewer Fund.

CITY OF COLUMBIA, TENNESSEE

Notes to Financial Statements, Continued

(5) LONG-TERM LIABILITIES

Changes in Governmental Activities Long-Term Liabilities

During the year ended June 30, 2016, the changes in long-term liabilities were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds and Notes Payable:					
2008 General Obligation Public Improvement Bonds	\$ 1,600,000	-	(1,395,000)	205,000	100,000
2010 General Obligation Refunding & Improvement Bonds	7,045,000	-	(360,000)	6,685,000	370,000
2016 General Obligation Refunding Bonds-General Fund Portion	-	1,400,000	-	1,400,000	15,000
Notes Payable:					
General Obligation Capital Outlay Note – 2011	1,043,211	-	(164,891)	878,320	172,101
Sanitation Capital Outlay Note – 2014	-	960,972	(242,633)	718,339	249,442
Public Safety Equipment/Improvement Capital Outlay Note – 2014	<u>1,722,546</u>	<u>-</u>	<u>(176,312)</u>	<u>1,546,234</u>	<u>179,983</u>
	11,410,757	2,360,972	(2,338,836)	11,432,893	1,086,526
Less Discount	(22,462)	-	22,462	-	
Plus Premium	<u>36,452</u>	<u>-</u>	<u>(2,524)</u>	<u>33,928</u>	-
Bonds & Notes-net	11,424,747	2,360,972	(2,318,898)	11,466,821	
Other:					
Compensated absences	<u>1,018,552</u>	<u>874,104</u>	<u>(804,636)</u>	<u>1,088,020</u>	<u>1,088,020</u>
Government activity					
Long-term liabilities	\$ <u>12,443,299</u>	<u>3,235,076</u>	<u>(3,123,534)</u>	<u>12,554,841</u>	<u>2,174,546</u>

Changes in Business - type Activities Long-Term Liabilities

During the year ended June 30, 2016 the changes in long-term liabilities were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
Bonds payable:					
Sewer Fund:					
2005 Sewer Revenue & Tax Refunding Bonds	6,915,000	-	(6,915,000)	-	-
2008 Revenue and Tax Bonds	4,655,000	-	(3,845,000)	810,000	260,000
2011 Revenue and Tax Bonds	6,200,000	-	(280,000)	5,920,000	285,000
2015 G.O. Refunding Bonds	-	4,000,000	-	4,000,000	800,000
2016 G.O. Refunding Bonds-Sewer Portion	-	<u>6,135,000</u>	<u>-</u>	<u>6,135,000</u>	<u>70,000</u>
	17,770,000	10,135,000	(11,040,000)	16,865,000	1,415,000
Add Premium	155,839	-	(63,994)	91,845	
Less discount	<u>(68,590)</u>	<u>-</u>	<u>68,590</u>	<u>-</u>	
Total Sewer Bonds Payable	17,857,249	10,135,000	(11,035,404)	16,956,845	
Compensated Sewer System	<u>117,366</u>	<u>108,324</u>	<u>(109,059)</u>	<u>116,631</u>	<u>116,631</u>
Long-term debt-Sewer Fund	<u>17,974,615</u>	<u>10,243,324</u>	<u>(11,144,463)</u>	<u>17,073,476</u>	<u>1,531,631</u>

CITY OF COLUMBIA, TENNESSEE

Notes to Financial Statements, Continued

(5) LONG-TERM LIABILITIES (CONTINUED)

Business - type activities (Continued)

Changes in Business - type Activities Long-Term Liabilities (Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Columbia Water System:					
2006 Revenue Impr. Bonds	\$ 4,195,000	-	(280,000)	3,915,000	290,000
2011 Revenue Bonds	9,265,000	-	(380,000)	8,885,000	390,000
2008 Revenue Bonds	<u>3,830,000</u>	-	<u>(350,000)</u>	<u>3,480,000</u>	<u>370,000</u>
	17,290,000	-	(1,010,000)	16,280,000	1,050,000
Plus premium	502,724	-	(30,622)	472,102	
Less Discount	<u>(3,850)</u>	-	457	<u>(3,393)</u>	-
Revenue Bonds, net	17,788,874	-	(1,040,165)	16,748,709	
Compensated absences:	<u>785,136</u>	<u>187,491</u>	<u>(150,362)</u>	<u>822,265</u>	<u>79,077</u>
Long-term debt Water Fund	<u>\$18,574,010</u>	<u>187,491</u>	<u>(1,190,527)</u>	<u>17,570,974</u>	<u>1,129,077</u>
Columbia Electric Fund:					
Broadband Capital Lease, Monthly installments of \$3,391 with interest of 4.1%	-	76,724	(30,729)	45,995	38,905
2014 Broadband Revenue and Tax Refunding Bonds	9,080,000	-	(840,000)	8,240,000	855,000
2008 Electric Revenue Bonds	<u>5,420,000</u>	-	<u>(300,000)</u>	<u>5,120,000</u>	<u>310,000</u>
	14,500,000	76,724	(1,170,729)	13,405,995	1,203,905
Less unamortized loss on Refunding	(65,706)	-	25,452	(40,254)	
Plus premium	323,056	-	(33,419)	289,637	
Less Discount	<u>(7,675)</u>	-	912	<u>(6,763)</u>	-
Total Power Bonds Payable, net	14,749,675	76,724	(1,177,784)	13,648,615	1,203,905
Compensated absences :	<u>1,827,756</u>	<u>467,755</u>	<u>(433,343)</u>	<u>1,862,168</u>	<u>188,641</u>
Long-term debt Electric Fund	<u>\$16,577,431</u>	<u>544,479</u>	<u>(1,611,127)</u>	<u>15,510,783</u>	<u>1,392,546</u>
Total Bonds Payable	<u>\$ 53,126,056</u>	<u>10,975,294</u>	<u>(13,946,117)</u>	<u>50,155,233</u>	<u>4,053,254</u>

Description of long-term liabilities:

Amounts payable at June 30, 2016 were as follows:

Governmental Activity Debt:

General Obligation Bonds:

\$2,300,000 2008 General Obligation Public Improvement Bonds; due in increasing annual installments through June 1, 2018, at varying rates of interest from 3.65% to 4.5%	\$ 205,000
\$8,760,000 2010 General Obligation Refunding and Improvement Bonds; due in increasing increasing annual installments through December 1, 2029 at varying nterest from 3%-4%	6,685,000
\$1,400,000 2010 General Obligation Refunding Bonds; due in increasing annual installments through December 1, 2029 at varying rates of interest from 3% to 4%	1,400,000
\$1,700,000 2011 General Obligation Capital Outlay Note for Fire and Public Works vehicles, due in semi-annual installments through February 28, 2021, interest at 3.45%.	878,320
\$1,900,000 2014 Public Safety Equipment/Improvement Capital Outlay Note for building renovations for Police Department and narrow banding radio system for Police/Fire Departments due in annual installments through May 31, 2024 , interest at 2%.	1,546,234
\$960,972 Sanitation Equipment Capital Outlay Note for purchase of equipment, due in semi-annual installments through December 1, 2018, interest at 1.4%.	<u>718,339</u>
Total General Obligation Bonds / Notes	11,432,893
Compensated absences	1,088,020
Less Discount and Premium, net	<u>33,928</u>
Total Governmental Activity Debt	<u>\$ 12,554,841</u>

Long-term obligations and compensated absences are typically liquidated by payments from the General, Capital Project and Sanitation Funds.

CITY OF COLUMBIA, TENNESSEE

Notes to Financial Statements, Continued

(5) LONG-TERM LIABILITIES (CONTINUED)

Business-Type Activities Debt:

Bonds Payable:

Sewer Fund:

\$4,000,000 2015 General Obligation Refunding Bonds due in increasing annual installments through December 1, 2021 at 1.39% (Sewer Portion)	\$ 4,000,000
\$6,135,000 2016 General Obligation Refunding Bonds due in increasing annual installments through December 1, 2021 at 2.25% (Sewer Portion)	6,135,000
\$6,000,000 2008 Sewer Revenue and Tax Bonds; due in increasing annual installments through December 1, 2028 at varying rates of interest ranging from 3.6% to 3.9%	810,000
\$7,000,000 2011 Sewer System Revenue and Tax Bonds; due in increasing annual installments through December 1, 2031 at varying rates of interest ranging from 3% to 4%	5,920,000

Water Fund:

\$5,855,000 2000 Waterworks System Revenue Bonds due in increasing annual installments through December 1, 2026, with interest at 4%	3,915,000
\$4,500,000 2008 Waterworks Revenue Bonds; due in increasing annual installments through December 1, 2023, at varying rates of interest ranging from 4.00% to 5.125%	3,480,000
\$10,000,000 2012 Waterworks Revenue Bonds; due in increasing annual installments through December 1, 2032, at varying rates of interest ranging from 2.00% to 5.00%	8,885,000

Columbia Power System:

Broadband Capital Lease, monthly installments of \$3,391 with interest of 4.1%	45,995
\$9,100,000 2012 Broadband Revenue and Tax Bonds due in increasing annual installments through 2025 at 1.79% interest	8,240,000
\$6,500,000 2008 Electric System Revenue Bonds; due in increasing annual installments through September 1, 2023, at varying rates of interest from 4% to 5.125%	<u>5,120,000</u>
Total Revenue and Tax Bonds	<u>\$ 46,550,995</u>

Compensated Absences:

Sewer Fund	116,631
Columbia Water System	822,265
Columbia Power System	1,862,168

Other:

Unamortized premiums / discounts	843,428
Unamortized charge	<u>(40,254)</u>
Total Business-Type Activities Debt, net of current portion and unamortized charge	<u>\$ 50,155,233</u>

Other Matters

During 2016, the City issued General Obligation Refunding Bonds, Series 2015 in the amount of \$4,000,000 and General Obligation Refunding Bonds, Series 2016 in the amount of \$7,535,000. Proceeds of the Bonds were deposited in an irrevocable escrow account with a third party trustee to effect an in substance defeasance of Sewer Revenue & Tax Refunding bonds, Series 2005 (\$6,195,000), the Sewer Revenue & Tax Bonds, Series 2008 (\$3,595,000) and the General Obligation Public Improvement Bonds, Series 2008 (\$1,295,000). The refunded debt was refinanced in order to capitalize on the lower interest rate market. Due to the refinance, the City experienced a net present value savings of approximately \$811,000. The advance refunding resulted in a defeasance loss of \$799,894 and \$126,258 for the Sewer Fund and General Fund portions, respectively. In an advance refunding the defeased debt is removed from the financial statements with the new refunding debt recorded, as a result the following bond issues were removed from the financial statements but still have outstanding balances at June 30, 2016:

Refunded Issues:

Sewer Revenue & Tax Refunding bonds, Series 2005	\$ 6,195,000
Sewer General Obligation Public Improvement Bonds, Series 2008	3,595,000
General Obligation Public Improvement Bonds, Series 2008	1,295,000

CITY OF COLUMBIA, TENNESSEE

Notes to Financial Statements, Continued

(5) LONG-TERM LIABILITIES (CONTINUED)

Other Matters (Continued)

The City is required to assess taxes sufficient to meet the annual principal and interest requirements for general obligation bonds payable and notes payable. Revenue bonds payable and notes payable are collateralized by the charges for services revenue generated by the applicable utility system. Revenues of the appropriate utility and ad valorem taxes of the City and a lien on the City's state-shared revenues secure revenue and tax bonds payable.

The various bond indentures contain significant limitations and restrictions as to the use of revenues in paying current expenditures (expenses) and the maintenance of debt service sinking fund and reserves, and the maintenance of minimum revenue bond coverage. Also various bond resolutions contain other restrictive covenants and requirements with which the City must comply. As of and for the year ended June 30, 2016, it was management's opinion that the City was in compliance with all such limitations and requirements.

Debt Service Requirements

The annual debt service requirements to maturity for all long-term obligations outstanding as of June 30, 2016 are as follows:

Fiscal Year	Governmental Activities Debt		Business-Type Activities Debt	
	Principal	Interest	Principal	Interest
2016	\$ 1,086,526	338,373	3,668,905	1,467,779
2017	1,119,733	309,704	3,732,090	1,368,143
2018	1,107,529	279,027	4,150,000	1,258,994
2019	916,799	250,918	4,265,000	1,137,831
2020	903,176	224,693	4,060,000	1,013,644
2021-2025	3,709,130	765,405	18,080,000	3,093,229
2026-2030	2,590,000	193,156	6,685,000	1,106,643
2031-2033	-	-	1,910,000	81,826
	\$ <u>11,432,893</u>	<u>2,361,276</u>	<u>46,550,995</u>	<u>10,528,089</u>

(6) DEFERRED OUTFLOWS / INFLOWS OF RESOURCES

In addition to liabilities, the Balance Sheets and Statements of Net Position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resource (revenue) until that time. The unavailable revenue reported in the Balance Sheet, which arises under a modified accrual basis of accounting, represents amounts that are deferred and recognized as an inflow of resources in the periods that the amounts become available. The assessed and unlevied property taxes reported in the Statement of Net Position, arises from imposed nonexchange revenues (property taxes) which are assessed prior to the end of the fiscal year but levied in the subsequent year. Deferred inflows of resources are presented after total liabilities.

A deferred outflow of resources is a consumption of net assets by the City that is applicable to a future reporting period. The City had one item that qualifies as a deferred outflow. It is the deferred amount on refunding reported in the government-wide and in the proprietary fund statement of net position. A deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding bonds. Deferred outflows of resources are presented after total assets.

Deferred outflows and inflows of resources also include amounts related to pensions, and pension expense, refer to Note 7 for further details..

CITY OF COLUMBIA, TENNESSEE

Notes to Financial Statements, Continued

(7) RETIREMENT PLAN AND OTHER POSTEMPLOYMENT BENEFIT PLANS (EXCLUSIVE OF COLUMBIA POWER & WATER)

EMPLOYERS RETIREMENT SYSTEM

Plan Description and Benefits

Plan description-All full time employees of the City of Columbia hired after July 1, 1974 through June 30, 2012 were eligible to participate in the City of Columbia, Tennessee Employees= Retirement Plan (the APlan@). The Plan was closed to any employee hired after June 30, 2012. The Plan is a single-employer defined benefit pension plan that is accounted for as a pension trust fund of the City. The assets of the Plan are held separately and are used only for the payment of benefits to the members of the Plan or their beneficiaries and other administrative expenses of the plan. The Plan is administered by the Plan Trustees and Retirement Committee. The Trustees consist of the Mayor, City Recorder, City Attorney, and Council Member and City Employee appointed by Council. The Retirement Committee consists of the Vice Mayor and four City Employees appointed by Council. The Plan does not issue a separate financial report.

Benefits Provided-The Plan provides certain retirement, death, disability or termination of service prior to retirement benefits to plan members and their beneficiaries. Section 5.09 of the Plan document provides for cost-of-living adjustments (COLA). The City Council of the City of Columbia, Tennessee (the ACity Council@) has the authority to establish and amend the benefit provisions of the plan by City Ordinance. There were no changes in plan benefits since the last actuarial valuation.

Normal retirement-The first day of the month following the date when age plus credited service equals or exceeds eighty (rule of 80), but not beyond the later of the date the participant obtains Medicare eligibility and 5 years of participation.

Plan membership-Plan membership consisted of the following as of June 30, 2015, the date of the actuarial valuation used for the determination of net pension (asset) liability:

Inactive Plan Participants:	
Retirees and beneficiaries currently receiving benefits	173
Terminated employees entitled to benefits	35
Total	<u>208</u>
Active plan participants:	
Vested	245
Non-vested	39
Total	<u>284</u>

Contributions- For the year ended June 30, 2015, Plan members were required to contribute 6.74% of their annual covered salary. The City is required to make contributions at an actuarial determined rate, which is adjusted as necessary. The City=s contribution rate for the year ended June 30, 2015 was 19.5%. The contribution requirements of the plan members and the City are established under provisions of the Plan document and may be amended by the City Council. The City has historically based the contribution rate on the prior year actuarial valuation.

Net Pension Liability (Asset)

The City's net pension liability (asset) was measured as of June 30, 2015, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date. These amounts will be used for reporting purposes for the year ended June 30, 2016

Actuarial assumptions. The total pension liability as of June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement. There were no changes to actuarial assumptions and methods effective June 30, 2015.

CITY OF COLUMBIA, TENNESSEE

Notes to Financial Statements, Continued

**(7) RETIREMENT PLAN AND OTHER POSTEMPLOYMENT BENEFIT PLANS (EXCLUSIVE OF COLUMBIA POWER & WATER)
EMPLOYERS RETIREMENT SYSTEM**

General Information about the Pension Plan

Actuarial Assumptions (Continued)

Actuarial valuation	Entry age normal.
Inflation rate	2.25 percent.
Salary increases	3.5 percent annual increase to normal retire
Rate of retirement	Same method as used for contribution determination
Cost-of-Living Adjustment	Annual increase is the lesser of (i) the annual change in the consumer price index (CPI-U) not seasonally adjusted and (ii) 3.0 percent
Mortality rate	2000 Mortality Table and improvement scale AA
Termination rates	2003 SOA Pension Plan Turnover Study “The Basic
Asset Valuation Method	5-year smoothing method where the difference between the expected return and the actual is recognized over 5 years for the actuarially determined contribution. Fair value used for GASB 67 and 68 is based on quoted market prices.
Amortization method	For actuarial Determined Contribution: Level dollar amortization of unfunded liabilities for GASB 67 and 68. Investment gains are amortized over 5 years. Experience gains or losses are amortized over the average working lifetime of all participants which for the current period is 6 years. Plan amendments are recognized immediately. Changes in actuarial assumptions are amortized over the average working lifetime of all participants.

Rate of Return- The long-term expected rate of return on pension plan investments was established by the City as 7.25% per annum, compounded annually. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of forward-looking rates of return for each major asset class included in the pension plan’s target asset allocation are summarized in the following table;

<u>Asset Class</u>	Long-Term Expected Real Rate of Return
Domestic Equity-Small Cap	8.75%
Domestic Equity-Large Cap	7.00%
Domestic Equity-Mid Cap	8.00%
International Equity	7.50%
International Equity-Emerging Markets	10.50%
Fixed income	2.00%
Limited Partnerships	1.25%
Cash	1.25%

CITY OF COLUMBIA, TENNESSEE

Notes to Financial Statements, Continued

(7) RETIREMENT PLAN AND OTHER POSTEMPLOYMENT BENEFIT PLANS (EXCLUSIVE OF COLUMBIA POWER & WATER)

EMPLOYERS RETIREMENT SYSTEM

General Information about the Pension Plan

Discount rate- 7.25% per annum, compounded annually.

Paragraph 29 of Statement No. 68 provides for an alternative method to be used other than the projection of the pension plan's fiduciary net position based on projected contributions, benefit payments and investment earnings. The annual recommended contribution is based on the Entry Age Normal Funding Method where the contributions is equal to the normal cost plus the 30-year closed amortization of the unfunded liabilities. The City adopted a funding policy as required by recent State of Tennessee legislation. The funding policy states that the City will contribute at least the actuarially determined contribution as described in the funding policy. Based on actuarial theory if the actuarial experience is within reasonable expectations, and the City makes at least the actuarially determined contribution, the Plan's fiduciary net position will remain positive.

Changes in the Net Pension Liability (Asset)

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(c)
Balance at 6/30/14	\$64,124,206	38,439,477	25,684,729
Changes for the year:			
Service cost	1,348,687	-	1,348,687
Interest	4,465,773	-	4,465,773
Differences between expected and actual experience	243,872	-	243,872
Contributions – employer	-	2,872,307	(2,872,307)
Contributions- Employees	-	905,788	(905,788)
Net investment income	-	1,265,225	(1,265,225)
Benefit payments, including refunds of employee contributions	(3,352,270)	(3,352,270)	-
Administrative expense	-	(136,774)	136,774
Net changes	<u>2,706,062</u>	<u>1,554,276</u>	<u>1,151,786</u>
Balance at 6/30/15	<u>\$66,830,268</u>	<u>39,993,753</u>	<u>26,836,515</u>

Determination of Net Pension Liability

Total Pension Liability	\$ 66,830,268
Plan Fiduciary Net Position	(39,830,268)
Net Pension Liability	\$ <u>26,836,515</u>

Plan Fiduciary Net Position as a Percentage of Total Pension Liability 59.599%

Sensitivity of the net pension liability (asset) to changes in the discount rate.

The following presents the net pension liability calculated using the stated discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate determined as of June 30, 2014:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability	\$34,960,862	26,836,515	19,920,213

CITY OF COLUMBIA, TENNESSEE

Notes to Financial Statements, Continued

(7) RETIREMENT PLAN AND OTHER POSTEMPLOYMENT BENEFIT PLANS (EXCLUSIVE OF COLUMBIA POWER & WATER)

EMPLOYERS RETIREMENT SYSTEM

General Information about the Pension Plan

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension expense. For the year ended June 30, 2016, the recognized pension expense is \$2,296,775 determined as follows:

Service cost	\$ 1,348,687
Interest	4,465,773
Contribution-members	(905,788)
Expected investment return	(2,704,916)
Recognition of Deferred Inflows/Outflows of Resources:	
Recognition of economic/demographic gains (losses)	93,589
Recognition of investment gains (losses)	(137,344)
Plan administrative expense	136,774
Pension expense	<u>\$ 2,296,775</u>

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2015, the City of Columbia reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 374,359	-
Net difference between projected and actual earnings	1,150,242	1,274,713
Contributions subsequent to the measurement date	<u>2,823,351</u>	-
Total	<u>\$ 4,347,952</u>	<u>1,274,713</u>

The amount shown above for “Contributions subsequent to the measurement date will be reported as a deferred outflow of resources and recognized as a reduction (increase) to net position liability (asset) in the following measurement period.

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions as of June 30, 2016 will be recognized in pension expense as follows:

Year ended June 30:	<u>Amount</u>
2016	\$ (43,755)
2017	(43,755)
2018	(43,755)
2019	381,152
2020	48,774
Thereafter	-

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

CITY OF COLUMBIA, TENNESSEE

Notes to Financial Statements, Continued

(7) RETIREMENT PLAN AND OTHER POSTEMPLOYMENT BENEFIT PLANS (EXCLUSIVE OF COLUMBIA POWER & WATER)

POST EMPLOYMENT BENEFIT - SUPPLEMENTAL HEALTH CARE PLAN

The City administers a single employer plan (the Plan) funded through a irrevocable trust that was established in 2009. City Ordinances provide for the City to pay qualified retiree health care insurance premiums from age 54 to age 65 (pre 65 benefits) and supplemental health care insurance for retirees who retire on or after July 1, 1989 and who are at least 65 years of age (post 65 benefits). The City Council has the authority to establish and amend benefit provisions of the Plan. The Plan is not required to issue a separate financial report.

The accompanying Plan financial statements have been prepared in accordance with Governmental Accounting Standards Board issued Statement No. 45 titled *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions.* GASB Statement No. 45 requires the accrual of liabilities of other post-employment benefits (OPEB) generally over the working careers of plan members.

Plan members:

Plan membership consisted of 261 active members and 140 retired members during the fiscal year 2015-2016.

Contributions:

The City is required to make contributions at an actuarial determined rate, which is adjusted as necessary. The City's contribution rate for the 2015-16 year was 5.57%. The contribution requirements of the City are established under provisions of GASB Statement 45. The ARC represents a level of funding that is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities over a thirty year closed period as a level percentage of payroll.

Annual OPEB cost and net benefit obligation (asset):

The City's annual OPEB cost and net OPEB obligation (asset) for the current year were as follows:

Annual required contribution	\$ 510,233
Interest on Net OPEB Obligation	(41,475)
Adjustment of Annual Required Contribution	34,693
Annual OPEB Cost	<u>503,451</u>
Annual Employer Contribution	<u>(503,451)</u>
Increase in Net OPEB Obligation	-
Net OPEB obligation (asset) beginning of year	<u>(572,074)</u>
Net OPEB obligation (asset) end of year	<u><u>\$ (572,074)</u></u>

Annual Contribution:

The annual required contribution for the current year was determined as part of the July 1, 2013 actuarial update using the entry age actuarial method. A method under which the actuarial value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit age.

CITY OF COLUMBIA, TENNESSEE

Notes to Financial Statements, Continued

(7) RETIREMENT PLAN AND OTHER POSTEMPLOYMENT BENEFIT PLANS (EXCLUSIVE OF COLUMBIA POWER & WATER)

POST EMPLOYMENT BENEFIT - SUPPLEMENTAL HEALTH CARE PLAN

Three-year trend information

Fiscal Year Ending	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Total Contribution Made
6/30/2016	\$ 503,451	100.00%	\$ 503,451
6/30/2015	\$ 756,596	99.05%	\$ 749,407
6/30/2014	\$ 726,877	92.18%	\$ 670,048

Schedule of funding progress for year is shown below:

Plan Year	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (B) - (A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage Of Covered Payroll (B-A)/C
2015-2016	\$13,318,887	\$16,356,688	\$3,037,801	81.4%	\$11,736,585	25.9%
2014-2015	\$12,126,049	\$18,379,170	\$6,253,121	66.0%	\$13,571,270	46.1%
2013-2014	\$11,142,082	\$17,361,741	\$6,219,659	64.2%	\$13,112,338	47.4%

Actuarial Assumptions and Methods:

Actuarial Valuation Method

Entry Age Normal Actuarial Cost Method

Retirement Eligibility

Combined age and service greater than 80 (rule of 80) Up to one year of unused sick leave can be counted towards eligibility No postretirement medical benefits are offered to employees hired on or after July 1, 2012.

Discount Rate and Expected Long-term rate of return on Plan assets

7.25% per annum

Compensation

Annualized compensation as of July 1, 2015 is \$11,736,585.

Salary Scale

3.5% per annum

Health Care Cost Trend Rate

Annual medical costs are assumed to increase 9% in the first year of the valuation. Future annual increases are assumed to grade uniformly to 5% over an 8 year period. Annual administrative costs are assumed to be built into the premium rates used for developing the per capita medical claims costs..

Retiree Contribution

Retirees are not required to make ontributions to the Plan. Spouses under age 65 are required to pay the full premium for coverage.

Plan Participation

100% of future eligible retirees are assumed to elect medical coverage upon retirement.

Dependent Coverage

Spouses of retirees are not included in the valuation. Spouses are not covered beyond age 65. As a result there is no existing liability to the City for providing access to this coverage.

CITY OF COLUMBIA, TENNESSEE

Notes to Financial Statements, Continued

(8) OTHER POST EMPLOYMENT BENEFIT PLAN – COLUMBIA POWER & WATER

During the year ended June 30, 2009, the System implemented the provisions of GASB Statement No. 45 titled *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions*. The provisions were applied prospectively with respect to the System's other Post-Employment benefits (OPEB) Plan. GASB Statement No. 45 requires the accrual of liabilities for other post-employment benefits (OPEB) generally over the working careers of plan members rather than as claims are incurred. The total expense that was recognized under these new requirements during fiscal year 2016 totaled \$252,298 and \$141,87 for Power and Water, respectively.

The System's OPEB Plan is a single-employer defined benefit plan funded through an irrevocable trust that was established during the year ended June 30, 2009. The Plan is not required to issue a separate financial report.

The System's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities (or funding excess) over a thirty-year period beginning July 1, 2008. The current rate is calculated using a percent of annual covered payroll.

The System contributed 100% of the required contribution for the Plan year. A schedule of employer contributions for the year is listed below:

	<u>Total Annual Contribution</u>		
<u>Year</u>	<u>Power System</u>	<u>Water System</u>	<u>Percentage Contributed</u>
2016	\$252,298	141,918	100%
2015	\$253,267	142,462	100%
2014	\$372,540	209,553	100%
2013	\$384,233	404,651	100%
2012	\$404,651	227,616	100%
2011	\$404,098	227,305	100%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the Plan and the annual required contributions of the System are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Projections of benefits are based on the substantive plan (the plan as understood by the System and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the System and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Actuarial valuation update: June 30, 2015
 Actuarial cost method: Entry age, normal method
 Amortization method: Level dollar amount
 Remaining amortization period: 30 years, closed

The actuarial assumptions included 5% long-term investment rate of return. The assumptions include a health care cost trend rate increase equal to 7.5% in the first year of valuation and 5% thereafter.

CITY OF COLUMBIA, TENNESSEE

Notes to Financial Statements, Continued

**(8) OTHER POST EMPLOYMENT BENEFIT PLAN – COLUMBIA POWER & WATER
(CONTINUED)**

The ARC that resulted from the valuation ranges from \$394,000 to \$582,000, depending on the level of funding by the Systems. The unfunded accrued liability is estimated to be \$4.8 million at June 30, 2016. The results of this valuation must be viewed as an estimate of the actual results that will occur in the future. In addition, certain assumptions have been made that will affect the results of the valuation.

Schedule of funding progress for the two available years is shown below:

Fiscal Year	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded AAL (UAAL) (AAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage Of Covered Payroll
	(A)	(B)	(B) - (A)	(A/B)	(C)	((B-A)/C)
2016	\$2,509,846	\$7,330,989	\$4,821,143	34.24%	\$1,491,931	323.1%
2015	\$2,215,968	\$7,211,388	\$4,995,420	30.73%	\$1,491,931	334.8%
2014	\$1,777,999	\$9,626,511	\$7,848,512	18.42%	\$1,720,553	456.2%
2013	\$1,425,416	\$9,458,612	\$8,033,196	15.07%	\$1,720,553	466.9%
2012	\$965,988	\$9,088,109	\$8,122,121	10.63%	\$1,748,876	464.4%
2011	\$645,270	\$8,899,496	\$8,254,226	7.25%	\$1,748,876	472.0%

**(9) RETIREMENT PLAN AND OTHER POSTEMPLOYMENT BENEFIT PLANS OF THE CITY
Summary Financial Information**

The following is summary financial information of the individual plans of the City as of and for the year ended June 30, 2016:

	Pension Plan	City Postemployment Benefit Plan	CP&W Postemployment Benefit Plan
Assets:			
Cash and equivalents	\$ 516,321	48,256	76,948
Investments	39,477,433	13,249,229	2,600,738
Other assets	59,549	21,401	2,891
Total Assets	\$ <u>40,053,303</u>	<u>13,318,886</u>	<u>2,680,577</u>
Liabilities:			
Accrued expenses	\$ 60,991	16,622	-
Net plan position	<u>39,992,312</u>	<u>13,302,264</u>	<u>2,680,577</u>
Total Liabilities and Net Plan Position	\$ <u>40,053,303</u>	<u>13,318,886</u>	<u>2,680,577</u>
Additions to Net Position:			
Contributions:			
Employer	\$ 2,872,307	749,407	432,744
Plan members	1,905,788	-	-
Investment earnings	1,267,113	387,156	73,583
Total Additions	<u>5,045,208</u>	<u>1,136,563</u>	<u>506,327</u>
Deductions from Net Position:			
Pension benefits & refunds	3,352,270	-	-
Healthcare premiums	-	553,607	169,411
Administrative costs	140,103	19,666	12,407
Total deductions	<u>3,492,373</u>	<u>573,273</u>	<u>181,818</u>
Net increase	1,552,835	563,290	324,509
Net position, beginning of year	<u>38,439,477</u>	<u>12,738,974</u>	<u>2,356,068</u>
Net position, end of year	\$ <u>39,992,312</u>	<u>13,302,264</u>	<u>2,680,577</u>

CITY OF COLUMBIA, TENNESSEE

Notes to Financial Statements, Continued

(10) OTHER DEFERRED COMPENSATION AND DEFINED CONTRIBUTION PLANS

City (exclusive of Columbia Power & Water) Plans

The City offers all employees a IRC 457 deferred compensation plan. The 457 Plan is funded exclusively by employee contributions and permits employees to defer a portion of their salary until future years. The assets of the 457 Plan are held in trust by ICMA-RC for the exclusive benefit of the participants (employees) and their beneficiaries and may not be diverted to any other use. ICMA-RC acts as agent of the City to provide direction to participants for the investment of the funds held in their account, transfer of assets and all other matters. In accordance with the provisions of GASB Statement 32, plan balances and activities are not reflected in the City's financial statements.

Effective July 1, 2012, the City began offering its full-time employees both a single employer IRC 401(a) defined contribution plan and a single employer IRC 457 deferred compensation plan. Plan investments are held in trust by ICMA-RC. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings. Full-time employees hired on or after July 1, 2012 are required to participate in the plan upon hire. Contributions to the employees' accounts and related earnings become vested after 5 years of service. Employees who are vested and terminate employment are also eligible for a deposit of 50% of the value of their sick leave balances to the plan. Forfeitures resulting from employees who leave employment prior to being fully vested reduce the City' current period contribution requirements. Full-time employees hired on or after July 1, 2012 must contribute 4% of their salary with equal match by the City. Employees may also contribute an additional percentage of their salary to the 457 Plan with a match of up to 2% by the City made to the 401(a) Plan.

Year	Total Payroll	Covered Payroll	Employee Contribution	<u>% of Covered Payroll</u>	Employer Contribution	<u>% of Covered Payroll</u>
2016	\$16,336,122	2,863,833	114,553	4%	128,630	4.5%
2015	\$16,259,033	2,155,122	86,205	4%	96,375	4.5%

Columbia Power & Water Plans

All full-time employees who meet eligibility requirements and so elect can participate in the City of Columbia Board of Public Utilities 401(k) Retirement Plan, (the "Plan"), a single-employer contributory defined contribution plan. The City of Columbia Board of Public Utilities administers the plan and has the authority to establish and amend the plan document as necessary. SunTrust Bank is the plan trustee. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings. Employees are eligible to participate at a minimum age of 21 years, following one year of service.

The Plan requires minimum employee and employer contributions of 4% and 8%, respectively, of the employee's base salary. Employees may elect to make additional contributions, which are not matched by the Systems. The Systems' contributions for each employee (together with interest earnings on such contributions) are allocated to the employee's account, 20% vested after 1 year and fully vested after 5 years of service. Forfeitures, resulting from employees who leave employment prior to being fully vested in the Plan, are used to reduce the Systems' current period contribution requirements.

	Year	Total Payroll	Covered Payroll	Employee Contribution	<u>% of Covered Payroll</u>	Employer Contribution	<u>% of Covered Payroll</u>
Power	2016	\$5,659,002	5,093,103	417,327	8.2%	407,449	8.0%
Water	2016	\$2,525,737	2,258,769	205,244	9.1%	180,702	8.0%

CITY OF COLUMBIA, TENNESSEE

Notes to Financial Statements, Continued

(11) RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Such risks of loss are addressed as follows:

The City (Excluding Columbia Power System and Columbia Water System)

The City established the self-insured medical insurance fund (an internal service fund) to provide for the funding for risks associated with the employee's health insurance plan. Under the plan, the City retains the risk of loss up to a limit of \$60,000 per employee. The City has obtained stop/loss commercial insurance to cover claims beyond this limit. All full time employees are eligible to participate in the plan. A premium charge, based upon actuarial estimates of amounts needed to pay prior and current year claims and to establish an amount for catastrophic losses is paid by each fund with participating employees. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not settled, and of claims that have been incurred but not reported. The process used to compute claim liabilities does not necessarily result in an exact amount. For the government-wide financial statements the activity and assets and liabilities of the fund have been allocated to the participating funds. Changes in the balance of claims liabilities during the past year are as follows.

	Claims Liability Beginning of Year	Claims Incurred and Changes In Estimate	Claims Payments	Claims Liability End of Year	Amount Due Within One Year
2016	\$ 172,381	3,804,182	(3,587,687)	388,876	388,876
2015	\$ 150,900	3,270,866	(3,249,385)	172,381	172,381

The City continues to carry commercial insurance for all other risks of loss through the Tennessee Municipal League Risk Management Pool. The TML Pool is a cooperative risk sharing arrangement between local government agencies that works in many ways like a traditional insurer. The City pays a premium, receives coverage, and can make claims against that coverage. The City meets the TML Pool's guidelines and complies with its rules and regulations, including loss control requirements as well as its underwriting standards. Rates of the TML Pool are actuarially projected to provide adequate funding to cover loss reserves and expenses, as well as building contingency reserves. The City has also purchased commercial insurance for the surety bonds for principal management officials. Management believes insurance coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this insurance coverage in any of the past three years.

Columbia Power System and Columbia Water System

The Columbia Power System and the Columbia Water System maintain a self-insurance program to provide for claims incurred in connection with employee health, accident, and dental benefits. Each System retains the risk of loss up to a limit of \$50,000 per specific loss and 125% of expected claims. The Systems have commercial stop/loss insurance to cover claims beyond this liability.

Liabilities are reportable when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported and this amount is based on historical experience. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards, the process used in computing the claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors.

CITY OF COLUMBIA, TENNESSEE

Notes to Financial Statements, Continued

(11) RISK MANAGEMENT

Following are the changes in the reported liabilities for the year ended June 30:

		Claims Liability Beginning of <u>Year</u>	Claims Incurred and Changes <u>In Estimate</u>	Claims <u>Payments</u>	Claims Liability End of <u>Year</u>	Amount Due Within One <u>Year</u>
Columbia Power System	2016	\$ 109,000	1,077,670	(1,138,170)	48,500	48,500
	2015	\$ 159,000	1,070,798	(1,120,798)	109,000	109,000
Columbia Water System	2016	\$ 51,000	417,287	(446,787)	21,500	21,500
	2015	\$ 81,000	463,816	(493,816)	51,000	51,000

The Systems continue to carry commercial insurance for other risks of loss, including general liability, property and casualty, workers' compensation, employee dishonesty and environmental. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(12) JOINT VENTURES

Maury County E911:

The Maury County Emergency Communications District (E911) is operated under a consolidation agreement between Maury County and the City of Columbia. The City has no equity interest in the Communications District and is committed to sharing operating expenses with the County. The joint venture is not a part of the reporting entity.

The following presents selected financial information for E911 as of June 30, 2016 and for the year then ended:

Assets:			Operations:	
Current assets	\$	769,504	Net Income	\$ 1,543,692
Other assets		893,295	Operating expense	(1,541,108)
Deferred outflows		72,911		
Total assets and deferred outflows	\$	<u>1,735,710</u>	Non-operating income	<u>57,604</u>
Liabilities, Deferred Inflows and Net Position:			Net Income (loss)	\$ <u>60,188</u>
Current liabilities	\$	44,428		
Deferred inflows		56,136		
Net position		<u>1,635,146</u>		
Total liabilities, deferred inflows and net position	\$	<u>1,735,710</u>		

Complete financial statements for this entity may be obtained from its administrative office at: 2907 Cayce Lane, Columbia, Tennessee.

CITY OF COLUMBIA, TENNESSEE

Notes to Financial Statements, Continued

(12) COMMITMENTS AND CONTINGENCIES

Litigation:

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's legal counsel that resolution of these matters will not have a material adverse effect on the City's financial position. Accordingly, no provision for any liability resulting from such litigation has been made in the accompanying financial statements

Contractual Commitment:

As of June 30, 2016, the Sewer Fund was obligated under construction and engineering contracts for various projects in the approximate amounts of \$1,200,000.

Electric Power Contract:

The Power System has a contract to purchase all electrical power from the Tennessee Valley Authority (TVA). This contract requires at least five years prior written notice for termination by either party.

(13) IMPACT OF RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In June 2015, the GASB issued Statement No. 74 – Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, effective for financial statements for periods beginning after June 15, 2016. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (such as other postemployment benefits or OPEB Plans) included in the financial reports of local governments for making decisions and assessing accountability. This Statement replaces Statements No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. The scope of this Statement includes OPEB plans – defined benefit and defined contribution – administered through trusts that meet the following criteria: 1) Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable, 2) OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms, and 3) OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the OPEB plan administrator. If the plan is a defined benefit OPEB plan, plan assets also are legally protected from creditors of the plan members.

In June 2015, the GASB issued Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for financial statements for periods beginning after June 15, 2017. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local government employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

CITY OF COLUMBIA, TENNESSEE

Notes to Financial Statements, Continued

(14) SEGMENT INFORMATION - POWER SYSTEM

The Power System consists of an electric utility division and a broadband division both of which provide service to customers located generally in the Maury County, TN area. The System has outstanding electric system revenue bonds and broadband telecommunications network revenue and tax bonds. Accordingly, summary financial information for the electric utility division and the broadband division is presented as follows (eliminating entries between the divisions have been excluded):

Condensed Statement of Net Position

	<u>Electric</u>	<u>Broadband</u>
Assets:		
Utility plant	\$ 54,282,224	6,384,279
Current assets	28,608,531	1,828,960
Deferred outflows and other assets	<u>1,652,242</u>	<u>136,818</u>
Total assets, deferred outflows and other assets	<u>\$ 84,542,997</u>	<u>8,350,057</u>
Liabilities:		
Current liabilities	\$ 8,483,383	526,283
Current liabilities payable from restricted assets	3,776,455	1,021,173
Long-term debt	6,327,852	7,790,385
Other noncurrent liabilities	<u>390,262</u>	<u>1,113,524</u>
Total liabilities	<u>18,977,952</u>	<u>10,451,365</u>
Net Position:		
Net investment in capital assets	49,168,987	(2,144,009)
Restricted for debt service	912,509	383,941
Unrestricted	<u>15,483,549</u>	<u>(341,240)</u>
Total net position	<u>65,565,045</u>	<u>(2,101,308)</u>
Total liabilities and net position	<u>\$ 84,542,997</u>	<u>8,350,057</u>

Condensed Statement of Revenues, Expenses and Changes in Net Position

	<u>Electric</u>	<u>Broadband</u>
Operating revenue	\$ 62,383,386	7,099,240
Operating expenses	<u>58,852,042</u>	<u>6,018,583</u>
Operating Income	3,531,344	1,080,657
Non operating revenue (expense)	<u>(260,129)</u>	<u>(167,790)</u>
Income before transfers and contributions	3,271,215	912,867
Transfers and contributions	<u>(1,362,205)</u>	<u>5,724</u>
Increase (decrease) in net position	1,909,010	918,591
Net position, beginning of year	<u>63,656,035</u>	<u>(3,019,899)</u>
Net position, end of year	<u>\$ 65,565,045</u>	<u>(2,101,308)</u>

Condensed Statement of Cash Flows

	<u>Electric</u>	<u>Broadband</u>
Net cash provided by operations	\$ 7,197,608	1,802,648
Net cash provided (used) by noncapital financing activities	(1,224)	-
Net cash provided by (used in) capital and related financing activities	<u>(3,350,605)</u>	<u>(1,577,406)</u>
Net cash provided by investing activities	<u>29,465</u>	<u>805</u>
Net increase (decrease) in cash and cash equivalents	3,875,244	226,047
Cash and cash equivalents, beginning of year	<u>12,795,825</u>	<u>844,395</u>
Cash and cash equivalents, end of year	<u>\$ 16,671,069</u>	<u>1,070,442</u>

CITY OF COLUMBIA, TENNESSEE

Notes to Financial Statements, Continued

(15) SUBSEQUENT EVENTS

The City of Columbia plans to issue an amount not to exceed \$10 million of General Obligation Public Improvement Bonds for development of soccer fields at Ridley Ports Complex and possible construction of a new fire hall to replace Station Number 3. The term of the issue is expected to be 20 years and debt service will be provided by the Debt Service Fund via transfer from the General Fund. A portion of the debt service may be paid with proceeds from the hotel-motel tax, a General Fund Revenue, adopted to enhance tourism within the City.

Required Supplemental Information

CITY OF COLUMBIA, TENNESSEE

Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios

Fiscal Year Ending June 30,

	<u>2014</u>	<u>2015</u>
Total pension liability		
Service cost	\$ 1,340,715	1,348,687
Interest	4,421,469	4,465,773
Differences between actual and expected experience	268,892	243,872
Benefit payments, including refunds of employee contributions	(3,103,879)	(3,352,270)
Net change in total pension liability	<u>2,927,197</u>	<u>2,706,062</u>
Total pension liability, beginning of year	<u>61,197,009</u>	<u>64,124,206</u>
Total pension liability, ending of year (a)	<u>\$ 64,124,206</u>	<u>66,830,268</u>
 Plan fiduciary net position		
Contributions, employer	\$ 2,406,530	2,872,307
Contributions, employee	950,763	905,788
Net investment income	4,584,810	1,265,225
Benefit payments, including refunds of employee contributions	(3,103,879)	(3,352,270)
Administrative expenses	(156,393)	(136,774)
Net change in plan fiduciary net position	<u>4,681,831</u>	<u>1,554,276</u>
Plan fiduciary net position, beginning of year	<u>33,757,646</u>	<u>38,439,477</u>
Plan fiduciary net position, ending of year (b)	<u>\$ 38,439,477</u>	<u>39,993,753</u>
 Net Pension Liability (asset) ending of year (a)-(b)	 <u>\$ 25,684,729</u>	 <u>26,836,515</u>
 Plan fiduciary net position, as a percentage of total pension liability	 59.95%	 59.84%
 Covered-employee payroll	 \$ 12,578,334	 12,977,297
 Net pension liability (asset) as a percentage of covered-employee payroll	 204.20%	 206.80%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available

CITY OF COLUMBIA, TENNESSEE

Schedule of Contributions

Fiscal Year Ending June 30,

	<u>2014</u>	<u>2015</u>
Actuarially determined contribution	\$ 2,814,441	2,793,112
Contributions in relation to the actuarially determined contribution	<u>(2,406,530)</u>	<u>(2,872,307)</u>
Contribution deficiency (excess)	<u>\$ 407,911</u>	<u>(79,195)</u>
Covered-employee payroll	\$ 12,578,334	12,977,297
Contributions as a percentage of covered employee payroll	22.38%	21.52%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available

CITY OF COLUMBIA, TENNESSEE

Schedule of Investment Return

Fiscal Year Ending June 30,

	<u>2014</u>	<u>2015</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	<u>13.61%</u>	<u>3.30%</u>

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available

CITY OF COLUMBIA, TENNESSEE

Notes to Required Supplemental Information

For the Year Ended June 30, 2016

Valuation date: Actuarially determined contribution rates for 2015-2016 were calculated based on the July 1, 2015 actuarial valuation.

Methods and assumptions used to determine the contribution rates:

Actuarial cost method	Entry age normal method.																				
Amortization method	Level dollar amortization of unfunded liabilities.																				
Amortization period	30 years, closed period effective July 1, 2012.																				
Asset valuation method	5-year smoothed method where the difference between the expected return and the actual return is recognized over 5 years.																				
Rate of retirement	Participants are eligible to retire and assumed to retire at the following rates:																				
	<table border="0" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Age</th> <th style="text-align: center;">General Employees</th> <th style="text-align: center;">Age</th> <th style="text-align: center;">Fire & Police</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">50-54</td> <td style="text-align: center;">15%</td> <td style="text-align: center;">50-54</td> <td style="text-align: center;">20%</td> </tr> <tr> <td style="text-align: center;">55-61</td> <td style="text-align: center;">20%</td> <td style="text-align: center;">55-59</td> <td style="text-align: center;">35%</td> </tr> <tr> <td style="text-align: center;">62-64</td> <td style="text-align: center;">60%</td> <td style="text-align: center;">60-62</td> <td style="text-align: center;">45%</td> </tr> <tr> <td style="text-align: center;">Over age 67</td> <td style="text-align: center;">100%</td> <td style="text-align: center;">Over age 63</td> <td style="text-align: center;">100%</td> </tr> </tbody> </table>	Age	General Employees	Age	Fire & Police	50-54	15%	50-54	20%	55-61	20%	55-59	35%	62-64	60%	60-62	45%	Over age 67	100%	Over age 63	100%
Age	General Employees	Age	Fire & Police																		
50-54	15%	50-54	20%																		
55-61	20%	55-59	35%																		
62-64	60%	60-62	45%																		
Over age 67	100%	Over age 63	100%																		
Mortality rate	P 2000 Mortality Table, scale AA																				
Cost of living	Annual increase is the lesser of (i) the annual change in the consumer price index (CPI-U) not seasonally adjusted and (ii) 3.0 percent																				
Termination rates	2003 SCA Pension Plan Turnover Study "The Basic Service Table"																				

CITY OF COLUMBIA, TENNESSEE

Schedule of Funding Progress-OPEB Plan

June 30, 2016

Fiscal Year	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
2007-2008	6,036,629	12,842,995	6,806,366	47.1%	12,257,546	55.5%
2008-2009 *	6,116,699	13,516,522	7,399,823	45.3%	12,485,086	59.3%
2009-2010	7,141,116	12,435,439	5,294,323	57.4%	13,116,700	40.4%
2010-2011	8,256,224	13,682,427	5,426,203	60.3%	13,254,743	40.9%
2011-2012 *	9,530,988	14,472,402	4,941,414	65.9%	13,441,023	36.8%
2012-2013	10,011,101	16,378,273	6,367,172	61.1%	12,668,926	50.3%
2013-2014	11,142,082	17,361,741	6,219,659	64.2%	13,112,338	47.4%
2014-2015 *	12,126,049	18,379,170	6,253,121	66.0%	13,571,270	46.1%
2015-2016	13,318,887	16,356,688	3,037,801	81.4%	11,736,585	25.9%

* Results in these years represent estimates based on a projection of the results from the prior plan year.

CITY OF COLUMBIA, TENNESSEE

Schedule of Employer Contributions-OPEB Plan

June 30, 2016

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Total Contribution</u>	<u>Percentage Contributed</u>
2007-2008 *	642,927	285,077	44.3%
2008-2009	679,404	708,406	104.3%
2009-2010	592,538	913,474	154.2%
2010-2011	611,386	848,444	138.8%
2011-2012	611,089	640,626	104.8%
2012-2013	708,282	756,843	106.9%
2013-2014	726,877	670,048	92.2%
2014-2015	756,956	749,407	99.0%
2015-2016	503,451	503,451	100.0%

* 2007-2008 total contributions only reflect funding for post-65 benefits

CITY OF COLUMBIA, TENNESSEE

**Actuarial Methods and Significant Assumptions-
Supplemental Health Care (OPEB) Plan**

June 30, 2016

Per Capita Medical Claims Cost
Sample Claims Cost per Covered Life

<u>Age</u>	<u>Claims Cost</u>
64	\$ 6,458
65	1,453
70	1,960
75	2,474
80	2,932
85	3,277
90+	3,466

Per capita medical claims costs were developed based on the actual premiums being charged to and paid by the City. In addition to the claims above, many participants receive a post-Medicare prescription drug benefit that has been valued at \$262 per year. This cost is based on actual premiums being paid by the City.

Medical Benefits-Coordination with Medicare

Benefits for retirees under age 65 are deemed to be similar to those benefits provided for actives. The retirees medical plan is assumed to be the primary plan of benefits prior to age 65. Individual Medicare Supplement policies are purchased from Blue Cross-Blue Shield of TN upon the attainment of Medicare eligibility at age 65. Medicare benefits are assumed to be those statutory benefits effective as of the valuation date for all future periods.

COMBINING AND INDIVIDUAL NONMAJOR STATEMENTS AND SCHEDULES

NONMAJOR FUND STATEMENTS AND SCHEDULES

Special Revenue Funds

State Street Aid Fund- This fund accounts for revenues and expenditures for the City's share of State gasoline taxes. The State distributes the taxes to municipalities based on per capita population. Tennessee law requires that these receipts be kept in a separate fund and used for construction and maintenance of City streets and certain street related expenditures.

Drug Fund - This fund was established in accordance with State law to account for funds received directly from the enforcement of laws associated with illegal drug activity. Funds are used for the enforcement of drug laws, for local drug education programs and for nonrecurring general law enforcement expenditures.

Streets and Transportation Fund - This fund accounts for revenues and expenditures for a portion of the share of State gasoline taxes. Tennessee law requires that these receipts be used for maintenance of City streets and certain street related expenditures. This fund is used to pay for a portion of the street lighting utility bills.

Debt Service Fund

Debt Service Fund- This fund is a governmental fund used to account for financial resources to be used for retirement of current debt maturities.

Agency Fund

Maury County Drug Task Force Agency Fund - This fund is used to account for the assets and liabilities held by the City as an agent for the members of the Maury County Drug Task Force.

CITY OF COLUMBIA, TENNESSEE

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2016

<u>Assets</u>	<u>Special Revenue Funds</u>			<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>State Street Aid Fund</u>	<u>Drug Fund</u>	<u>Streets and Transportation Fund</u>		
Cash and cash equivalents	\$ 1,188,934	335,564	24,131	81,521	1,630,150
Due from other funds	-	-	-	-	-
Prepaid costs	675	-	-	-	675
Accounts receivable, net of allowance for doubtful accounts	167,324	-	11,697	-	179,021
Total Assets	\$ 1,356,933	335,564	35,828	81,521	1,809,846
<u>Liabilities and Fund Balance</u>					
Liabilities:					
Accounts payable	\$ 69,753	2,406	19,848	-	92,007
Due to other funds	-	-	-	-	-
Accrued costs	-	17,356	-	-	17,356
Total Liabilities	69,753	19,762	19,848	-	109,363
Fund Balance:					
Nonspendable:					
Prepaid items	675	-	-	-	675
Restricted for:					
Roads and streets	1,286,505	-	15,980	-	1,302,485
Public safety	-	315,802	-	-	315,802
Debt service	-	-	-	81,521	81,521
Total Fund Balance	1,287,180	315,802	15,980	81,521	1,700,483
Total Liabilities and Fund Balance	\$ 1,356,933	335,564	35,828	81,521	1,809,846

CITY OF COLUMBIA, TENNESSEE

**Combining Statement of Revenues, Expenditures and
Changes in Fund Balances**

Nonmajor Governmental Funds

For the Year Ended June 30, 2016

	Special Revenue Funds				Total Nonmajor Governmental Funds
	State Street Aid Fund	Drug Fund	Streets and Transportation Fund	Debt Service Fund	
Revenues:					
Intergovernmental:					
Gasoline tax - State of Tennessee	\$ 953,282	-	70,575	-	1,023,857
Fines and fees	-	69,601	-	-	69,601
Miscellaneous:					
Proceeds from sale of capital assets	-	126,000	-	-	126,000
Other revenue	-	55,319	-	-	55,319
Interest income	4,335	1,240	115	3,464	9,154
Total Revenues	<u>957,617</u>	<u>252,160</u>	<u>70,690</u>	<u>3,464</u>	<u>1,283,931</u>
Expenditures:					
Current:					
Salaries	17,904	-	-	-	17,904
FICA and employee benefits	8,223	-	-	-	8,223
Contractual services	566,702	-	67,517	-	634,219
Supplies and materials	16,859	-	-	-	16,859
Program costs	-	111,309	-	250	111,559
Debt service	-	-	-	1,413,993	1,413,993
Capital outlay	11,339	49,558	-	-	60,897
Total Expenditures	<u>621,027</u>	<u>160,867</u>	<u>67,517</u>	<u>1,414,243</u>	<u>2,263,654</u>
Excess (deficiency) of revenues over expenditures	<u>336,590</u>	<u>91,293</u>	<u>3,173</u>	<u>(1,410,779)</u>	<u>(979,723)</u>
Other Financing Sources:					
Proceeds from issuance of debt	-	-	-	1,400,000	1,400,000
Transfer to refunding escrow agent	-	-	-	(1,398,795)	(1,398,795)
Transfer from Other Funds	-	-	-	1,429,462	1,429,462
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,430,667</u>	<u>1,430,667</u>
Net Change in Fund Balance	336,590	91,293	3,173	19,888	450,944
Fund Balance, Beginning of Year	<u>950,590</u>	<u>224,509</u>	<u>12,807</u>	<u>61,633</u>	<u>1,249,539</u>
Fund Balance, End of Year	<u>\$ 1,287,180</u>	<u>315,802</u>	<u>15,980</u>	<u>81,521</u>	<u>1,700,483</u>

CITY OF COLUMBIA, TENNESSEE

**Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual**

State Street Aid Fund

For the Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Positive (Negative)</u>
Revenues:				
Intergovernmental:				
Gasoline and motor fuel tax	\$ 750,000	720,000	758,561	38,561
Gas 1989	-	-	-	-
Gas 3 cent	190,000	182,000	194,721	12,721
Miscellaneous - interest income	4,000	4,000	4,335	335
	<u>944,000</u>	<u>906,000</u>	<u>957,617</u>	<u>51,617</u>
Total Revenues				
Expenditures:				
Current:				
Salaries	93,640	93,640	17,904	75,736
Employee benefits	44,558	44,558	8,223	36,335
Services	946,000	946,000	566,702	379,298
Supplies	36,000	36,000	16,859	19,141
Other	10,000	10,000	-	10,000
Capital Outlay	15,000	15,000	11,339	3,661
	<u>1,145,198</u>	<u>1,145,198</u>	<u>621,027</u>	<u>524,171</u>
Total Expenditures				
Net Change in Fund Balance	(201,198)	(239,198)	336,590	575,788
Other Financing Sources:				
Transfer to Capital Project Fund	(106,000)	(106,000)	-	106,000
Total Other Financing Sources	<u>(106,000)</u>	<u>(106,000)</u>	<u>-</u>	<u>106,000</u>
Net Change in Fund Balance	(307,198)	(345,198)	336,590	681,788
Fund Balance, Beginning of Year	<u>950,590</u>	<u>950,590</u>	<u>950,590</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 643,392</u>	<u>605,392</u>	<u>1,287,180</u>	<u>681,788</u>

CITY OF COLUMBIA, TENNESSEE

**Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual**

Drug Fund

For the Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Positive (Negative)</u>
Revenues:				
Fines and fees				
Drug fines, confiscated property	\$ 12,000	12,000	69,601	57,601
Miscellaneous	<u>158,000</u>	<u>158,000</u>	<u>182,559</u>	<u>24,559</u>
Total Revenues	<u>170,000</u>	<u>170,000</u>	<u>252,160</u>	<u>82,160</u>
Expenditures:				
Current:				
Services	74,213	74,213	85,031	(10,818)
Supplies	34,840	34,840	16,378	18,462
Other	9,900	9,900	9,900	-
Capital Outlay	<u>175,638</u>	<u>175,638</u>	<u>49,558</u>	<u>126,080</u>
Total Expenditures	<u>294,591</u>	<u>294,591</u>	<u>160,867</u>	<u>133,724</u>
Net Change in Fund Balance	(124,591)	(124,591)	91,293	215,884
Fund Balance, Beginning of Year	<u>224,509</u>	<u>224,509</u>	<u>224,509</u>	-
Fund Balance, End of Year	<u>\$ 99,918</u>	<u>99,918</u>	<u>315,802</u>	<u>215,884</u>

CITY OF COLUMBIA, TENNESSEE

**Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual**

Streets & Transportation Fund

For the Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Positive (Negative)</u>
Revenues:				
Intergovernmental:				
Gasoline tax	\$ 70,000	70,000	70,575	575
Miscellaneous	60	60	115	55
	<u>70,060</u>	<u>70,060</u>	<u>70,690</u>	<u>630</u>
Total Revenues				
Expenditures:				
Current:				
Services	70,060	70,060	67,517	2,543
	<u>70,060</u>	<u>70,060</u>	<u>67,517</u>	<u>2,543</u>
Total Expenditures				
Net Change in Fund Balance	-	-	3,173	3,173
Fund Balance, Beginning of Year	<u>12,807</u>	<u>12,807</u>	<u>12,807</u>	-
Fund Balance, End of Year	<u>\$ 12,807</u>	<u>12,807</u>	<u>15,980</u>	<u>3,173</u>

CITY OF COLUMBIA, TENNESSEE

**Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual**

Debt Service Fund

For the Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Positive (Negative)</u>
Revenues:				
Miscellaneous - interest income	\$ 2,000	2,000	3,464	1,464
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>3,464</u>	<u>1,464</u>
Expenditures:				
Current:				
Program Costs	750	750	250	500
Debt Service:				
Principal	1,045,259	1,045,259	1,043,836	1,423
Interest and fees	385,453	385,453	370,157	15,296
Total Expenditures	<u>1,431,462</u>	<u>1,431,462</u>	<u>1,414,243</u>	<u>17,219</u>
Net Change in Fund Balance	<u>(1,429,462)</u>	<u>(1,429,462)</u>	<u>(1,410,779)</u>	<u>18,683</u>
Other Financing Sources:				
Proceeds from issuance of debt	-	1,400,000	1,400,000	-
Transfer to refunding escrow agent	-	(1,400,000)	(1,398,795)	(1,205)
Transfer from General Fund	1,178,312	1,178,312	1,178,312	-
Transfer from Sanitation Fund	251,150	251,150	251,150	-
Total Other Financing Sources	<u>1,429,462</u>	<u>1,429,462</u>	<u>1,430,667</u>	<u>(1,205)</u>
Net Change in Fund Balance	-	-	19,888	19,888
Fund Balance, Beginning of Year	<u>61,633</u>	<u>61,633</u>	<u>61,633</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 61,633</u>	<u>61,633</u>	<u>81,521</u>	<u>19,888</u>

CITY OF COLUMBIA, TENNESSEE

**Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual**

Capital Project Fund

For the Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Positive (Negative)</u>
Revenues:				
Intergovernmental:				
Federal & State Grants	\$ 3,479,878	3,479,878	151,654	(3,328,224)
Miscellaneous - interest income	2,000	2,000	6,516	4,516
Total Revenues	<u>3,481,878</u>	<u>3,481,878</u>	<u>158,170</u>	<u>(3,323,708)</u>
Expenditures:				
Current:				
Program costs	1,040,758	1,040,758	5,724	1,035,034
Capital Outlay	4,319,371	4,319,371	340,610	3,978,761
Total Expenditures	<u>5,360,129</u>	<u>5,360,129</u>	<u>346,334</u>	<u>5,013,795</u>
Net Change in Fund Balance	(1,878,251)	(1,878,251)	(188,164)	1,690,087
Other Financing Sources (Uses):				
Proceeds from debt issuance	106,000	106,000	-	(106,000)
Transfer from Debt Service Fund	-	-	-	-
Transfer from General Fund	1,243,650	1,243,650	1,243,650	-
Total Other Financing Sources	<u>1,349,650</u>	<u>1,349,650</u>	<u>1,243,650</u>	<u>(106,000)</u>
Net Change in Fund Balance	(528,601)	(528,601)	1,055,486	1,584,087
Fund Balance, Beginning of Year	<u>900,454</u>	<u>900,454</u>	<u>900,454</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 371,853</u>	<u>371,853</u>	<u>1,955,940</u>	<u>1,584,087</u>

CITY OF COLUMBIA, TENNESSEE

Statement of Changes in Assets and Liabilities

Maury County Drug Task Force - Agency Fund

For the Year Ended June 30, 2016

	<u>Cash</u>	<u>Confiscations Pending</u>
Balances, Beginning of Year	\$ 26,294	(26,294)
Receipt-cases pending	11,201	(11,201)
Disbursements-cases settled	(5,696)	5,696
Balances, End of Year	<u>\$ 31,799</u>	<u>(31,799)</u>

FINANCIAL SCHEDULES

CITY OF COLUMBIA, TENNESSEE

Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity

June 30, 2016

	<u>Total</u>	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Construction in Progress</u>
General government	\$ 11,209,501	6,311,468	4,495,045	402,988	-	-
Public Works:						
Streets	78,675,388	-	-	3,703,711	74,971,677	-
Engineering	133,296	-	-	133,296	-	-
Public Safety:						
Police Department	6,122,491	-	2,185,228	3,937,263	-	-
Fire Department	8,663,190	529,121	3,306,611	4,827,458	-	-
Drug Operation	103,554	-	-	103,554	-	-
Management Information System	557,474	-	-	557,474	-	-
Parks and Recreation	17,844,153	681,859	15,972,199	1,190,095	-	-
Sanitation	3,030,467	-	-	3,030,467	-	-
Construction in Progress	<u>164,021</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>164,021</u>
	\$ <u>126,503,535</u>	<u>7,522,448</u>	<u>25,959,083</u>	<u>17,886,306</u>	<u>74,971,677</u>	<u>164,021</u>

CITY OF COLUMBIA, TENNESSEE

Capital Assets Used in the Operation of Governmental Funds
 Schedule of Changes by Function and Activity

For the Year Ended June 30, 2016

	Balance June 30, 2015	Additions	Disposals	Balance June 30, 2016
General government	\$ 11,171,364	66,237	(28,100)	11,209,501
Public Works:				
Streets	77,542,891	1,160,429	(27,932)	78,675,388
Engineering	133,296	-	-	133,296
Public Safety:				
Police Department	6,061,780	293,891	(233,180)	6,122,491
Fire Department	8,588,897	157,052	(82,759)	8,663,190
Drug Operation	135,061	49,558	(81,065)	103,554
Management Information Systems	538,069	85,626	(66,221)	557,474
Parks and Recreation	11,906,652	5,992,411	(54,910)	17,844,153
Sanitation	2,617,776	960,972	(548,281)	3,030,467
Construction in Progress	<u>6,920,785</u>	<u>364,167</u>	<u>(7,120,931)</u>	<u>164,021</u>
	<u>\$ 125,616,570</u>	<u>9,130,343</u>	<u>(8,243,379)</u>	<u>126,503,535</u>

CITY OF COLUMBIA, TENNESSEE

Schedule of Changes in Property Taxes Receivable

For the Year Ended June 30, 2016

Tax Year	Balance June 30, 2015	Tax Levy and Adjustments	Collections	Adjustments	Balance June 30, 2016
2015	\$ -	10,735,192	(10,322,672)	5,484	418,004
2014	496,289	-	(362,437)	(2,433)	131,419
2013	139,415	-	(128,699)	(2,040)	8,676
2012	7,608	-	(1,685)	(884)	5,039
2011	10,664	-	(525)	(460)	9,679
2010	17,311	-	(678)	(397)	16,236
2009	12,614	-	(654)	(222)	11,738
2008	11,392	-	(151)	-	11,241
2007	5,543	-	(83)	-	5,460
2006	4,452	-	-	-	4,452
2005	5,998	-	-	-	5,998
2004	6,102	-	-	-	6,102
2003	6,591	-	-	-	6,591
2002	5,554	-	-	-	5,554
2001	4,641	-	-	-	4,641
2000	109	-	-	-	109
1999	-	-	-	-	-
1998	995	-	-	-	995
1997	1,275	-	-	-	1,275
1996	1,442	-	-	-	1,442
1996	42	-	-	-	42
1995	30	-	-	-	30
	<u>\$ 738,067</u>	<u>10,735,192</u>	<u>(10,817,584)</u>	<u>(952)</u>	<u>654,723</u>
					<u>Estimated property tax 2016-17 tax levy 10,735,000</u>
					<u>Total Property Tax Receivable 11,389,723</u>
					<u>Less Allowance for Doubtful Accounts (86,893)</u>
					<u>Total Property Tax Receivable, net \$ 11,302,830</u>

CITY OF COLUMBIA, TENNESSEE
 Schedule of Debt Service Requirements

General Obligation Debt

June 30, 2016

Year	General Obligation Bonds - 2008*		General Obligation Refunding & Improvement Bonds - 2016 - General Fund Portion		General Obligation Refunding & Improvement Bonds - 2010		Equipment Capital Outlay Note 2011		Public Safety Improvement/Equipment Capital Outlay Note 2014		Sanitation Equipment Capital Outlay Note 2014		Total Requirements	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 100,000	7,690	15,000	31,331	370,000	227,419	172,101	30,355	179,983	31,354	249,442	10,224	1,086,526	338,373
2018	105,000	3,990	15,000	30,994	385,000	216,094	178,089	24,366	183,633	27,705	253,011	6,556	1,119,733	309,704
2019	-	-	125,000	29,419	395,000	204,394	184,286	18,169	187,356	23,981	215,887	3,064	1,107,529	279,027
2020	-	-	125,000	26,606	410,000	192,318	190,699	11,757	191,100	20,237	-	-	916,799	250,918
2021	-	-	130,000	23,738	425,000	179,528	153,145	5,120	195,031	16,307	-	-	903,176	224,693
2022	-	-	130,000	20,813	445,000	165,656	-	-	198,985	12,352	-	-	773,985	198,821
2023	-	-	135,000	17,831	460,000	150,662	-	-	203,020	8,317	-	-	798,020	176,810
2024	-	-	140,000	14,738	480,000	134,500	-	-	207,126	4,211	-	-	827,126	153,449
2025	-	-	145,000	11,531	500,000	117,350	-	-	-	-	-	-	645,000	128,881
2026	-	-	145,000	8,269	520,000	99,175	-	-	-	-	-	-	665,000	107,444
2027	-	-	150,000	4,950	540,000	79,625	-	-	-	-	-	-	690,000	84,575
2028	-	-	145,000	1,631	560,000	58,650	-	-	-	-	-	-	705,000	60,281
2029	-	-	-	-	585,000	36,100	-	-	-	-	-	-	585,000	36,100
2030	-	-	-	-	610,000	12,200	-	-	-	-	-	-	610,000	12,200
Total	\$ 205,000	11,680	1,400,000	221,850	6,685,000	1,873,671	878,320	89,767	1,546,234	144,464	718,339	19,844	11,432,893	2,361,276

CITY OF COLUMBIA, TENNESSEE

Schedule of Debt Service Requirements

Sewer Fund

June 30, 2016

Year	General Obligation Refunding Bonds-2015		General Obligation Refunding Bonds-2016		Sewer Revenue and Tax Bonds - 2008		Sewer Revenue and Tax Bonds - 2011		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017 \$	800,000	50,040	70,000	137,250	260,000	25,725	285,000	196,025	1,415,000	409,040
2018	815,000	38,816	75,000	135,619	270,000	15,983	295,000	187,325	1,455,000	377,742
2019	825,000	27,418	75,000	133,931	280,000	5,460	305,000	178,325	1,485,000	345,134
2020	835,000	15,881	365,000	128,981	-	-	310,000	169,100	1,510,000	313,962
2021	515,000	6,498	375,000	120,656	-	-	320,000	159,650	1,210,000	286,805
2022	210,000	1,460	705,000	108,506	-	-	335,000	149,825	1,250,000	259,791
2023	-	-	975,000	89,606	-	-	345,000	139,625	1,320,000	229,231
2024	-	-	995,000	67,444	-	-	355,000	129,125	1,350,000	196,569
2025	-	-	1,025,000	44,719	-	-	365,000	118,325	1,390,000	163,044
2026	-	-	360,000	29,138	-	-	380,000	106,913	740,000	136,051
2027	-	-	365,000	20,981	-	-	395,000	94,062	760,000	115,043
2028	-	-	375,000	12,656	-	-	410,000	79,975	785,000	92,631
2029	-	-	375,000	4,219	-	-	425,000	64,300	800,000	68,519
2030	-	-	-	-	-	-	445,000	46,900	445,000	46,900
2031	-	-	-	-	-	-	465,000	28,700	465,000	28,700
2032	-	-	-	-	-	-	485,000	9,700	485,000	9,700
\$	<u>4,000,000</u>	<u>140,112</u>	<u>6,135,000</u>	<u>1,033,706</u>	<u>810,000</u>	<u>47,168</u>	<u>5,920,000</u>	<u>1,857,875</u>	<u>16,865,000</u>	<u>3,078,861</u>

CITY OF COLUMBIA, TENNESSEE

Schedule of Debt Service Requirements

Water System
June 30, 2016

Year	Water Revenue Bonds 2006		Water Revenue Bonds 2008		Water Revenue Bonds 2012		Total Requirements	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 290,000	150,800	370,000	156,813	390,000	362,225	1,050,000	669,838
2016	300,000	139,000	385,000	141,472	400,000	351,375	1,085,000	631,847
2017	315,000	126,700	400,000	124,731	410,000	340,225	1,125,000	591,656
2018	325,000	113,900	420,000	106,219	420,000	327,775	1,165,000	547,894
2019	340,000	100,600	440,000	85,506	435,000	314,950	1,215,000	501,056
2020	355,000	86,700	460,000	63,006	450,000	301,113	1,265,000	450,819
2021	365,000	72,300	490,000	38,950	465,000	286,244	1,320,000	397,494
2022	380,000	57,400	515,000	13,197	480,000	270,887	1,375,000	341,484
2023	400,000	41,800	-	-	495,000	255,044	895,000	296,844
2024	415,000	25,500	-	-	515,000	234,125	930,000	259,625
2025	430,000	8,600	-	-	540,000	207,750	970,000	216,350
2026	-	-	-	-	570,000	180,000	570,000	180,000
2027	-	-	-	-	600,000	150,750	600,000	150,750
2028	-	-	-	-	630,000	120,000	630,000	120,000
2029	-	-	-	-	660,000	87,750	660,000	87,750
2030	-	-	-	-	695,000	53,875	695,000	53,875
2031	-	-	-	-	730,000	18,250	730,000	18,250
2032	-	-	-	-	-	-	-	-
	<u>\$ 3,915,000</u>	<u>923,300</u>	<u>3,480,000</u>	<u>729,894</u>	<u>8,885,000</u>	<u>3,862,339</u>	<u>16,280,000</u>	<u>5,515,533</u>

CITY OF COLUMBIA, TENNESSEE

Schedule of Debt Service Requirements

Power System

June 30, 2016

Year	2014/15 Broadband		Electric Revenue		Broadband Capital Lease		Total Requirements	
	Telecommunications Revenue & Tax Refunding Bonds - 2014/2015		Bonds - 2008					
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 855,000	147,496	310,000	239,415	38,905	1,990	1,203,905	388,901
2018	865,000	132,193	320,000	226,615	7,090	(254)	1,192,090	358,554
2019	880,000	116,709	660,000	205,495	-	-	1,540,000	322,204
2020	900,000	100,956	690,000	175,019	-	-	1,590,000	275,975
2021	910,000	84,846	725,000	140,938	-	-	1,635,000	225,784
2022	930,000	68,557	765,000	103,688	-	-	1,695,000	172,245
2023	950,000	51,910	805,000	63,934	-	-	1,755,000	115,844
2024	965,000	34,905	845,000	21,653	-	-	1,810,000	56,558
2025	985,000	17,632	-	-	-	-	985,000	17,632
	<u>\$ 8,240,000</u>	<u>755,202</u>	<u>5,120,000</u>	<u>1,176,756</u>	<u>45,995</u>	<u>1,736</u>	<u>13,405,995</u>	<u>1,933,694</u>

CITY OF COLUMBIA, TENNESSEE

Schedule of Federal and State Financial Assistance

For the Fiscal Year Ended June 30, 2016

FEDERAL FINANCIAL ASSISTANCE	GRANTOR AGENCY	FEDERAL CFDA NUMBER	GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	ACCRUED (DEFERRED) REVENUE JULY 1, 2015	RECEIPTS	EXPENDITURES	ACCRUED (DEFERRED) REVENUE JUNE 30, 2016
Bulletproof Vest Grant (2014)	U.S. Department of Justice	16.607	N/A	7,121	4,877	-	2,245	7,122
Bulletproof Vest Grant (2015)	U.S. Department of Justice	16.607	N/A	7,308	-	-	4,033	4,033
Total Program 16.607					4,877	-	6,277	11,154
Federal Equitable Sharing-Asset Forfeiture Program	U.S. Department of Justice	16.922	N/A	-	(43,343)	55,907	32,921	(66,329)
2013 JAG	U.S. Department of Justice	16.738	2013-DJ-BX-1035	22,551	9,769	9,769	-	-
2014 JAG	U.S. Department of Justice	16.738	2014-DX-BX-0222	31,967	12,983	12,983	-	-
2015 JAG	U.S. Department of Justice	16.738	2015-DX-BX-0869	19,114	-	-	5,681	5,681
Total Program 16.738					22,752	22,752	5,681	5,681
Neighborhood Stabilization	U.S. Dept of Housing and Urban Dev **	14.218	NSP1-09-009	519,016	(286,698)	-	-	(286,698)
THDA Home Grant	U.S. Dept of Housing and Urban Dev **	14.239	HM-12-08	500,000	-	-	-	-
Community Livability Grant - CDBG	U.S. Dept of Housing and Urban Dev **	14.228	41112-9075	315,000	6,100	45,333	42,033	2,800
Surface Transp Program	U.S. Department of Transportation *	20.205	PIN 114780	1,716,000	251,205	251,205	-	-
Surface Transp Program-JCB/CP/Highland	U.S. Department of Transportation *	20.205	PIN 114780.01	753,600	-	-	2,301	2,301
Surface Transp Program-West 6th Street	U.S. Department of Transportation *	20.205	PIN 114780.02	363,280	-	-	4,579	4,579
Roadscapes Project	U.S. Department of Transportation *	20.205	PIN 105525.48	73,200	-	-	-	-
Transportation Alternatives Program-West 7th	U.S. Department of Transportation *	20.205	PIN 121512	1,375,304	-	-	100,000	100,000
Riverwalk Project	U.S. Department of Transportation *	20.205	PIN 106529	5,735,680	-	-	106,880	106,880
Total Program 20.205					251,205	251,205	193,792	(226,512)
Total Federal Financial Assistance					\$ (45,107)	\$ 375,197	\$ 193,792	\$ (226,512)

STATE FINANCIAL ASSISTANCE

Arts Build Communities Grant	Tennessee Arts Commission	NA	266785	1,500	368	368	-	-
Arts Program Categorical Services-SPECOP	Tennessee Arts Commission	NA	31625-27942	1,750	-	1,750	1,750	-
Total State Financial Assistance					368	2,118	1,750	-

* Passed through the Tennessee Department of Transportation
 ** Passed through the Tennessee Department of Housing and Urban Development
 Note: Schedule was prepared utilizing the modified accrual basis of accounting.

STATISTICAL SECTION

CITY OF COLUMBIA, TENNESSEE

Statistical Section Divider Page

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

Contents

Financial Trends

These Schedules contain trend information to help readers understand how the City's financial performance and well-being have changed over time. 92 - 96

Revenue Capacity

These Schedules contain information to help readers assess the City's most significant local revenue source-its property tax. 97 - 105

Debt Capacity

These Schedules present information to help readers assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. 106 - 110

Demographic and Economic Information

These Schedules offer demographic and economic indicators to help readers understand the environment within which the City's financial activities take place. 111 - 112

Operating Information

These Schedules contain service and infrastructure data to help readers understand how the information in the City's financial report relates to the services the City provides and the activities it performs. 113 - 115

CITY OF COLUMBIA, TENNESSEE
Financial Trends Information
Net Position by Component, Last Ten Fiscal Years*

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets	\$ 16,002,409	\$ 18,323,003	\$ 16,530,318	\$ 17,894,246	\$ 21,464,385	\$ 28,531,953	\$ 28,887,406	\$ 31,342,867	\$ 32,909,034	\$ 32,818,883
Restricted	1,576,274	1,790,377	1,495,094	1,586,365	5,633,966	4,001,009	3,970,794	3,780,216	3,098,146	3,478,803
Unrestricted	10,833,876	11,938,643	16,569,644	16,003,375	12,385,194	12,984,591	14,573,386	17,586,563	607,418	5,395,431
Total governmental activities net position	\$ 28,412,559	\$ 32,052,023	\$ 34,595,056	\$ 35,483,986	\$ 39,483,545	\$ 45,517,553	\$ 47,431,586	\$ 52,709,646	\$ 36,614,598	\$ 41,693,117
Business-type activities										
Net investment in capital assets	\$ 109,778,561	\$ 115,238,981	\$ 119,692,674	\$ 121,042,823	\$ 123,531,699	\$ 111,012,498	\$ 128,702,481	\$ 130,443,503	\$ 129,324,547	\$ 132,591,349
Restricted	2,628,274	2,719,341	3,475,093	3,547,434	3,566,630	12,638,267	3,467,721	3,498,826	3,600,713	3,678,813
Unrestricted	19,914,347	21,291,911	22,788,354	26,178,549	26,912,892	35,568,638	32,516,920	35,942,912	39,104,761	40,923,833
Total business-type activities net position	\$ 132,321,182	\$ 139,250,233	\$ 145,956,121	\$ 150,768,806	\$ 154,011,221	\$ 159,219,403	\$ 164,687,122	\$ 169,885,241	\$ 172,030,021	\$ 177,193,995
Primary government										
Net investment in capital assets	\$ 125,780,970	\$ 133,561,984	\$ 136,222,992	\$ 138,937,069	\$ 144,996,084	\$ 139,544,451	\$ 157,589,887	\$ 161,786,370	\$ 162,233,581	\$ 165,410,232
Restricted	4,204,548	4,509,718	4,970,187	5,133,799	9,200,596	16,639,276	7,438,515	7,279,042	6,698,859	7,157,616
Unrestricted	30,748,223	33,230,554	39,357,998	42,181,924	39,298,086	48,553,229	47,090,306	53,529,475	39,712,179	46,319,264
Total primary government net position	\$ 160,733,741	\$ 171,302,256	\$ 180,551,177	\$ 186,252,792	\$ 193,494,766	\$ 204,736,956	\$ 212,118,708	\$ 222,594,887	\$ 208,644,619	\$ 218,887,112

CITY OF COLUMBIA, TENNESSEE
Financial Trends Information

Changes in Net Position, Last Ten Fiscal Years*

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
Revenues:										
Charges for services:	\$ 2,966,164	\$ 3,019,712	\$ 2,927,775	\$ 3,019,497	\$ 3,111,566	\$ 2,975,125	\$ 3,052,861	\$ 3,026,748	\$ 3,072,873	\$ 3,199,487
Sanitation	683,492	658,191	639,802	648,385	646,698	461,103	431,494	435,329	471,324	398,131
Police	462,772	477,665	393,364	291,261	266,245	313,884	286,361	622,329	642,148	641,081
Other	1,067,186	1,004,685	1,044,625	1,290,655	1,451,837	1,224,269	1,416,667	1,556,547	1,293,895	1,098,479
Operating grants and contributions	997,124	1,064,713	549,789	702,118	2,299,082	5,164,518	1,289,395	2,602,381	2,137,572	184,350
Capital grants and contributions										
General Revenues:	6,845,344	7,742,082	9,999,448	9,990,881	9,789,154	9,937,257	9,776,041	10,960,754	10,945,490	11,081,793
Property taxes	9,929,277	9,966,166	9,236,328	8,988,942	9,092,504	9,380,161	9,699,238	10,173,743	10,946,492	11,958,028
Sales taxes	3,158,342	3,328,467	3,114,006	2,798,038	2,893,875	3,102,404	3,125,478	3,311,692	3,610,074	4,405,484
Other taxes	447,928	954,669	352,355	418,485	292,479	552,729	491,555	256,384	390,010	936,547
Miscellaneous	\$26,557,629	\$28,216,350	\$28,257,492	\$28,148,242	\$29,843,440	\$33,311,450	\$29,569,070	\$32,945,907	\$33,509,878	\$33,903,560
Total governmental activities revenues	\$ 4,330,325	\$ 4,986,137	\$ 5,077,367	\$ 5,146,656	\$ 5,099,743	\$ 5,091,362	\$ 6,058,004	\$ 5,105,778	\$ 4,950,758	\$ 4,912,611
Expenses:										
General government	11,920,305	12,424,791	12,832,827	13,108,031	12,828,030	13,307,070	14,012,528	14,280,134	14,266,192	15,009,895
Public Safety (Police and Fire)	5,274,941	3,520,015	4,275,075	3,361,884	4,333,789	5,156,576	3,253,371	3,399,371	4,126,015	3,573,219
Public Works	2,665,466	2,926,685	2,917,926	2,829,759	2,848,070	2,800,276	3,017,034	3,069,085	3,126,853	3,303,006
Sanitation	1,514,753	1,553,945	1,520,431	1,476,370	1,682,299	-	1,822,334	1,937,519	1,921,320	2,093,393
Parks and recreation	255,577	263,434	291,093	282,250	296,719	321,302	328,877	279,386	276,102	307,309
Development Services*	106,574	119,746	121,540	196,499	410,585	432,719	404,695	385,680	391,387	366,541
Community Support	\$26,067,941	\$25,794,753	\$27,036,259	\$26,401,449	\$27,499,235	\$27,109,305	\$30,007,653	\$29,507,067	\$30,613,666	\$30,760,212
Program Costs	489,688	2,421,597	1,221,233	1,746,793	2,344,205	6,202,145	(438,583)	3,438,840	2,896,212	3,143,348
Interest on long-term debt	1,092,576	1,217,867	1,321,801	1,446,941	1,655,354	1,752,128	1,765,084	1,832,459	1,948,656	1,935,171
Total governmental activities expenses	\$ 1,582,264	\$ 3,639,464	\$ 2,543,034	\$ 3,193,734	\$ 3,999,559	\$ 7,954,273	\$ 1,326,501	\$ 5,271,299	\$ 4,844,868	\$ 5,078,519
Total governmental activities change in net position	\$ 1,384,061	\$ 1,349,253	\$ 4,534,333	\$ 1,952,922	\$ 1,099,184	\$ (2,863,112)	\$ 2,731,503	\$ (2,164,521)	\$ (1,772,095)	\$ (86,038)
Business-type activities: Power, Water & Sewer										
Program revenues:										
Charges for services:	\$53,492,732	\$57,913,093	\$66,454,163	\$64,202,060	\$67,107,440	\$65,474,155	\$66,331,187	\$68,708,684	\$69,400,709	\$69,032,354
Power	6,200,649	6,857,869	7,681,074	8,188,314	8,026,103	8,749,454	9,850,520	10,294,575	10,485,022	10,172,069
Water	7,479,127	7,009,418	6,506,879	6,330,289	6,195,232	8,656,232	9,032,541	9,189,205	8,990,593	9,622,342
Sewer	2,434,395	3,401,902	3,384,395	734,965	644,197	762,086	309,575	345,132	345,695	769,005
Capital grants and contributions	1,529,965	1,094,862	583,045	294,751	203,329	157,572	120,492	95,984	197,852	102,347
Other	\$71,136,868	\$76,277,144	\$84,609,556	\$79,750,379	\$82,176,301	\$83,799,892	\$85,644,315	\$88,633,580	\$89,419,871	\$89,698,117
Total business-type activities program revenues	\$50,520,447	\$55,765,471	\$62,874,528	\$60,344,865	\$63,246,842	\$62,283,356	\$63,430,413	\$65,151,490	\$66,368,295	\$65,247,476
Expenses:	5,657,425	5,997,750	6,512,591	6,564,871	6,909,933	7,146,538	7,513,285	7,689,022	7,786,069	9,031,211
Power	6,440,968	6,367,005	7,194,748	7,004,965	7,121,757	7,409,688	7,467,812	8,471,305	8,632,740	8,320,285
Water	\$62,618,840	\$68,130,226	\$76,581,867	\$73,914,701	\$77,278,532	\$76,839,582	\$78,411,510	\$81,311,817	\$82,787,104	\$82,598,972
Sewer	8,518,028	8,146,918	8,027,689	5,835,678	4,897,769	6,960,310	7,232,805	7,321,763	6,632,767	7,099,145
Total business activities net expense	(1,092,576)	(1,217,867)	(1,321,801)	(1,446,941)	(1,655,354)	(1,752,128)	(1,765,084)	(1,832,459)	(1,948,656)	(1,935,171)
Total business activities operating transfers	\$ 7,425,452	\$ 6,929,051	\$ 6,705,888	\$ 4,388,737	\$ 3,242,415	\$ 5,208,182	\$ 5,467,721	\$ 5,489,304	\$ 4,684,111	\$ 5,163,974
Total business activities change in net position	\$ 9,007,716	\$ 10,568,515	\$ 9,248,922	\$ 7,582,471	\$ 7,241,974	\$ 13,162,455	\$ 6,794,222	\$ 10,760,603	\$ 9,528,979	\$ 10,242,493
Total change in net position	\$ 10,391,777	\$ 12,917,768	\$ 13,793,255	\$ 9,569,402	\$ 8,333,159	\$ (460,897)	\$ 9,488,025	\$ (1,683,956)	\$ (2,166,885)	\$ (896,647)

* Development Services was newly formed during FY 2012-13 and consolidated departments of Grants & Planning, Engineering & Code Administration

CITY OF COLUMBIA, TENNESSEE
Financial Trends Information
Fund Balances, Governmental Funds, Last Ten Fiscal Years

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund										
Nonspendable*	\$ 250,197	\$ 247,190	\$ 223,052	\$ 212,051	\$ 200,867	\$ 213,867				
Restricted*	83,284	83,284	83,284	83,284	83,284	82,914				
Assigned*	2,217,840	1,422,828	1,930,050	1,155,315	1,636,307	1,186,880				
Unassigned*	19,604,465	17,438,706	15,034,542	13,188,126	11,255,363	9,998,552				
Reserved							\$ 247,332	\$ 190,592	\$ 212,794	\$ 81,440
Unreserved							10,996,560	11,306,820	9,455,357	9,095,012
Total General Fund	<u>\$ 22,155,786</u>	<u>\$ 19,192,008</u>	<u>\$ 17,270,928</u>	<u>\$ 14,638,776</u>	<u>\$ 13,175,821</u>	<u>\$ 11,482,213</u>	<u>\$ 11,243,892</u>	<u>\$ 11,497,412</u>	<u>\$ 9,668,151</u>	<u>\$ 9,176,452</u>
All Other Governmental Funds										
Nonspendable*	\$ 41,585	\$ 15,198	\$ 16,075	\$ 13,076	\$ 12,367	\$ 11,729				
Restricted*	2,823,446	2,441,488	3,127,243	3,334,702	2,758,822	5,551,052				
Committed*	1,955,940	900,455	89,725	99,949	1,111,863	1,367,333				
Reserved							\$ 10,319	\$ 13,188		
Unreserved, reported in:										
Special revenue funds							2,632,965	2,413,763	\$ 2,490,575	\$ 2,562,628
Capital projects fund							3,082,240	3,456,433	1,253,219	1,024,843
Debt service fund							450,580	526,257	561,873	36,605
Total all other governmental funds	<u>\$ 4,820,971</u>	<u>\$ 3,357,141</u>	<u>\$ 3,233,043</u>	<u>\$ 3,447,727</u>	<u>\$ 3,883,052</u>	<u>\$ 6,930,114</u>	<u>\$ 6,176,104</u>	<u>\$ 6,409,641</u>	<u>\$ 4,305,667</u>	<u>\$ 3,624,076</u>

* Fund balance categories were classified for FY 2010-11 in accordance with GASB Statement No. 54

CITY OF COLUMBIA, TENNESSEE
Financial Trends Information
Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues:										
Taxes	\$ 16,786,936	\$ 17,754,328	\$ 19,422,391	\$ 18,835,615	\$ 18,876,861	\$ 19,496,729	\$ 19,788,849	\$ 21,252,380	\$ 21,993,026	\$ 23,813,515
Licenses and permits	435,127	450,680	370,546	265,686	241,646	288,182	228,144	307,459	318,425	621,717
Fines and forfeitures	683,492	611,997	614,549	635,872	579,422	393,953	384,976	403,800	403,575	342,812
Intergovernmental revenues	4,301,869	4,641,210	4,058,936	4,128,552	5,979,367	8,152,663	5,732,333	6,179,248	6,767,528	4,972,474
Charges for services	2,995,268	3,064,195	2,977,248	3,036,867	3,054,642	3,037,021	3,107,876	3,345,627	3,384,995	3,542,605
Interest	437,591	463,280	194,239	137,743	117,228	106,968	74,573	76,814	85,607	100,266
Other	321,135	325,974	328,863	438,402	487,941	374,534	644,775	317,242	359,346	381,938
Total Revenues	25,961,418	27,311,664	27,966,772	27,478,737	29,337,107	31,850,050	29,961,526	31,882,570	33,312,502	33,775,327
Other financing sources:										
Bond/loan proceeds, local government contributions and net operating transfers in	5,140,887	2,724,188	5,477,784	14,023,104	6,044,105	3,139,805	3,060,888	3,017,863	5,160,224	7,496,890
Total other financing sources	5,140,887	2,724,188	5,477,784	14,023,104	6,044,105	3,139,805	3,060,888	3,017,863	5,160,224	7,496,890
Total Revenues and Other financing sources	31,102,305	30,035,852	33,444,556	41,501,841	35,381,212	34,989,855	33,022,414	34,900,433	38,472,726	41,272,217
Expenditures:										
Current										
General government	\$ 4,181,479	\$ 4,856,855	\$ 4,689,113	\$ 4,875,613	\$ 4,958,414	\$ 5,323,864	\$ 4,625,245	\$ 4,634,131	\$ 4,881,980	\$ 4,793,680
Public works	5,767,726	6,196,098	6,440,589	5,974,456	6,060,204	6,950,954	5,723,053	5,927,370	6,813,430	6,258,925
Development Services*	-	-	-	-	-	-	1,139,255	1,085,107	1,083,598	1,216,022
Public safety	11,350,774	11,821,934	12,235,370	12,538,868	12,241,100	12,853,445	13,727,529	14,114,370	14,618,819	14,704,229
Parks and recreation	1,374,854	1,393,057	1,370,344	1,346,057	1,470,703	1,665,371	1,629,482	1,731,306	1,741,159	1,790,542
Community support/other	278,976	317,157	386,724	408,818	299,810	321,552	1,145,997	279,886	276,352	307,559
Capital outlay	3,574,819	2,574,153	1,843,536	8,689,405	5,793,722	6,619,281	1,500,756	2,326,574	4,469,594	2,287,751
Debt service										
Interest	113,024	99,675	116,417	175,639	391,396	435,416	410,868	386,788	390,732	370,157
Principal	959,842	772,657	705,131	586,311	673,272	785,749	796,796	812,029	840,317	1,043,836
Total Expenditures	27,601,494	28,031,586	27,787,224	34,595,167	31,888,621	34,955,632	30,698,981	31,297,561	35,115,981	32,772,701

* Development Services was newly formed during FY 2012-13 and consolidated departments of Grants & Planning, Engineering & Code Administration

CITY OF COLUMBIA, TENNESSEE

Financial Trend Information
Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years (continued)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Other financing uses:										
Net transfers out	1,401,807	1,389,199	1,724,097	5,117,929	2,500,261	1,387,677	1,295,804	1,185,404	1,311,568	4,071,907
Total other financing uses	1,401,807	1,389,199	1,724,097	5,117,929	2,500,261	1,387,677	1,295,804	1,185,404	1,311,568	4,071,907
Total Expenditures and Other financing uses	29,003,301	29,420,785	29,511,321	39,713,096	34,388,882	36,343,309	31,994,785	32,482,965	36,427,549	36,844,608
Net change in fund balances	\$ 2,099,004	\$ 615,067	\$ 3,933,235	\$ 1,788,745	\$ 992,330	\$ (1,353,454)	\$ 1,027,629	\$ 2,417,468	\$ 2,045,177	\$ 4,427,609
Debt services as a percentage of non-capital expenditures	4.47%	3.43%	3.17%	2.94%	4.08%	4.31%	4.14%	4.14%	4.02%	4.64%

CITY OF COLUMBIA, TENNESSEE
Revenue Capacity Information
Assessed Value and Estimated Actual Value of Taxable Property, Last Ten Years

Fiscal Year	Estimated Actual Value			Assessed Value*	Taxable		Total Direct Rate***
	Real Property	Personal Property	Total		Assessed Value as a Percentage of Actual Taxable Value	Rate***	
2007	** 1,792,041,200	224,601,660	2,016,642,860	621,884,257	30.84 %	0.99	
2008	1,848,515,700	247,234,180	2,095,749,880	647,228,298	30.88 %	1.08	
2009	1,898,354,500	267,925,753	2,166,280,253	667,722,663	30.82 %	1.38	
2010	1,926,195,700	257,762,152	2,183,957,852	671,653,368	30.75 %	1.38	
2011	** 2,000,562,600	246,101,449	2,246,664,049	695,446,952	30.95 %	1.31	
2012	2,005,200,600	261,860,874	2,267,061,474	703,465,079	31.03 %	1.31	
2013	2,015,025,200	234,735,371	2,249,760,571	695,103,805	30.90 %	1.31	
2014	2,293,376,980	272,880,280	2,566,257,260	710,987,445	27.71 %	1.44	
2015	** 2,008,179,900	270,076,101	2,278,256,001	705,435,248	30.96 %	1.44	
2016	2,029,379,200	299,988,509	2,329,367,709	722,059,087	31.00 %	1.44	

* Assessed value information does not include public utility assessments. Totals for exemptions are not available.

** Maury County property reappraisal became effective in the 2006-07, 2010-11 and 2014-15 fiscal years.

*** Per \$1,000 of assessed value

CITY OF COLUMBIA, TENNESSEE
Revenue Capacity Information
Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years

Fiscal Year	Direct Rate City **	Overlapping Rate*** Maury County**	Combined Totals
2007 *	0.99	2.50	3.49
2008	1.08	2.50	3.58
2009	1.38	2.50	3.88
2010	1.38	2.65	4.03
2011 *	1.31	2.597	3.907
2012	1.31	2.597	3.907
2013	1.31	2.597	3.907
2014	1.44	2.597	4.037
2015 *	1.44	2.62	4.06
2016	1.44	2.62	4.06

* Property reappraisals became effective in the 2006-07, 2010-11 and 2014-15 fiscal years. Accordingly, a new tax rate was determined and certified by the State Board of Equalization. The tax rate adopted by the City exceeded the certified rate in 2006-07 by .13. In 2010-11, the rate was reduced by .07, and in 2014-15, the reappraisal rate was 1.4673 but was reduced by Council below the certified rate by .0273.

** Per \$100 of assessed valuation

***Overlapping rates are those of Maury County government that apply to property owners within the City of Columbia.

CITY OF COLUMBIA, TENNESSEE
Revenue Capacity Information
Property Tax Levies and Collections, Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 6,328,030	\$ 6,073,926	95.98 %	249,889	\$ 6,323,815	99.93 %
2008	\$ 7,180,390	\$ 6,820,770	94.99 %	353,996	\$ 7,174,766	99.92 %
2009	\$ 9,448,868	\$ 8,977,665	95.01 %	459,583	\$ 9,437,248	99.88 %
2010	\$ 9,494,977	\$ 8,862,861	93.34 %	619,310	\$ 9,482,171	99.87 %
2011	\$ 9,362,916	\$ 8,678,894	92.69 %	666,255	\$ 9,345,149	99.81 %
2012	\$ 9,458,740	\$ 8,784,361	92.87 %	662,505	\$ 9,446,866	99.87 %
2013	\$ 9,348,680	\$ 8,877,273	94.96 %	464,204	\$ 9,341,477	99.92 %
2014	\$ 10,513,084	\$ 9,980,984	94.94 %	515,187	\$ 10,496,171	99.84 %
2015	\$ 10,466,717	\$ 9,977,660	95.33 %	362,437	\$ 10,340,097	98.79 %
2016	\$ 10,735,192	\$ 10,322,672	96.16 %	-	\$ 10,322,672	96.16 %

Note: Taxes are levied each November 1 on the assessed value as of the prior January 1. Taxes are due in one payment on November 1 and are delinquent on December 16 each tax year.

CITY OF COLUMBIA, TENNESSEE
Revenue Capacity Information
Local Sales Tax Revenue by Industry, Principal Employers, Fiscal Years 2007 and 2016

Sector	Fiscal Year 2007			Fiscal Year 2016			
	Number of Filers	Percentage of Total	Tax Liability	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
1 Retail Trade	720	63.16%	\$11,080,151	603	59.82%	\$12,312,648	79.24%
2 Services	245	21.49%	\$1,172,848	225	22.32%	\$1,412,124	9.09%
3 Manufacturing	64	5.61%	\$447,881	56	5.56%	\$692,313	4.46%
4 Wholesale Trade	60	5.26%	\$373,645	47	4.66%	\$731,854	4.71%
5 Construction	11	0.96%	\$20,413	13	1.29%	\$27,122	0.17%
6 Finance Insurance Real Estate	10	0.88%	\$4,878	13	1.29%	\$6,739	0.04%
7 Transportation and Utilities	8	0.70%	\$143,794	10	0.99%	\$155,156	1.00%
8 Agriculture	4	0.35%	\$25,712	6	0.60%	\$7,209	0.05%
Other, Non Classified	18	1.58%	\$25,320	35	3.47%	\$193,249	1.24%
Total	1,140	100.00%	\$13,294,642	1,008	100.00%	\$15,538,414	100.00%

Source: Tennessee Department of Revenue, Research Division.

Notes:

1. Figures subject to revision due to amended taxpayer returns.
2. Figures represent local sales tax collected by taxpayers during the period; not disbursements from the Department of Revenue. Thus, amounts presented above do not match to amounts reflected within the financial report.
3. Changes in local telecommunications sourcing rules in 2003 reduced the number of taxpayers reporting in Transportation and Utilities.
4. Does not include Columbia 's share of county clerk or out-of-state taxpayer amounts.

CITY OF COLUMBIA, TENNESSEE
Revenue Capacity Information
Taxable Sales by Category, Last Ten Calendar Years

Category	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1 Apparel Stores	\$13,853,112	\$13,091,395	\$11,582,949	\$9,481,658	\$8,830,959	\$9,030,905	\$9,022,636	\$9,641,247	\$15,200,271	\$15,458,322
2 General Merchandise Stores	\$124,330,814	\$127,058,120	\$122,924,685	\$115,745,275	\$111,282,746	\$111,907,020	\$113,416,794	\$111,607,346	\$108,897,056	\$112,166,050
3 Food Stores	\$70,750,252	\$73,190,385	\$75,100,820	\$72,685,856	\$72,039,546	\$75,218,930	\$82,668,430	\$88,400,843	\$91,615,035	\$97,131,245
4 Eating and Drinking Places	\$72,735,915	\$79,205,310	\$76,307,824	\$69,748,154	\$68,850,544	\$71,908,961	\$75,123,928	\$76,545,372	\$80,698,112	\$87,131,189
5 Furniture Stores	\$24,544,691	\$25,856,983	\$25,173,791	\$20,130,483	\$17,715,730	\$17,587,609	\$17,150,377	\$17,533,343	\$13,552,554	\$14,196,985
6 Building Materials	\$62,939,099	\$59,722,643	\$51,488,323	\$43,188,678	\$42,201,430	\$40,881,322	\$43,429,117	\$46,049,173	\$51,930,626	\$59,236,352
7 MV Dealers and Service Stations	\$55,580,595	\$61,779,591	\$60,515,932	\$58,224,536	\$59,696,243	\$59,796,934	\$63,191,945	\$66,897,295	\$70,077,597	\$76,237,749
8 Other Retail	\$55,343,049	\$53,051,810	\$51,734,777	\$49,424,664	\$48,874,375	\$52,964,188	\$54,795,726	\$57,405,838	\$58,937,401	\$64,482,389
9 All Other Outlets	\$99,705,830	\$96,768,103	\$94,039,141	\$89,004,992	\$93,723,453	\$94,371,023	\$96,569,822	\$98,414,318	\$126,036,249	\$136,175,085
Total	\$579,783,357	\$589,724,340	\$568,868,242	\$527,634,296	\$523,215,026	\$533,666,892	\$555,368,775	\$572,494,775	\$616,944,901	\$662,215,366

Source: Tennessee Department of Revenue, Research Division.

Notes:

1. Figures subject to revision due to amended taxpayer returns.

CITY OF COLUMBIA, TENNESSEE
Revenue Capacity Information
Direct and Overlapping Sales Tax Rates, Last Ten Fiscal Years

<u>Fiscal</u> <u>Year</u>	<u>City</u> <u>Direct Rate*</u>
2007	2.25%
2008	2.25%
2009	2.25%
2010	2.25%
2011	2.25%
2012	2.25%
2013	2.25%
2014	2.25%
2015	2.25%
2016	2.25%

* Maury County retains half of the 2.25% City sales tax as funding for the school system.

CITY OF COLUMBIA, TENNESSEE
Revenue Capacity Information
Schedule of Electric Rates (Unaudited), Last 10 Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008****	2007****
COLUMBIA POWER SYSTEM										
RESIDENTIAL RATE										
Customer charge per month	\$ 14.61	\$ 12.76	\$ 12.76	\$ 12.76	\$ 12.76	\$ 12.76	\$ 9.65	\$ 9.65	\$ 9.65	\$ 9.41
Energy charge per kWh per month	0.073	0.07022	0.06837	0.0668	0.06481	0.06309	0.08238	0.07642	0.07423	0.06816
GENERAL POWER RATE****										
Customer charge per month	\$ 20.42	\$ 18.65	\$ 18.65	\$ 18.65	\$ 18.65	\$ 18.65	\$ 18.65	\$ 18.65	\$ 18.65	\$ 18.18
Energy charge per kWh per month	0.0835	0.08237	0.080895	0.07927	0.07731	0.07546	0.09451	0.08774	0.08526	0.07835
2. From 51 kW to 1,000 kW and/or more than 15,000 kWh	\$ 65.76	\$ 34.19	\$ 34.19	\$ 34.19	\$ 34.19	\$ 34.19	\$ 34.19	\$ 34.19	\$ 34.19	\$ 33.32
Demand charge:										
First 50 kW per month	\$ 13.30	\$ 13.30	\$ 13.02	\$ 12.76	\$ 12.76	\$ 12.46	\$ 14.05	\$ 13.13	\$ 12.79	\$ 11.83
Next 950 kW per month*										
Energy charge:										
First 15,000 kWh per month	0.08765	0.08577	0.08401	0.08233	0.08037	0.07852	0.09757	0.09080	0.08832	0.08133
Additional kWh per month	0.04171	0.03983	0.03896	0.03812	0.03619	0.03529	0.04946	0.04564	0.04424	0.04044
3. Demand greater than 1,000 kW	\$ 314.22	\$ 130.54	\$ 130.54	\$ 130.54	\$ 130.54	\$ 130.54	\$ 130.54	\$ 130.54	\$ 130.54	\$ 127.23
Customer charge per month										
Demand charge:										
First 1,000 kW per month*	\$ 12.86	\$ 12.84	\$ 12.84	\$ 12.58	\$ 12.58	\$ 12.98	\$ 14.49	\$ 13.51	\$ 13.15	\$ 12.13
Additional kW per month**	\$ 11.57	\$ 11.57	\$ 11.55	\$ 11.29	\$ 11.29	\$ 10.99	\$ 15.35	\$ 14.20	\$ 13.78	\$ 12.62
Energy charge:										
All kWh per month	0.0433	0.04284	0.04279	0.04188	0.03995	0.03897	0.05057	0.04675	0.04535	0.04152
PART B (DEMAND 5,001 - 15,000 kW)**										
Customer charge per month	\$ 1,850.00	\$ 1,850.00	\$ 1,850.00	\$ 1,850.00	\$ 1,850.00	\$ 1,850.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00
Demand charge:										
Per kW per month*	\$ 19.48	\$ 22.70	\$ 22.16	\$ 21.63	\$ 21.63	\$ 21.03	\$ 15.40	\$ 14.21	\$ 13.78	\$ 12.95
Energy charge:										
All kWh per month	0.02949	0.02668	0.02614	0.02549	0.02549	0.02476	0.04132	0.03791	0.03667	0.03427
First 620 kWh per kW per month							0.03372	0.03094	0.02796	0.02796
Additional kWh per month										
PART C (DEMAND 15,001 - 25,000 kW)**										
Customer charge per month	\$ 1,850.00	\$ 1,850.00	\$ 1,850.00	\$ 1,850.00	\$ 1,850.00	\$ 1,850.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00
Demand charge:										
Per kW per month*	\$ 18.87	\$ 22.19	\$ 21.65	\$ 21.12	\$ 21.12	\$ 20.52	\$ 14.89	\$ 13.70	\$ 12.44	\$ 12.44
Energy charge:										
All kWh per month	0.02891	0.02693	0.02627	0.02562	0.02562	0.02488	0.04132	0.03791	0.03427	0.03427
First 620 kWh per kW per month							0.03372	0.03094	0.02796	0.02796
Additional kWh per month										
PART D (DEMAND > 25,001 kW)**										
Customer charge per month	\$ 1,850.00	\$ 1,850.00	\$ 1,850.00	\$ 1,850.00	\$ 1,850.00	\$ 1,850.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00
Demand charge:										
Per kW per month*	\$ 18.86	\$ 25.84	\$ 25.20	\$ 24.58	\$ 24.58	\$ 23.87	\$ 18.24	\$ 16.77	\$ 15.19	\$ 15.19
Energy charge:										
Per kW per month	0.02661	0.01949	0.01902	0.01856	0.01856	0.01803	0.03314	0.03040	0.02747	0.02747
OUTDOOR LIGHTING										
Street, Parks, and Athletic Fields										
Customer charge	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50
Each kWh	0.04818	0.04528	0.04548	0.04274	0.04075	0.03997	0.05926	0.05534	0.05115	0.05115
Plus investment charge										
Security Lighting										
Energy charge:										
All kWh	0.04818	0.04528	0.04348	0.04274	0.04075	0.03997	0.05926	0.05534	0.05115	0.05115

* Establishes minimum bill requirements
 ** Minimum bill or contract demand minimum is applicable, facilities rental and reactive demand charges.
 *** Seasonal customers add \$0.133 (1.33 cents) to first 15,000 kWh and \$4.00 per kW to billed demand charges.
 **** Base rates shown. Rates will adjust quarterly for TVA Fuel Cost Adjustment.
 Note: Electric rates require approval by the Tennessee Valley Authority.

CITY OF COLUMBIA, TENNESSEE
Revenue Capacity Information
Schedule of Primary Power System Revenue by Payor Type (Unaudited), Current Year and 9 Years Ago

COLUMBIA POWER SYSTEM

Customer Type	Fiscal Year 2016		Customer Type	Fiscal Year 2007	
	Gross Revenue	%		Gross Revenue	%
Residential	\$ 31,536,465	51.6%	Residential	\$ 24,112,703	50.1%
Commercial	7,225,340	11.8%	Commercial	5,801,262	12.1%
Industrial	21,345,232	34.9%	Industrial	17,389,405	36.1%
Street and athletic	681,497	1.1%	Street and athletic	462,817	1.0%
Outdoor Lighting	381,890	0.6%	Outdoor Lighting	340,179	0.7%
Total energy sales before bad debt expense	\$ 61,170,424	100.00%	Total energy sales before bad debt expense	\$ 48,106,366	100.00%

CITY OF COLUMBIA, TENNESSEE

Debt Capacity Information

Ratios of Outstanding Debt by Type, Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Percentage of Personal Income ^a	Per Capita ^a
	Population*	Per Capita Income	General Obligation Bonds**	Notes	Revenue Banded				
					Debt***	Debt***			
2007	34,229	30,168	3,103,676	476,683	44,923,569	44,923,569	48,503,928	0.06 %	\$ 1,417.05
2008	34,400	29,797	2,827,208	104,446	42,150,209	42,150,209	45,081,863	0.07 %	\$ 1,310.52
2009	34,572	31,251	4,554,264	71,315	55,731,845	55,731,845	60,357,424	0.05 %	\$ 1,745.85
2010	34,681	30,401	10,877,970	670,331	52,047,125	52,047,125	63,595,426	0.05 %	\$ 1,833.73
2011	34,854	30,414	10,442,174	2,320,550	48,195,909	48,195,909	60,958,633	0.05 %	\$ 1,748.95
2012	34,788	31,704	10,001,378	1,974,799	61,907,619	61,907,619	73,883,796	0.04 %	\$ 2,123.83
2013	35,000	32,688	9,560,582	1,618,005	56,082,697	56,082,697	67,261,284	0.05 %	\$ 1,921.75
2014	35,550	33,464	9,114,786	1,251,074	53,581,185	53,581,185	63,947,045	0.05 %	\$ 1,798.79
2015	36,430	33,464	8,658,990	2,765,757	50,461,504	50,461,504	61,886,251	0.05 %	\$ 1,698.77
2016	37,249	36,646	8,323,928	3,142,893	47,354,169	47,354,169	58,820,990	0.06 %	\$ 1,579.13

* Based on 2000 and 2010 Censuses and estimated annual growth

** Presented net of original issuance discounts and premiums

*** Includes Revenue and Revenue & Tax Bonds, net of original issuance discounts and premiums and loss on refunding

^a See Schedule 19 for personal income and population data. These ratios are calculated using personal income data from the prior calendar year and estimated population at June 30th fiscal year end.

CITY OF COLUMBIA, TENNESSEE
Debt Capacity Information
Ratio of General Bonded Debt Outstanding, Last Ten Fiscal Years

Fiscal Year	Population*	Actual Value of Taxable Property**	General Bonded Debt ***	Percent of		Net Bonded Debt Per Capita
				General Obligation Debt to Actual Value	General Obligation Debt to Actual Value	
2007	34,228	2,016,642,860	3,580,351	0.18 %		104.60
2008	34,399	2,095,749,880	2,931,654	0.14 %		85.22
2009	34,571	2,166,280,253	4,625,579	0.21 %		133.80
2010	34,681	2,183,957,852	11,548,301	0.53 %		332.99
2011	34,854	2,246,664,049	12,762,724	0.57 %		366.17
2012	34,788	2,267,061,474	11,976,177	0.53 %		344.26
2013	35,000	2,249,760,571	11,178,587	0.50 %		319.39
2014	35,550	2,566,257,260	10,365,860	0.40 %		291.59
2015	36,430	2,278,256,001	11,424,747	0.50 %		313.61
2016	37,249	2,329,367,709	11,466,821	0.49 %		307.84

* Based on City Planning Department estimate. 2010 based upon 2010 Census.

** Property value information does not include public utility assessments.

*** General bonded debt, net of original issuance discounts and premiums

CITY OF COLUMBIA, TENNESSEE
Debt Capacity Information
Direct and Overlapping Governmental Activities Debt

Jurisdiction	Net Bonded Debt Outstanding *	Percentage Applicable to City	Estimated Share of Overlapping Debt
Direct:			
City of Columbia	\$11,432,892	100.00%	\$11,432,892
Overlapping:			
Maury County	<u>91,633,731</u>	42.34% **	<u>38,800,630</u>
Total	<u>\$ 103,066,623</u>		<u>\$ 50,233,522</u>

* Excluding general obligation bonds financed by special assessments and proprietary funds.

**Based upon appraised value of property in 2015 in:

County	\$1,749,250,420
City	\$ 740,688,148

CITY OF COLUMBIA, TENNESSEE

Debt Capacity Information

Legal Debt Margin Information, Last Ten Fiscal Years

Fiscal Year	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Assessed value	\$ 621,884,257	\$ 647,228,298	\$ 667,722,663	\$ 671,653,368	\$ 695,446,952	\$ 703,465,079	\$ 695,103,805	\$ 710,987,445	\$ 705,435,248	\$ 722,059,087
General obligation bonds	3,580,769	2,931,654	4,658,409	11,530,331	12,745,550	11,959,799	11,163,005	10,351,074	11,410,757	11,432,893
Debt as a percent of assessed value	0.58%	0.45%	0.70%	1.72%	1.83%	1.70%	1.61%	1.46%	1.62%	1.58%

Note: The City has no legal debt limit

CITY OF COLUMBIA, TENNESSEE
Debt Capacity Information
Pledged-Revenue Coverage, Last Ten Fiscal Years

SEWER SYSTEM

Fiscal Year	Gross Revenues*	Operating Expense**	Available for Debt Service	Debt Service Requirements			Times Coverage
				Principal	Interest	Total	
2007	8,306,302	4,060,081	4,246,221	1,593,794	729,346	2,323,140	1.83
2008	7,596,817	4,114,108	3,482,709	1,279,000	665,381	1,944,381	1.79
2009	6,740,732	4,529,195	2,211,537	1,338,000	674,457	2,012,457	1.10
2010	6,420,146	4,365,429	2,054,717	1,613,000	683,103	2,296,103	0.89
2011	6,264,193	4,582,987	1,681,206	1,675,000	638,130	2,313,130	0.73
2012	8,729,748	4,590,079	4,139,669	1,745,000	809,230	2,554,230	1.62
2013	9,093,908	4,601,797	4,492,111	2,082,000	831,823	2,913,823	1.54
2014	9,240,288	4,937,434	4,302,854	1,175,000	759,705	1,934,705	2.22
2015	9,150,036	5,576,707	3,573,329	1,215,000	722,978	1,937,978	1.84
2016	9,677,872	5,411,267	4,266,605	1,250,000	544,838	1,794,838	2.38

* Includes nonoperating revenues, excludes capital contributions

**Net of depreciation and amortization

POWER SYSTEM

Fiscal Year	Gross Revenues*	Operating Expense**	Available for Debt Service	Debt Service Requirements			Times Coverage
				Principal	Interest	Total	
2007	53,892,077	46,654,153	7,237,924	580,000	800,388	1,380,388	5.24
2008***	61,859,262	54,589,486	7,269,776	795,000	780,784	1,575,784	4.61
2009***	66,490,788	58,473,747	8,017,041	1,025,000	753,526	1,778,526	4.51
2010	64,334,844	56,125,014	8,209,830	1,070,000	1,017,307	2,087,307	3.93
2011	67,469,514	59,195,879	8,273,635	1,105,000	977,769	2,082,769	3.97
2012	65,536,546	57,760,097	7,776,449	1,095,000	935,050	2,030,050	3.83
2013	66,362,113 #	58,918,258	7,443,855	1,135,000	890,660	2,025,660	3.67
2014	68,732,856 #	60,631,566	8,101,290	940,000	771,953	1,711,953	4.73
2015	69,420,558 #	61,787,608	7,632,950	970,000	736,646	1,706,646	4.47
2016	69,058,081 #	60,781,902	8,276,179	1,140,000	414,147	1,554,147	5.33

* Includes interest income. FY 2004-10 is net of bad debt expense.

** Net of depreciation and amortization

***Gross revenues and operating expenses were restated for fiscal years 2008 and 2009

WATER SYSTEM

Fiscal Year	Gross Revenues*	Operating Expense**	Available for Debt Service	Debt Service Requirements			Times Coverage
				Principal	Interest	Total	
2007	6,504,094	4,098,176	2,405,918	725,000	291,625	1,016,625	2.37
2008	7,106,250	4,295,664	2,810,586	775,000	488,325	1,263,325	2.22
2009	7,820,525	4,696,962	3,123,563	1,010,000	444,750	1,454,750	2.15
2010	8,260,424	4,554,383	3,706,041	1,070,000	598,318	1,668,318	2.22
2011	8,079,453	4,809,060	3,270,393	1,130,000	542,287	1,672,287	1.96
2012	8,781,564	4,846,308	3,935,256	1,185,000	484,456	1,669,456	2.36
2013	9,879,539	5,127,695	4,751,844	1,245,000	870,191	2,115,191	2.25
2014	10,315,304	5,184,543	5,130,761	950,000	768,638	1,718,638	2.99
2015	10,503,582	5,211,028	5,292,554	975,000	737,488	1,712,488	3.09
2016	10,193,159	6,125,116	4,068,043	1,010,000	705,288	1,715,288	2.37

***Gross revenues and operating expenses were restated for fiscal years 2008 and 2009

**Net of depreciation and amortization

CITY OF COLUMBIA, TENNESSEE
Demographic and Economic Information
Demographic and Economic Statistics, Last Ten Years

<u>Fiscal</u> <u>Year</u>	<u>Population</u> ^A	<u>Personal</u> <u>Income</u> ^B	<u>Per</u>	
			<u>Capita</u> <u>Income</u> ^C	<u>Unemployment</u> <u>Rate</u> ^D
2006	34,058	993,608	29,174	5.40%
2007	34,228	1,032,590	30,168	8.60%
2008	34,399	1,024,987	29,797	7.80%
2009	34,571	1,080,378	31,251	17.30%
2010	34,681	1,054,337	30,401	14.00%
2011	34,854	1,060,050	30,414	12.70%
2012	34,788	1,102,919	31,704	8.90%
2013	35,000	1,144,080	32,688	9.20%
2014	35,500	1,187,972	33,464	7.60%
2015	36,430	1,219,094	33,464	5.10%
2016	37,249	1,365,027	36,646	4.20%

Sources:

- A Based on 2000 and 2010 Censuses and estimated annual growth
- B Computed using population multiplied by per capita income (shown in thousands)
- C Source - U.S. Department of Commerce - Bureau of Economic Analysis (as of end of previous calendar year), rate reflected is for Maury County (2014 is most recent rate available).
- D Source - Tennessee Department of Employment Security. Represents Maury County as a whole.

CITY OF COLUMBIA, TENNESSEE
Demographic and Economic Information
Principal Employers, Current Year and Nine Years Ago

<u>Employer</u>	<u>2016</u>			<u>2007</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Maury Regional Hospital	2,686	1	16.59%	2,100	1	14.91%
Maury County School System	1,430	2	8.83%	1,609	2	11.43%
Tennessee Farm Bureau & Affiliates	760	3	4.69%	700	3	4.97%
Maury County Government	480	4	2.97%	441	5	3.13%
City of Columbia	363	5	2.24%	356	6	2.53%
Columbia State Community College	250	6	1.54%	250	8	1.78%
Wal Mart	236	7	1.46%	466	4	
NHC Healthcare	234	8	1.45%			
Kings Daughter's School	185	9	1.14%	165	9	1.17%
First Farmers & Merchants Natl Bank	184	10	1.14%	305	7	2.17%
Cracker Barrel				124	10	0.88%
Total	6808		42.06%	6516		46.28%
	Total Employment *			Total Employment **		
	16,188			14,080		

Source: Number of employees provided by Maury County Economic Development, total employment numbers from U.S. Department of Labor, Bureau of Labor Statistics

* number employed within City of Columbia as of June 30, 2016

**number employed within City of Columbia as of June 30, 2007

CITY OF COLUMBIA, TENNESSEE
Operating Information
Full-time-Equivalent City Government Employees by Function/Program, Last Ten Fiscal Years

Function/Program	Full-time-Equivalent Employees as of June 30									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General government										
City Manager	3	3	3	3	3	4	4	3	3	3
Management Information Systems	4	4	4	4	4	4	4	4	4	4
Emergency Management	1	1	1	1	1	1	1	1	1	1
Finance	4	4	4	4	4	4	4	4	4	4
City Recorder	8	8	8	8	8	9	9	9	9	9
Personnel	3	3	3	3	3	3	3	3	3	3
Planning	0	0	0	0	0	4	4	4	5	5
Police										
Sworn Officers	88	88	88	88	88	88	88	84	84	84
Civilians	12	12	12	12	12	12	12	12	12	11
Fire										
Firefighters and officers	86	86	86	86	86	86	86	86	86	86
Non-Suppression personnel	5	5	5	5	5	5	5	5	5	5
Sanitation	30	30	30	30	30	30	30	30	30	30
Public works										
Engineering	0	0	0	0	6	6	6	6	12	12
Code Administration	0	0	0	0	7	7	7	7	0	0
Development Services*	16	16	16	16	0	0	0	0	0	0
Public Works-Streets	44	44	44	44	44	44	44	44	43	43
Parks and recreation	21	23	23	23	23	22	22	22	22	22
Wastewater	48	51	51	51	51	51	51	54	54	55
Total	373	378	378	378	379	380	380	378	377	377

Source: City of Columbia Personnel Department (authorized positions)

* The Development Services department was formed during FY 2012-13 and consolidated Grants & Planning, Engineering and Code Administration activities.

City of Columbia, Tennessee
 Operating Information
 Operating Indicators by Function/Program, Last Ten Fiscal Years

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Police										
Calls for service (including traffic stops)	46,534	48,419	49,878	53,629	50,241	46,359	46,812	47,627	43,252	44,714
Custodial arrests	2,525	1,557	3,054	3,520	3,155	3,173	2,852	3,237	2,865	2,607
Traffic violations	6,651	7,017	6,841	6,958	5,014	3,601	3,390	3,601	2,234	1,892
Fire Department										
Emergency responses	2,445	2,877	2,903	2,855	3,193	3,579	3,856	4,095	4,104	4,266
Fires extinguished	224	132	200	153	169	162	163	135	144	114
Inspections	991	1,643	1,927	2,347	2,003	2,427	2,178	1,420	1,201	2,310
Sanitation										
Refuse collected (tons per day)	80	79	75	76	79	80	85	78	76	85
Other Public Works										
Streets resurfacing (miles)	<1	<1	5	<1	<1	8.8	<1	<1	11.8	<1
Sidewalks replaced/constructed (blocks)	7	9	5	2	2	0	2	3	4	6
Parks & Recreation										
Athletic permits issued	9	12	9	9	14	14	15	14	14	14
Community center /ball field admissions	*	104,368	63,011	70,042	80,042	85,237	87,237	90,237	98,224	103,926
Facility rentals	209	348	470	469	1,264	1,232	1,450	1,154	1,157	3,361
Sewage										
Average daily sewage treatment (thousands of gallons)	3,575	3,646	4,456	4,828	4,433	4,002	5,268	5,890	6,408	5,229

Sources: Various city departments

* Information not available from department

City of Columbia, Tennessee
Operating Information
Capital Assets Statistics by Function Program, Last Ten Fiscal Years

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Police										
Stations	2	2	2	2	2	2	2	2	2	2
Substations	4	4	4	3	3	3	3	3	2	2
Fire Stations	5	5	5	5	5	5	5	5	5	5
Transfer station	0	0	0	0	0	0	0	0	0	0
Other Public Works										
Streets (miles)	200	200	200	200	200	200	200	200	210	212
Street lights	5,787	5,831	5,831	5,833	5,833	5,841	5,843	5,846	5,850	5,850
Traffic signals (signalized intersections)	44	43	43	43	43	43	43	44	45	45
Parks & Recreation										
Acreage	326	326	326	326	326	326	326	326	326	326
Playgrounds	8	9	9	9	9	9	9	9	9	9
Baseball/softball diamonds	14	14	14	19	19	15	15	16	16	16
Soccer/football fields	24	24	24	26	26	26	26	26	26	26
Community centers	4	4	4	4	4	4	4	4	4	4
Sewage										
Sanitary sewers (miles)	260	263	268	269	269	304	304	304	304	307
Storm sewers (miles)										
Treatment capacity (thousands of gallons)	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000

Sources: Various city departments

* Information not available from department

OTHER REPORTS SECTION

YEARY, HOWELL & ASSOCIATES

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

Honorable Mayor and City Council
City of Columbia, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Columbia, Tennessee, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 23, 2016. Other auditors audited the financial statements of the Power System and Water System Funds, as described in our report on the City Columbia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors

Internal Control Over Financial Reporting

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

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

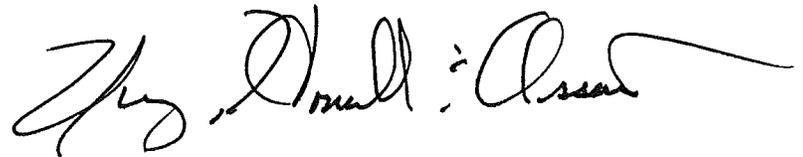
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink, appearing to read "J. J. O'Connell". The signature is written in a cursive style with a long horizontal flourish extending to the right.

September 23, 2016

City of Columbia, Tennessee
Schedule of Findings and Questioned Costs
June 30, 2016

Current Year Findings and Questioned Costs
None reported.

Prior Year Findings and Questioned Costs
None reported.