

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED JUNE 30, 2012**

**JENNIFER T. CUNNINGHAM**  
City Administrator

**Prepared by:**  
**FINANCE DEPARTMENT**



**CITY OF WEST COLUMBIA, SOUTH CAROLINA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
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JENNIFER T. CUNNINGHAM  
City Administrator  
MYRON F. CORLEY  
Deputy City Administrator  
MARTA M. VALENTINO, CMC  
City Clerk  
RICHARD K. HODGE, CPA  
City Treasurer  
BRIAN E. CARTER, AICP  
Director of Planning & Zoning  
DONNA M. SMITH  
Director of Economic Development  
SIDNEY F. VARN, JR., P.E.  
Director of Planning & Engineering



# City of West Columbia

*Bridging Past, Present and Future*

JOSEPH W. "JOE" OWENS  
Mayor  
BOYD J. JONES  
Mayor Pro-Tem  
ABBOTT L. "ABBY" BRAY, JR.  
ERIC L. FOWLER  
CASEY JORDAN HALLMAN  
L. DALE HARLEY  
TOMMY G. PARLER  
B.J. UNTHANK  
TEDDY WINGARD  
Council Members

January 29, 2013

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

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of West Columbia, South Carolina, for the fiscal year ended June 30, 2012. The report contains a comprehensive analysis of the City's financial position and activities for the period.

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

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.

The City of West Columbia's financial statements were audited by Brittingham, Brown, Prince and Hancock, CPAs, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of West Columbia for the fiscal year ended June 30, 2012, are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of West Columbia's financial statements for the fiscal year ended June 30, 2012, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The City received and expended more than \$500,000 in federal financial assistance and therefore was required to have a single audit in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Information related to this single audit includes the schedules of expenditures of federal awards, findings and recommendations. The auditor's report on the internal control structure and text of its compliance with certain provisions of laws, regulations, contracts and grants also is included in the governmental auditing standards section of this report.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and governmental auditing standards. The introductory section includes this transmittal letter, the government's organizational chart and a list of principal officials. The financial section includes the general-purpose financial statements, the combining and individual fund financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The governmental auditing standards section includes the auditor's reports on the internal control structure and compliance with applicable laws and regulations.

This report includes all funds of the City of West Columbia. The City provides a full range of services, which include police and fire protection; sanitation services; the maintenance of highways, streets and infrastructure; recreational activities; planning and zoning, in addition to general government activities. The City owns and operates a municipal water and sewer system serving residents and businesses within its corporate limits and in the territory adjacent thereto. Therefore, this activity also is included in the reporting entity.

GAAP require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of West Columbia's MD&A can be found immediately following the independent auditor's report.

## **PROFILE OF THE GOVERNMENT**

The City of West Columbia was incorporated in 1894 and is located in the eastern part of Lexington County along the Saluda and Congaree Rivers. The City is located in the central part of the state, one of the top growth areas of South Carolina. Economic conditions and outlook of the government are progressively improving from the past three years. During this time, for example, regionally known retail and wholesale firms located in the greater West Columbia area have started or expanded activities. This growth has had a positive effect on employment and the government's tax base.

The City of West Columbia currently occupies a land area of 8.8 square miles and serves a population of 14,998. The City of West Columbia is empowered to levy a property tax on both real and personal properties located within its boundaries. The City also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when the City Council deems appropriate.

The City of West Columbia operates under a council form of government. Policy-making and legislative authority are vested in a governing council consisting of the mayor and eight other members. The city council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, hiring the city administrator and the city attorney, appointing the city treasurer and city clerk and selecting the independent auditor to audit the city's financial statements. The city administrator is responsible for carrying out the policies and ordinances of the city council, for overseeing the day-to-day operations of the government, and for appointing the heads of various departments. The council is elected on a non-partisan basis. Council members serve four-year staggered terms, with four council members elected every two years. The mayor is elected to serve a four-year term. All eight council members are elected by district. The mayor is elected at large.

## **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of West Columbia operates.

**Local Economy** – The City of West Columbia is located near the City of Columbia, the state capital of South Carolina. The City is part of the greater Columbia Metropolitan area which has been experiencing stable economic conditions. The City and its neighbors, the Cities of Cayce and Columbia, are constructing a park along the banks of the Congaree, Saluda and Broad Rivers as part of the Three Rivers Greenway Project, under the guidance of the coordinating agency, The River Alliance. The City of West Columbia’s first phase of the project, known as the West Columbia Riverwalk Park and Amphitheater and the City’s second phase of the park, designated the Riverwalk extension, have been completed. The remaining portion of the City’s share of the Three Rivers Greenway project is in the planning and development stage and should be completed within two to three years. When the entire Greenway project is completed the park will have approximately twelve and a half miles of trails along the scenic Congaree, Saluda and Broad Rivers.

**Long-term Financial Planning** – In January of 2008 the City began a major initiative to upgrade and expand its aging wastewater infrastructure system and to modernize its Saluda River water treatment plant. These projects were undertaken to prepare the City to meet the future needs of its citizens. The water treatment plant, as well as, the affected sewer infrastructure are in excess of fifty years old. The City financed the projects by obtaining two State Infrastructure Loans from the South Carolina State Infrastructure Revolving Loan Program in the amount of \$9,769,807 for the Saluda River water treatment plant and \$10,304,746 for the wastewater infrastructure upgrade. The terms of the loans are for 20 years with rates of interest of 2.5%. The upgrade of the Saluda River water treatment plant was completed in fiscal year 2011-2012. Completion of the wastewater infrastructure system project is anticipated in 2014.

The Congaree and Saluda Rivers always have played a dominant role of strategic importance in the City of West Columbia’s development. The ongoing Three Rivers Greenway project includes plans for a public nature park along both rivers that includes hiking trails, scenic overlooks on the river, concrete pathways, picnic shelters and emergency call boxes (for park visitor safety). Development on both sides of the Congaree River and Saluda Rivers is a driving force in the continuing economic development of the City of West Columbia. The City is coordinating efforts to enhance the economic development of property along the Congaree River that will be compatible to nearby residential areas.

## **Financial Information**

Management of the government is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) The cost of a control should not exceed the benefits likely to be derived; and 2) the valuation of costs and benefits requires estimates and judgments by management.

**Budgeting Controls** – In addition, the government maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the government’s governing body. Activities of the general fund only are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by function and activity within an individual fund. The government also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

The City Ordinances also provide for a non-appropriated budget for the proprietary fund to facilitate the management review and approval process. As demonstrated by the statements and schedules included in the financial section of this report, the government continues meeting its responsibility for sound financial management.

**Proprietary Operations** – The government’s enterprise operation is comprised of the water/sewer system. Several of the government’s major initiatives directly relate to the water and sewer activities. The demand for housing in the City’s water service area is at an all time high resulting in the construction of many new housing developments and as a result an increased demand on water services. Based on the continuation of this trend, the water/sewer system should be in the position to generate revenues in an amount sufficient to cover debt service and operating costs.

**Cash Management Policies and Practices** – Cash temporarily idle during the year was invested in local banking institutions and consisted mainly of time certificates of deposit, debt instruments of federal agencies and securities held under the repurchase agreement. The maturities of the investments range from 7 months to 24 months. The average yield on maturing investments during the year was 2.4 percent. The government’s investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by federal depository insurance or collateralized. All collateral on deposits was held either by the government; its agent or a financial institution’s trust department in the government’s name. It is the policy of the City of West Columbia to hold investments to maturity.

**Risk Management** – The City maintains an employee health insurance plan for all full-time employees through the South Carolina Employee Insurance Program (SCEIP), which is a state funded insurance program administered by Blue Cross Blue Shield of South Carolina. Workmen’s compensation insurance is through a self-insurance funded program administered through a municipal pool. Specific excess Workmen’s compensation insurance is provided through private insurance.

## **Other Information**

**Awards** – The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of West Columbia, South Carolina for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2011. This was the 21<sup>th</sup> consecutive year that the City of West Columbia has received this prestigious award. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and are submitting it to the GFOA.

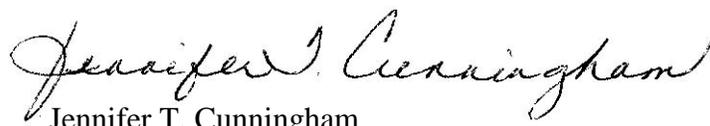
**Acknowledgments** – The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff and financial department. Each member of the department has our sincere appreciation for the contributions made in preparation of this report.

In closing, without the leadership and support of the Mayor and City Council, preparation of this report would not have been possible. We gratefully acknowledge the role played by the governing body.

Sincerely,



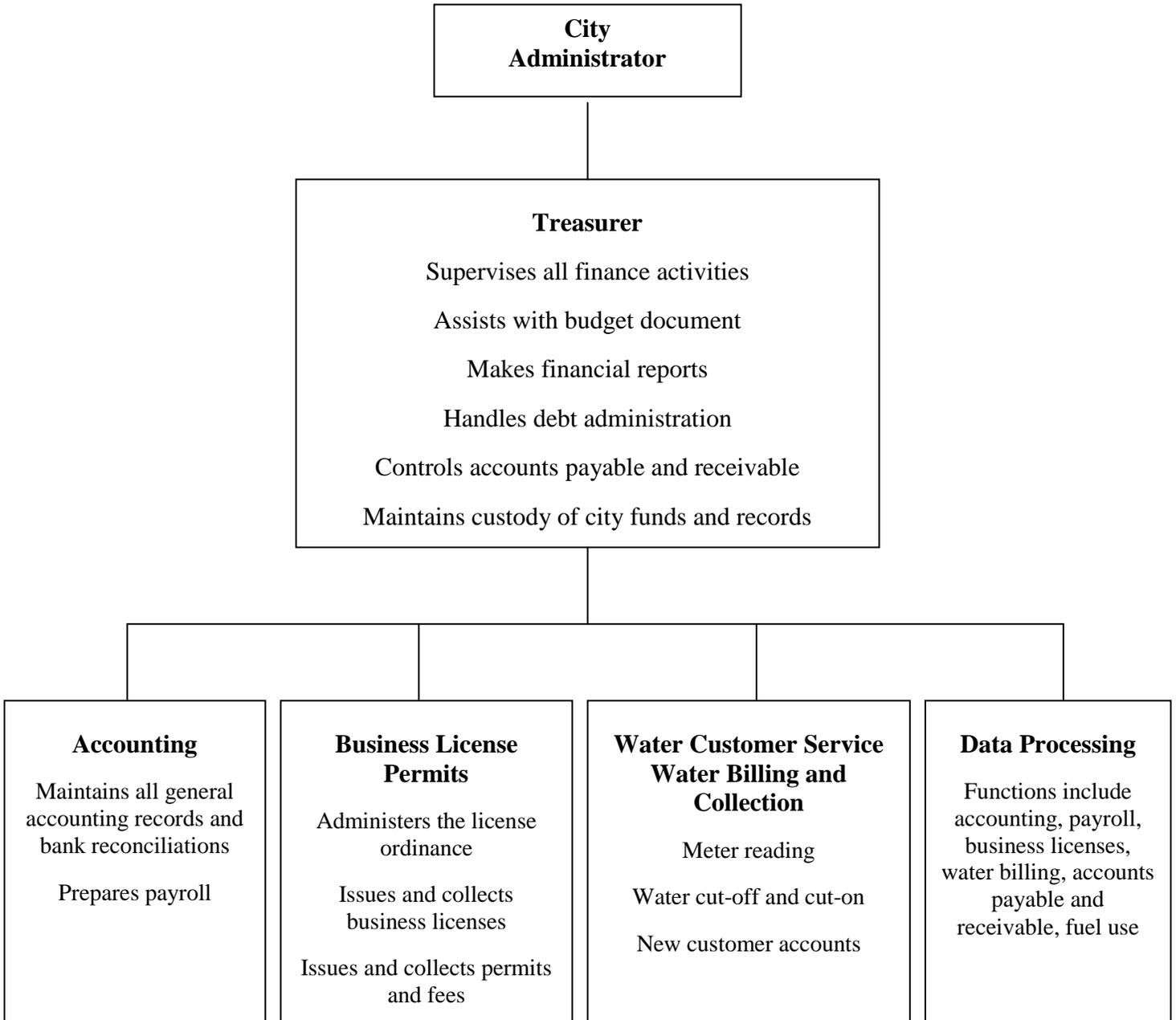
Richard K. Hodge, CPA  
City Treasurer



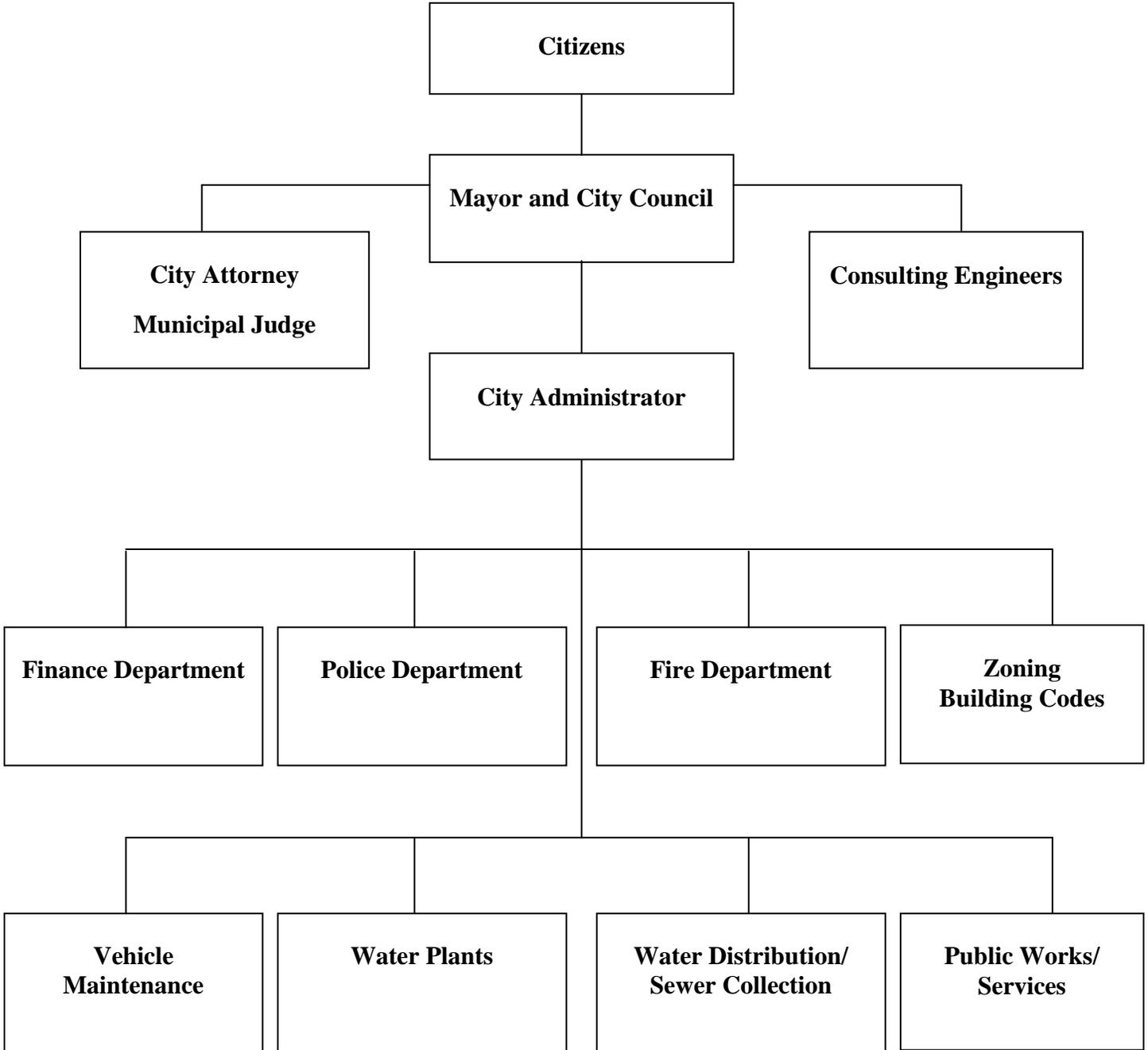
Jennifer T. Cunningham  
City Administrator

**City of West Columbia, South Carolina**

**Finance Department  
Organization Chart**



**City of West Columbia, South Carolina**



**WEST COLUMBIA CITY COUNCIL**

**Joseph W. Owens, Mayor**

**COUNCIL MEMBERS**

**Boyd J. Jones, Mayor Pro-Tempore**

**Abbott L. Bray, Jr.**

**Eric L. Fowler**

**Casey Jordan Hallman**

**L. Dale Harley**

**Tommy G. Parler**

**B. J. Unthank**

**Teddy Wingard**

**CITY ADMINISTRATOR**

**Jennifer T. Cunningham**

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of West Columbia  
South Carolina

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2011

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



*Christopher P. Morrell*

President

*Jeffrey R. Emer*

Executive Director

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**Brittingham, Brown, Prince & Hancock, LLC**

*Certified Public Accountants & Business Consultants*

501 State Street · West Columbia, SC · 29171-5949 · Phone: (803) 739-3090 · Fax: (803) 791-0834

Members: American Institute of Certified Public Accountants · South Carolina Association of Certified Public Accountants ·

**INDEPENDENT AUDITOR'S REPORT**

The Honorable Chairman and Members  
Of The City of West Columbia Council  
West Columbia, South Carolina

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 City of West Columbia, South Carolina (hereafter referred to as the City) as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report date January 29, 2013 on our consideration of City's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

James T. Brittingham, C.P.A. (1924-1995) · Kerry R. Brown, C.P.A. · Kenneth E. Prince, C.P.A. · James T. Brittingham, Jr., C.P.A. · William H. Hancock, C.P.A. /

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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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.

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 non-major fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City. The combining and individual non-major fund financial statements and schedule of expenditures of federal awards are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Brittingham, Brown, Prince & Hancock*

January 29, 2013

## **Management's Discussion and Analysis**

The City of West Columbia's discussion and analysis offers readers of the City's financial statements a narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, in the financial statements and the notes to the financial statements.

The implementation of the new financial reporting requirements under Governmental Accounting Standards Board (GASB) Statement # 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, make the City's 2012 Comprehensive Annual Financial Report significantly different than those reports prior to 2003. New features include this Management's Discussion and Analysis, the Government-wide Statement of Net Assets, the Government-wide Statement of Activities, the concept of major fund reporting, and the reporting of infrastructure capital assets and long-term debt liabilities in the governmental activities. These concepts are explained throughout this discussion and analysis.

### **Financial Highlights**

- The City of West Columbia's assets exceeded its liabilities at June 30, 2012 by \$33,528,639 (net assets).
- The City's total net assets increased \$619,586 with \$1,173,596 of the increase from governmental activities and decrease \$554,010 resulting from business-type activities.
- For the fiscal year ending June 30, 2012, the City maintained only one governmental fund which was its General Fund. The City's governmental fund balance sheet reported a combined ending fund balance of \$4,082,994, an increase of \$490,714 over the previous fiscal year. Of this amount, \$3,986,176 is unrestricted.
- The General Fund reported actual revenues of \$69,435 over budget and expenditures under budgeted appropriations by \$393,641.
- The City's total debt decreased by \$3,016,783 for the current fiscal year. The main reason for the decrease of the City's overall outstanding long-term debt is the servicing of the debt through normal operations of the City (see Note 8).

### **Overview of the Financial Statements**

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

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

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

The statement of activities presents information showing how the City’s net assets changed during the most recent fiscal year. All changes in net assets 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 result in cash flow in future fiscal periods (uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of West 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 City’s governmental activities include general administration, police, fire, and public works. The City’s business-type activities include a water and sewer utility system.

**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 West 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 can be divided into three categories: governmental funds, proprietary funds, and fiduciary 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 funds balance sheet and the governmental funds 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 West Columbia maintained only one governmental fund during the fiscal year 2011-2012. Information is presented in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund which is considered to be a major fund.

The City of West Columbia adopts an annual appropriated budget for its General fund. Budgetary comparison statements have been provided for this fund to demonstrate compliance with the budget.

**Proprietary funds** – The City of West Columbia maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer utility system.

Financial statements of proprietary funds provide the same type of information as the government-wide financial statements, but in greater detail. The proprietary fund financial statements provide separate information for the City of West Columbia's water and sewer utility system, which is considered to be a major fund of the City.

**Fiduciary funds** – The City acts as agent, or fiduciary, for other resources. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

**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.

### **Government-wide Financial Analysis**

The government-wide financial statements are provided as part of the new approach mandated by the GASB, which sets the uniform standards for presenting government financial reports. This report represents the tenth year the City of West Columbia has applied this standard and therefore these reports provide complete comparative information as summarized in this Management's Discussion and Analysis. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of City of West Columbia, assets exceeded liabilities by \$33,528,639 at the close of the most recent fiscal year. The City's increase in net assets for this fiscal year amounts to \$619,586.

For the current year, the largest portion of the City's net assets, 93.50 percent, reflects its investment in capital assets (land, buildings, infrastructure, machinery and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**City of West Columbia's Net Assets**

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 4,997,882	\$ 4,576,078	\$15,141,667	\$16,984,810	\$20,139,549	\$21,560,888
Capital assets, net	13,731,009	14,167,425	53,015,220	54,598,385	66,746,229	68,765,810
Total assets	<u>18,728,891</u>	<u>18,743,503</u>	<u>68,156,887</u>	<u>71,583,195</u>	<u>86,885,778</u>	<u>90,326,698</u>
Long-term liabilities outstanding	5,594,396	6,579,851	42,243,932	44,769,729	47,838,328	51,349,580
Other liabilities	1,752,017	1,954,770	3,766,794	4,113,295	5,518,811	6,068,065
Total liabilities	<u>7,346,413</u>	<u>8,534,621</u>	<u>46,010,726</u>	<u>48,883,024</u>	<u>53,357,139</u>	<u>57,417,645</u>
Net assets						
Investing in capital assets, net of related debt	7,429,902	6,771,907	23,918,424	23,130,592	31,348,326	29,902,499
Restricted	96,818	95,481	2,899,541	3,154,651	2,996,359	3,250,132
Unrestricted	3,855,758	3,341,494	(4,671,804)	(3,585,072)	(816,046)	(243,578)
Total net assets	<u>11,382,478</u>	<u>10,208,882</u>	<u>22,146,161</u>	<u>22,700,171</u>	<u>33,528,639</u>	<u>32,909,053</u>

additional portion of the City's net assets (8.93 percent) represents resources that are restricted as to how they may be used. The remaining balance of unrestricted net assets may be used to meet the government's ongoing obligations to citizens, creditors, and customers within the respective governmental and business-type activities.

At the end of the current fiscal year, the City of West Columbia is able to report positive balances in both categories of net assets as a whole and individually within the governmental and business-type activities.

The changes in net assets displayed below shows the governmental and business-type activities during the fiscal year. The increase in entity-wide net assets is due to the general fund revenues exceeding budgeted revenues and actual expenditures being under budget. Property tax revenues and business license fees were primarily responsible for actual revenues exceeding budgeted revenues. Also, the return of the City's pro rata share of excess health insurance premiums upon termination of the self-insured insurance pool, on June 30, 2011, of which the City was a member contributed to increased funds. These funds were used in general operations and were significant in the increase in net assets. All general fund department's actual expenditures were under budget, however, the public safety and public works departments were the main contributors to actual expenditures being significantly under budgeted expenditures.

### City of West Columbia's Change in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 4,391,057	\$ 4,139,686	\$10,788,398	\$10,971,120	\$15,179,455	\$15,110,806
Operating grants & contributions	405,215	375,272	8,470	12,514	413,685	387,786
Capital grants & contributions	505,634	261,407			505,634	261,407
General revenues						
Property taxes	3,947,495	3,591,516			3,947,495	3,591,516
Intergovernmental	411,954	422,332			411,954	422,332
Investment earnings	224	2,385	229,801	297,704	230,025	300,089
Other	505,535	1,040,700	7,800	23,950	513,335	1,064,650
Total revenues	<u>10,167,114</u>	<u>9,833,298</u>	<u>11,034,469</u>	<u>11,305,288</u>	<u>21,201,583</u>	<u>21,138,586</u>
<b>Expenses</b>						
General Government	1,467,482	1,423,194			1,467,482	1,423,194
Community Development	246,140	260,905			246,140	260,905
Public Safety	7,468,321	7,479,607			7,468,321	7,479,607
Public Services	1,754,463	1,975,679			1,754,463	1,975,679
General Services	941,772	843,702			941,772	843,702
Interest on Long-term Debt	247,238	285,970			247,238	285,970
Water & Sewer Utility			8,456,581	8,355,960	8,456,581	8,355,960
Total expenses	<u>12,125,416</u>	<u>12,269,057</u>	<u>8,456,581</u>	<u>8,355,960</u>	<u>20,581,997</u>	<u>20,625,017</u>
Excess (deficiency) before transfers	(1,958,302)	(2,435,759)	2,577,888	2,949,328	619,586	513,569
Transfers	3,131,898	3,277,098	(3,131,898)	(3,277,098)	-	-
Increase (decrease) in net assets	<u>1,173,596</u>	<u>841,339</u>	<u>(554,010)</u>	<u>(327,770)</u>	<u>619,586</u>	<u>513,569</u>

### Financial Analysis of City of West Columbia Funds

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

Governmental funds – The focus of the City’s governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, 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.

As of June 30, 2012, the City of West Columbia governmental funds reported combined fund balances of \$4,082,994, an increase of \$ 490,714 over the prior year balances. Ninety-Eight (98) percent of this total amount constitutes unrestricted fund balance, which is available for spending at the City’s discretion. The remainder of the fund balance, \$96,818 is reserved, and is not available for new spending because it has already been committed to restricted purposes.

## **Financial Analysis of City of West Columbia Funds (Continued)**

The General Fund is the primary operating fund of the City. At June 30, 2012, the total fund balance in the general fund was \$4,082,994. The general fund balance increased by \$490,714 during the current fiscal year. This increase is mainly a result of property tax revenues and business license fees exceeding budgeted projections, along with a return of excess insurance premiums of \$325,000. Also, actual expenditures were significantly under budget in the public safety and public works departments.

**Proprietary funds** – The City’s proprietary funds provide the same type of information found in the government-wide financial statements, but with greater detail. At June 30, 2012, total net assets of the Water and Sewer Utility System amounted to \$22,146,161 as compared to \$22,700,171 at June 30, 2011. The decrease in net assets of \$554,010 for the fiscal year is due mainly to decreased water sales because of a rainy summer and higher than projected repair cost at the City’s Lake Murray water treatment plant.

### **General Fund Budgetary Highlights**

A budget to actual statement is provided for the General Fund. Columns for both the original budget adopted for fiscal year 2012 as well as the final budget are presented. Quarterly budget amendments and supplemental appropriations were approved during the 2011-2012 budget year. Total differences between the original budget and the final amended budget were \$182,766.

The General Fund budgeted revenues of \$9,725,866 before other financing sources and achieved actual revenues of \$9,795,301 or \$69,435 more than budgeted. Expenditures were budgeted for \$13,182,766 before other uses with actual expenditures of \$12,789,125. The City budgeted a deficiency of estimated revenues over its appropriated expenditures before other financing sources and uses totaling \$3,456,900, but achieved a deficiency of revenue over expenditures before other financing sources and uses of \$2,993,824. The General Fund’s budget also included budgeted net transfers in from the Enterprise Fund of \$3,131,900. The difference between budgeted and actual revenues resulted mainly from property tax revenues and business license fees exceeding budgeted projections.

### **Capital Assets and Debt Administration**

**Capital assets** – The City of West Columbia investments in capital assets for its governmental and business type activities as of June 30, 2012, amounts to \$66,746,229 (net accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment. Major capital asset events in the current year included the following (see Note 6):

- In order for the City of West Columbia to meet the needs of its citizens and continue to provide high quality services, the City purchased a new 12 yard rear load garbage truck for \$97,831 and added a new pull-behind wood chipper at a cost of \$36,178. The City’s fire department also purchased 19 new 800 series Motorola radios at a cost of \$62,951. With the addition of these new radios, all of the fire department’s radios are now just not capable of communicating with all units within the department as in the past, but this addition allows all of the department’s units to communicate with all of the City’s police department units as well as other neighboring fire and police agencies.
- In the fiscal year 2008-2009 the City initiated two construction projects to upgrade and modernize its water and sewer facilities. The projects include upgrading and automating the City’s Saluda River water treatment plant and replacing aging sewer lines and rebuilding and upgrading numerous sewer pump stations within the City’s sewer system. The water treatment upgrade was completed during the year and placed in service at a total cost of \$10,039,587. The other construction project, replacing and upgrading the sewer system infrastructure and pump stations, was not complete as of June 30, 2012, and therefore, remains as construction in progress with cost to date of \$7,763,697 (see Note 16).

## Capital Assets and Debt Administration (Continued)

### City of West Columbia's Capital Assets (Net)

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 5,557,341	\$ 5,557,341	\$ 187,500	\$ 187,500	\$ 5,744,841	\$ 5,744,841
Buildings & equipment	5,920,944	6,146,329	33,544,658	26,247,500	39,465,602	32,393,829
Improvements other than buildings			10,080,783	10,122,021	10,080,783	10,122,021
Equipment			1,329,413	159,745	1,329,413	159,745
Vehicles & equipment	2,252,724	2,463,755	109,169	78,335	2,361,893	2,542,090
Construction in progress			7,763,697	17,803,284	7,763,697	17,803,284
Total revenues	<u>13,731,009</u>	<u>14,167,425</u>	<u>53,015,220</u>	<u>54,598,385</u>	<u>66,746,229</u>	<u>68,765,810</u>

**Long-term debt** - At the end of the current fiscal year, the City of West Columbia had total bonded debt outstanding of \$5,478,388 consisting of tax increment financing (TIF) bonds, series 2008, and a General Obligation (GO) Bond, Series 2010. The TIF Bonds outstanding debt is secured by the incremental tax revenue of the Tax Increment Finance District and by a junior pledge of the water and sewer system. The GO Bond outstanding debt is secured by the full faith, credit and taxing power of the City (see note 8).

The City also had total revenue bonds outstanding in the amount of \$ 29,096,796 at year end. The outstanding balance of revenue bonds is secured by a pledge of the gross revenue of the Water and Sewer Utility System as well as a lien against the system (see note 8).

The state limits the amount of general obligation debt the City of West Columbia can issue to 8 percent of the assessed value of all taxable property within the City's legal debt limit. Based on the assessed value of property the City could currently issue \$4,497,186, as reflected in note 8 and table 13 of the statistical section of this report.

### City of West Columbia's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Capital leases	\$ 822,719	\$ 1,177,199		\$ 52,253	\$ 822,719	\$ 1,229,452
Tax increment finance bonds	3,154,571	3,619,241			3,154,571	3,619,241
General Obligation Bonds	2,323,817	2,569,619			2,323,817	2,569,619
Revenue bonds			\$29,096,796	30,953,781	29,096,796	30,953,781
Accrued compensated absences	542,127	556,406	223,027	251,341	765,154	807,747
Total outstanding debt	<u>6,843,234</u>	<u>7,922,465</u>	<u>29,319,823</u>	<u>31,257,375</u>	<u>36,163,057</u>	<u>39,179,840</u>

## **Capital Assets and Debt Administration (Continued)**

The City's total outstanding debt decreased by \$3,016,783 during the current fiscal year. For additional information concerning the City's outstanding debt as of June 30, 2012, please see Notes 7 and 8 in the Notes to the Financial Statements.

## **Economic Factors and Next Year's Budgets and Rates**

- The unemployment rate for City of West Columbia is currently 7.4 percent, compared to the rate of 8.8 percent a year ago. This compares favorably with the state's rate of 9.4 percent and the national rate of 8.2 percent.
- Inflationary trends in the region compare favorably to national indices.

These indices were taken into account when adopting the general budget for 2012-2013. Amounts available for appropriation in the general fund budget are \$13,722,000, an increase of 5.5 percent over the final 2012 budget of \$13,182,766. It should be noted that the appropriated budget for 2013 includes \$340,000 in budgeted revenues to service a long-term general obligation bond the City issued in March of 2010 to refund short-term debt. A debt service millage of 6.6 mills was levied for the 2012-2013 fiscal year in order to service the debt requirements. Property tax revenues for the coming year are projected to increase slightly due to growth through annexations, new housing construction and improvement in property values for existing housing as the economy begins to slowly improve. The City will monitor economic conditions closely and make necessary budget adjustments as deemed appropriate.

Budgeted expenditures for 2013 are expected to increase over the actual 2012 expenditures due mainly to increased revenues from grant related programs. The City does not anticipate entering into any major land acquisitions for economic development purposes in fiscal year 2012-2013 and has not budgeted issuing any bonded debt instruments.

As for the City's business-type activities, the City did not impose any rate increases for the water and sewer utility system. The City continues to move forward on two major initiatives that the City has undertaken. To upgrade and refurbish its aging Greenhill and Laurel Road water tank reservoirs. Engineering studies have estimated the cost for upgrading and refurbishing the Greenhill water tank at approximately \$160,000 and \$325,000 for the Laurel Road water tank. Financing for the Greenhill water tank project is provided by a State grant in the amount of \$160,888, of which \$27,928 has been used to date, and the cost of the Laurel Road water tank project will be paid for through budgeted revenues.

## **Requests for Information**

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Richard K. Hodge, CPA, City of West Columbia Treasurer.

## **BASIC FINANCIAL STATEMENTS**

## CITY OF WEST COLUMBIA, SOUTH CAROLINA

## STATEMENT OF NET ASSETS

JUNE 30, 2012

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash	\$ 1,222,684	\$ 4,299,773	\$ 5,522,457
Receivables, net	1,020,752	1,801,434	2,822,186
Prepaid Charges		5,635	5,635
Internal Balances, net	2,632,479	(2,632,479)	-
Notes Receivable - Municipal Government		762,666	762,666
Restricted Cash and Cash Equivalents	96,818	2,766,581	2,863,399
<b>Total Current Assets</b>	<b>4,972,733</b>	<b>7,003,610</b>	<b>11,976,343</b>
<b>Non -Current assets:</b>			
Notes Receivable - Municipal Government		7,705,701	7,705,701
Capital Assets, net			
Land	5,557,341	187,500	5,744,841
Buildings and Improvements	5,920,944	33,544,658	39,465,602
Improvements Other Than Buildings		10,080,783	10,080,783
Vehicles and Equipment	2,252,724	1,438,582	3,691,306
Construction in Progress		7,763,697	7,763,697
Deferred Charges, net	25,149	432,356	457,505
<b>Total Non -Current assets</b>	<b>13,756,158</b>	<b>61,153,277</b>	<b>74,909,435</b>
<b>TOTAL ASSETS</b>	<b>18,728,891</b>	<b>68,156,887</b>	<b>86,885,778</b>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts Payable	383,210	358,023	741,233
Accrued Expenses and Other Liabilities	37,245	9,527	46,772
Accrued Interest Payable	66,674		66,674
Capital Leases	229,973		229,973
Accrued Compensated Absences	282,852	96,714	379,566
Customer Deposits		472,205	472,205
Deferred Revenue (Payable from Restricted Assets)		673,358	673,358
TIF Bonds Payable	481,119		481,119
GO Bonds Payable	254,894		254,894
Contracts Payable	16,050	48,771	64,821
Revenue Bonds Payable		1,958,256	1,958,256
Accrued Interest Payable - Revenue Bonds		149,940	149,940
<b>Total Current Liabilities</b>	<b>1,752,017</b>	<b>3,766,794</b>	<b>5,518,811</b>
<b>Long-Term (Non-Current) Liabilities:</b>			
Capital Leases	592,746		592,746
Bonds Payable	4,742,375	27,138,542	31,880,917
Deferred Revenue		14,553,125	14,553,125
Accrued Compensated Absences	259,275	126,313	385,588
Other Liabilities		425,952	425,952
<b>Total Long-Term Liabilities</b>	<b>5,594,396</b>	<b>42,243,932</b>	<b>47,838,328</b>
<b>TOTAL LIABILITIES</b>	<b>7,346,413</b>	<b>46,010,726</b>	<b>53,357,139</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	7,429,902	23,918,424	31,348,326
Restricted to:			
Debt Service	118	2,766,581	2,766,699
Capital Improvement Grant		132,960	132,960
Law Enforcement Grants & Programs	48,661		48,661
Accommodations Tax	22,405		22,405
Parks Program	25,634		25,634
Unrestricted	3,855,758	(4,671,804)	(816,046)
<b>TOTAL NET ASSETS</b>	<b>11,382,478</b>	<b>22,146,161</b>	<b>33,528,639</b>

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

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2012**

	Program Revenue				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Fee for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
<b><u>FUNCTIONS AND PROGRAMS</u></b>							
Governmental activities:							
General government	\$ 1,467,482	\$ 3,920,086	\$ 11,265	\$ 340,771	\$ 2,804,640	\$	\$ 2,804,640
Community & Economic Development	246,140				(246,140)		(246,140)
Public Safety	7,468,321	470,971	393,950	164,863	(6,438,537)		(6,438,537)
Public Services	1,754,463				(1,754,463)		(1,754,463)
General Services	941,772				(941,772)		(941,772)
Interest on Long-Term Debt	247,238				(247,238)		(247,238)
	<u>12,125,416</u>	<u>4,391,057</u>	<u>405,215</u>	<u>505,634</u>	<u>(6,823,510)</u>	<u>-</u>	<u>(6,823,510)</u>
Business-type activities:							
Water and sewer utility	8,456,581	10,788,398	8,470		\$	2,340,287	2,340,287
Total Business-type activities	<u>8,456,581</u>	<u>10,788,398</u>	<u>8,470</u>	<u>-</u>	<u>-</u>	<u>2,340,287</u>	<u>2,340,287</u>
<b><u>TOTAL FUNCTIONS AND PROGRAMS</u></b>	<u>20,581,997</u>	<u>15,179,455</u>	<u>413,685</u>	<u>505,634</u>	<u>(6,823,510)</u>	<u>2,340,287</u>	<u>(4,483,223)</u>
General Revenue and Transfers							
Property Taxes					3,947,495		3,947,495
Intergovernmental - Unrestricted					411,954		411,954
Gain on sale of capital assets					25,539	7,800	33,339
Investment earnings - Unrestricted					224	229,801	230,025
Miscellaneous					479,996		479,996
Transfers					3,131,898	(3,131,898)	-
Total general revenue and transfers					<u>7,997,106</u>	<u>(2,894,297)</u>	<u>5,102,809</u>
Changes in net assets					1,173,596	(554,010)	619,586
Net Assets-July 1					10,208,882	22,700,171	32,909,053
Net Assets- June 30					<u>11,382,478</u>	<u>22,146,161</u>	<u>33,528,639</u>

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

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**AS OF JUNE 30, 2012**

	<b>General Fund</b>	<b>Total Governmental Funds</b>
<b><u>ASSETS</u></b>		
Cash	\$ 1,222,684	\$ 1,222,684
Receivables (Net of Allowance for Uncollectables)		
Property Taxes	203,779	203,779
State	88,386	88,386
Municipal Governments	261,630	261,630
Grants	317,962	317,962
Rehabilitation Loans	32,646	32,646
Other	116,349	116,349
Due From Other Funds	2,632,479	2,632,479
Restricted assets:		
Cash	96,818	96,818
<b><u>TOTAL ASSETS</u></b>	<b><u>4,972,733</u></b>	<b><u>4,972,733</u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>		
Liabilities:		
Accounts Payable	383,210	383,210
Accrued Payroll, Taxes, & Vacation Pay	336,147	336,147
Deferred Revenue	170,382	170,382
<b><u>TOTAL CURRENT LIABILITIES</u></b>	<b><u>889,739</u></b>	<b><u>889,739</u></b>
<b><u>FUND BALANCES</u></b>		
Restricted	96,818	96,818
Unassigned	3,986,176	3,986,176
<b><u>TOTAL FUND BALANCES</u></b>	<b><u>4,082,994</u></b>	<b><u>4,082,994</u></b>
<b><u>TOTAL LIABILITIES AND FUND BALANCES</u></b>	<b><u>4,972,733</u></b>	<b><u>4,972,733</u></b>

Reconciliation to amounts reported for governmental activities in the Statement of Net Assets (See Note 20 ):

Capital assets used in governmental activities are not financial resources and therefore are not reported in these funds.	13,731,009
Other assets not available to pay for current period expenditures and, therefore, not reported in the funds.	25,149
Other liabilities not payable from currently available resources are not reported in these funds.	(66,674)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in these funds.	<u>(6,390,000)</u>
Net Assets, end of year - Governmental Activities	<u>11,382,478</u>

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

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2012**

<b><u>REVENUES</u></b>	<b>General</b>	<b>Total Governmental Funds</b>
Property Taxes	\$ 3,926,503	\$ 3,926,503
Licenses and Permits	3,208,692	3,208,692
Fines and Forfeitures	452,259	452,259
Interest	224	224
Intergovernmental	411,954	411,954
Charges For Services	711,394	711,394
Grant Proceeds	910,849	910,849
Narcotics Program Income	18,712	18,712
Other Revenues	479,996	479,996
<b><u>TOTAL REVENUES</u></b>	<b><u>10,120,583</u></b>	<b><u>10,120,583</u></b>
<b><u>EXPENDITURES</u></b>		
Current		
General Government	1,328,992	1,328,992
Community & Economic Development	245,729	245,729
Public Safety	7,264,921	7,264,921
Public Services	1,730,813	1,730,813
General Services	891,228	891,228
Debt Service		
Principal	1,062,958	1,062,958
Interest	264,484	264,484
<b><u>TOTAL EXPENDITURES</u></b>	<b><u>12,789,125</u></b>	<b><u>12,789,125</u></b>
<b><u>EXCESS OF EXPENDITURES (OVER)/UNDER REVENUES</u></b>	<b><u>(2,668,542)</u></b>	<b><u>(2,668,542)</u></b>
<b><u>OTHER FINANCING SOURCES/(USES)</u></b>		
Transfers In/(Out)		
Water and Sewer Fund	3,131,898	3,131,898
Sale of Capital Assets	27,358	27,358
<b><u>TOTAL OTHER FINANCING SOURCES (USES)</u></b>	<b><u>3,159,256</u></b>	<b><u>3,159,256</u></b>
<b><u>NET CHANGE IN FUND BALANCES</u></b>	<b><u>490,714</u></b>	<b><u>490,714</u></b>
<b><u>FUND BALANCE - July 1</u></b>	<b><u>3,592,280</u></b>	<b><u>3,592,280</u></b>
<b><u>FUND BALANCE - June 30</u></b>	<b><u>4,082,994</u></b>	<b><u>4,082,994</u></b>

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

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2012**

Net change in fund balances - total governmental funds	\$	490,714
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		(434,597)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in these funds.		20,992
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		35,348
The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal and interest consumes current financial resources of governmental funds. This amount is the net effect of these differences in the treatment of long-term debt and related items.		1,062,958
In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differ from the change in fund balance by the cost of the capital assets sold.		<u>(1,819)</u>
Change in Net Assets - Governmental Activities (See Note 20)		<u><u>1,173,596</u></u>

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

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**YEAR ENDED JUNE 30, 2012**

	<u>BUDGETED AMOUNTS</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b><u>REVENUES</u></b>				
Property Taxes	\$ 3,735,900	\$ 3,920,900	\$ 3,926,503	\$ 5,603
Licenses and Permits	3,180,000	3,230,000	3,208,692	(21,308)
Fines and Forfeits	341,000	341,000	452,259	111,259
Interest	3,000	3,000	224	(2,776)
Intergovernmental	377,600	397,600	411,954	14,354
Charges For Services	700,000	710,000	711,394	1,394
Grant Proceeds	931,400	914,966	910,849	(4,117)
Narcotics Program Income	21,100	21,100	18,712	(2,388)
Other Revenues	126,300	512,300	479,996	(32,304)
<b><u>TOTAL REVENUES</u></b>	<b>9,416,300</b>	<b>10,050,866</b>	<b>10,120,583</b>	<b>69,717</b>
<b><u>EXPENDITURES</u></b>				
Current				
General Government	1,534,300	1,400,153	1,328,992	71,161
Community & Economic Development	254,600	254,600	245,729	8,871
Public Safety	7,197,868	7,373,581	7,264,921	108,660
Public Services	2,036,600	1,911,600	1,730,813	180,787
General Services	796,200	914,200	891,228	22,972
Debt Service				
Principal	975,000	1,064,100	1,062,958	1,142
Interest	205,432	264,532	264,484	48
<b><u>TOTAL EXPENDITURES</u></b>	<b>13,000,000</b>	<b>13,182,766</b>	<b>12,789,125</b>	<b>393,641</b>
<b><u>EXCESS OF EXPENDITURES OVER REVENUES</u></b>	<b>(3,583,700)</b>	<b>(3,131,900)</b>	<b>(2,668,542)</b>	<b>463,358</b>
<b><u>OTHER FINANCING SOURCES/(USES)</u></b>				
Transfers In/(Out)				
Water and Sewer Fund	3,583,700	3,131,900	3,131,898	(2)
Sale of Capital Assets			27,358	27,358
<b><u>TOTAL OTHER FINANCING SOURCES (USES)</u></b>	<b>3,583,700</b>	<b>3,131,900</b>	<b>3,159,256</b>	<b>27,356</b>
<b><u>NET CHANGE IN FUND BALANCE</u></b>	<b>-</b>	<b>-</b>	<b>490,714</b>	<b>490,714</b>
<b><u>FUND BALANCE - July 1</u></b>			<b>3,592,280</b>	
<b><u>FUND BALANCE - June 30</u></b>			<b>4,082,994</b>	

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

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUND - WATER AND SEWER**  
**AS OF JUNE 30, 2012**

	<b><u>Business-Type</u></b> <b><u>Activities</u></b>
<b><u>ASSETS</u></b>	
<b>CURRENT ASSETS</b>	
Cash	\$ 4,299,773
Accounts Receivable	1,801,434
Prepaid Charges	5,635
Notes Receivable- Municipal Government	762,666
Restricted Cash and Cash Equivalents	<u>2,766,581</u>
<b><u>TOTAL CURRENT ASSETS</u></b>	<b><u>9,636,089</u></b>
<b><u>NONCURRENT ASSETS</u></b>	
Noncurrent Receivable - Municipal Government	<u>7,705,701</u>
<b>DEFERRED CHARGES</b>	
Revenue Bond Issue Costs	<u>432,356</u>
<b><u>TOTAL DEFERRED CHARGES</u></b>	<b><u>432,356</u></b>
<b>CAPITAL ASSETS</b>	
Water Plant, Lines, and Sewer System	70,934,039
Less: Accumulated Depreciation	(25,682,516)
Construction in Progress	<u>7,763,697</u>
<b><u>TOTAL CAPITAL ASSETS (NET OF</u></b> <b><u>ACCUMULATED DEPRECIATION)</u></b>	<b><u>53,015,220</u></b>
<b><u>TOTAL NONCURRENT ASSETS</u></b>	<b><u>61,153,277</u></b>
<b><u>TOTAL ASSETS</u></b>	<b><u>70,789,366</u></b>

CITY OF WEST COLUMBIA, SOUTH CAROLINA  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND - WATER AND SEWER  
AS OF JUNE 30, 2012

	<u>Business-Type Activities</u>
<b><u>LIABILITIES</u></b>	
<b>CURRENT LIABILITIES</b>	
(Payable from Current Assets)	
Accounts Payable	\$ 358,023
Customer Deposits	472,205
Accrued Payroll and Vacation Pay	106,241
Deferred Revenue	673,358
Due to Other Funds	2,632,479
(Payable from Restricted Assets)	
Contracts Payable	48,771
Revenue Bonds Payable	1,958,256
Accrued Interest Payable - Revenue Bonds	149,940
	<hr/>
<b><u>TOTAL CURRENT LIABILITIES</u></b>	<b>6,399,273</b>
<b>LONG-TERM LIABILITIES</b>	
Accrued Vacation Pay - Due After One Year	126,313
Revenue Bonds - Due After One Year	27,138,542
Deferred Revenue - Due After One Year	14,553,125
Other Liabilities	425,952
	<hr/>
<b><u>TOTAL LONG-TERM LIABILITIES</u></b>	<b>42,243,932</b>
	<hr/>
<b><u>TOTAL LIABILITIES</u></b>	<b>48,643,205</b>
<b><u>NET ASSETS</u></b>	
Invested in Capital Assets, Net of Related Debt	23,918,424
Engineering and Repair Grant	132,960
Restricted for Debt Service	2,766,581
Unrestricted	(4,671,804)
	<hr/>
<b><u>TOTAL NET ASSETS</u></b>	<b>22,146,161</b>
	<hr/> <hr/>

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

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUND**  
**YEAR ENDED JUNE 30, 2012**

	<b><u>Business-Type Activities</u></b>
<b><u>OPERATING REVENUES</u></b>	
Charges for Service	\$ 10,788,398
<b><u>TOTAL OPERATING REVENUES</u></b>	<b><u>10,788,398</u></b>
<b><u>OPERATING EXPENSES</u></b>	
Personnel Services	2,819,165
Material and Supplies	573,708
Contractual Services	960,568
Utilities	919,767
Repairs and Maintenance	547,348
Depreciation	1,674,697
Other Operating Expenses	90,380
<b><u>TOTAL OPERATING EXPENSES</u></b>	<b><u>7,585,633</u></b>
<b><u>OPERATING INCOME</u></b>	<b><u>3,202,765</u></b>
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>	
Interest Revenue	229,801
Interest and Amortization Expense	(870,948)
Grant Proceeds	8,470
Gain on Sale of Capital Assets	7,800
<b><u>TOTAL NON-OPERATING REVENUES (EXPENSES)</u></b>	<b><u>(624,877)</u></b>
<b><u>NET INCOME (LOSS) BEFORE TRANSFERS</u></b>	<b><u>2,577,888</u></b>
<b><u>TRANSFERS IN/(OUT)</u></b>	
General Fund	(3,131,898)
<b><u>CHANGE IN NET ASSETS</u></b>	<b><u>(554,010)</u></b>
<b><u>TOTAL NET ASSETS - July 1</u></b>	<b><u>22,700,171</u></b>
<b><u>TOTAL NET ASSETS - June 30</u></b>	<b><u>22,146,161</u></b>

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

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**YEAR ENDED JUNE 30, 2012**

	<b><u>Business-Type Activities</u></b>
<b><u>Cash Flows From Operating Activities</u></b>	
Cash Received From Customers	\$ 10,706,565
Cash Paid to Suppliers	(3,433,268)
Cash Paid to Employees	(2,837,952)
	<hr/>
<b><u>Net Cash Provided (Used) by Operating Activities</u></b>	<b>4,435,345</b>
	<hr/>
<b><u>Cash Flows From Non-Capital Financing Activities</u></b>	
Transfers Out	(3,131,898)
	<hr/>
<b><u>Net Cash Provided (Used) by Non-Capital Financing Activities</u></b>	<b>(3,131,898)</b>
	<hr/>
<b><u>Cash Flows From Capital and Related Financing Activities</u></b>	
Principal Paid on Capital Debt	(1,868,197)
Interest Paid on Capital Debt	(887,281)
Aquisition of Capital Assets	(107,532)
Principal Paid on Capital Lease	(52,253)
Payments Received from Municipal Governments	755,935
Proceeds from Sale of Capital Assets	7,800
	<hr/>
<b><u>Net Cash Provided (Used) by Capital and Related Financing Activities</u></b>	<b>(2,151,528)</b>
	<hr/>
<b><u>Cash Flows From Investing Activities</u></b>	
Interest on Investments	229,801
	<hr/>
<b><u>Net Cash Provided by Investing Activities</u></b>	<b>229,801</b>
	<hr/>
<b><u>Net Increase (Decrease) in Cash and Cash Equivalents</u></b>	<b>(618,280)</b>
	<hr/>
<b><u>Cash and Cash Equivalents - July 1</u></b>	<b>7,684,634</b>
	<hr/>
<b><u>Cash and Cash Equivalents - June 30</u></b>	<b>7,066,354</b>
	<hr/> <hr/>

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**YEAR ENDED JUNE 30, 2012**

	<b><u>Business-Type Activities</u></b>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
<b><u>Operating Income</u></b>	<b><u>\$ 3,202,765</u></b>
<b><u>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</u></b>	
Depreciation	1,674,697
(Increase) Decrease in	
Accounts Receivable	452,134
Prepaid Charges	(2,000)
Increase (Decrease) in	
Accounts Payable	(319,722)
Deferred Revenue	(546,097)
Customer Deposits	12,130
Accrued Expenses	(18,787)
Due to Other Funds	<u>(19,775)</u>
<b><u>Total Adjustments</u></b>	<b><u>1,232,580</u></b>
<b><u>Net Cash Provided by Operating Activities</u></b>	<b><u>4,435,345</u></b>

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

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**AS OF JUNE 30, 2012**

	<b><u>ASSETS</u></b>	<b>Total Agency Funds</b>
Cash and Cash Equivalents		\$ 49,569
<b><u>TOTAL ASSETS</u></b>		<b><u>49,569</u></b>
	<b><u>LIABILITIES</u></b>	
Due to Fireman's Organization		18,088
Agency Funds Held		<u>31,481</u>
<b><u>TOTAL LIABILITIES</u></b>		<b><u>49,569</u></b>

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

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED JUNE 30, 2012**

**Note 1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

The City of West Columbia was originally incorporated in 1894 as "Brookland." In 1938, the name was changed to West Columbia.

The Home Rule Act (Section 47-26) of the 1962 Code of Laws, as amended, requires municipalities to adopt a specific form of government. In 1975, the City adopted the Council form of government.

The financial statements of the reporting entity include only the City of West Columbia. There were no potential component units that merited inclusion because of the significance of their operations or financial relationships with the municipality.

**B. Basis of Presentation**

**Government-Wide and Fund Financial Statements:**

**Government-Wide Financial Statements**

The Government-Wide financial statements consist of a Statement of Net Assets, the Statement of Activities and reports information on all of the non-fiduciary activities of the government as a whole. Separate columns are used to distinguish between the City's governmental and business-type activities. Governmental activities are generally those activities financed by taxes and intergovernmental revenues. These activities are usually reported in governmental funds. Business-type activities are those activities, which are financed in whole or in part by user fees charged to external parties for goods and services. These activities are usually reported in Enterprise Funds. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. At June 30, 2012, there were no component units of the City.

The Statement of Net Assets reports all financial and capital resources of the City and reports the difference between assets and liabilities as "net assets," not fund balance or equity. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues and reflects the "net (expenses) revenues" of the City's individual functions before applying "general" revenues.

Direct expenses are those that are clearly identifiable with a specific function. Program revenues are derived directly from the program itself or from parties outside the reporting government's taxpayers or citizenry, as a whole, and thus reduce the net cost of the function to be financed from the government's general revenues. They include (1) charges to customers who purchase, use or directly benefit from goods and services provided by a given function, (2) operating grants and contributions and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. All revenues are "general" revenues unless they are required to be reported as program revenues.

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED JUNE 30, 2012**

**Note 1. Summary of Significant Accounting Policies (continued)**

**B. Basis of Presentation (continued)**

**Fund Financial Statements**

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the Government-Wide financial statements. The focus of governmental and proprietary fund financial statements is on “major” funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements, with “non-major” funds being aggregated and displayed in a single column.

The City reports the General Fund as the “major” governmental fund and the Water and Sewer Fund as the “major” proprietary fund.

Because of the basis of accounting and reporting differences, summary reconciliations to the Government-Wide financial statements are presented at the end of each applicable fund financial statement.

**Governmental Funds**

General Fund – The general fund is the general operating fund of the City. It is used to account for all financial resources except those required or earmarked to be accounted for in another fund.

**Proprietary Funds**

Proprietary Funds – Proprietary funds are used to account for operations (1) that are financed and operated in a manner similar to private business enterprise, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (2) where the governing body had decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Commission generally follows private sector standards of accounting and financial reporting issued prior to December 1, 1989, except those that conflict with or contradict GASB pronouncements, in accounting and reporting of transactions of its proprietary fund. The Commission has elected not to follow subsequent private sector guidance.

**Fiduciary Funds**

Trust and Agency Funds – Trust and agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations and/or other governmental units. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The fiduciary operations of the City consist of agency funds as presented on exhibit IX.

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED JUNE 30, 2012**

**Note 1. Summary of Significant Accounting Policies (continued)**

**B. Basis of Presentation (continued)**

**Fiduciary Funds (continued)**

The agency funds consist of the Fireman's Fund and the Narcotics Fund as presented on schedule D-1. The Fireman's Fund is used to account for revenue received from the State Fire Association's Insurance Fund. The Narcotics Fund is used to account for cash seized in relation to controlled substance seizures.

**C. Measurement Focus and Basis of Accounting**

The financial statements of the City of West Columbia, South Carolina have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. All applicable GASB Statements have been implemented including GASB Statement No. 34 Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, which the City was required to implement effective fiscal year, ended June 30, 2003.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting is a conceptual description of the timing of the accounting measurements made.

Government-Wide and Proprietary Fund financial statements use the economic resources measurement focus and the accrual basis of accounting in accordance with GASB Statement Number 34. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met.

As a general rule, the effect of inter-fund activity has been eliminated from the Government-Wide financial statements. The inter-fund activity currently relates only to inter-fund receivables, payables and transfers as described in note 14 to the financial statements. The City currently has no internal service funds which provide services to other funds that would generate internal payments for services. However, elimination of such charges if they occur would distort the direct costs and program revenues reported for the various functions concerned.

Governmental Fund financial statements are reported using the 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 (when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers all revenues available if they are collected within 60 days after year end.

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED JUNE 30, 2012**

**Note 1. Summary of Significant Accounting Policies (continued)**

**C. Measurement Focus and Basis of Accounting (continued)**

Property taxes, franchise taxes, licenses, and interest are susceptible to accrual and so have been recognized as revenues of the current fiscal period. State shared revenues are recorded at the time of receipt or earlier if the susceptible to 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. All other revenue items are considered to be measurable and available only when cash is received by the City.

Proprietary Fund financial statements reflect net assets and revenues, expenses and changes in net assets using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis concept, revenues are recognized when earned and expenses are recognized when incurred.

Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's principal ongoing operations. 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.

**D. Budgets and Budgetary Accounting**

An annual appropriated budget is adopted for the general fund only. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 30, the City Administrator submits to the City Council a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
2. The budget is legally enacted by an ordinance passed by the Mayor and Council.
3. The City Administrator is authorized to administer the budget. Only the Mayor and Council can amend the budget once it has been adopted.
4. The level at which expenditures may not legally exceed budget is established by function and activity within an individual fund. Such appropriation transfers and amendments are incorporated into the minutes of their meetings.
5. A formal budget is adopted and employed as a management control device during the year for the general fund. Effective budgetary control is also achieved through the various grants, individual budgets as required by the grantors and terms of debt covenants. The city ordinances also provide for a non-appropriated budget for the proprietary fund to facilitate the management review and approval process. This budget is not presented for financial statement purposes, but is utilized by management.
6. Budgets are adopted on a basis consistent with generally accepted accounting principles, which is the same basis whereby actual revenues and expenditures are recorded.

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED JUNE 30, 2012**

**Note 1. Summary of Significant Accounting Policies (continued)**

**D. Budgets and Budgetary Accounting (continued)**

7. The budget at the end of the year represents the budget adopted and amended by the Mayor and Council. All operations and maintenance appropriations lapse at year-end. However, capital outlay financial plans are adopted for all capital type projects.
8. During the year ended June 30, 2012, the City Mayor and Council approved the General Fund budget as follows:

<u>Fund</u>	<u>Original Budget</u>	<u>Supplemental Appropriation</u>	<u>Final Budget</u>
General	\$ 13,000,000	\$ 182,766	\$ 13,182,766

9. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting-under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. At June 30, 2012 all commitments lapsed and no encumbrances were recognized.

**E. Cash and Investments**

The City is authorized to invest in obligations of the U.S. Government and agencies thereof, general obligations of the State of South Carolina or any of its political subdivisions, banks and savings and loan associations to the extent they are secured by the Federal Deposit Insurance Corporation. The City can hold cash in certificates of deposit where the certificates are collaterally secured by the preceding securities held in a third party arrangement.

Cash includes amounts in demand, deposits, and cash on hand. Investments are stated at cost or amortized cost, which approximates fair value, and consist mainly of certificates of deposit, debt instruments of federal agencies and securities held under repurchase agreements.

**F. Inter-fund Receivables/Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

**G. Restricted Assets**

Certain proceeds of enterprise revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

**H. Deferred Charges**

Governmental Activities: The deferred charges are made up of series 2008 tax increment revenue bond issuance cost of \$64,657 for insurance, brokerage and attorney fees. This amount is shown net of \$39,508 of amortization expense.

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED JUNE 30, 2012**

**Note 1. Summary of Significant Accounting Policies (continued)**

**H. Deferred Charges (continued)**

Business-Type Activities: The deferred charges are made up of Series 1998A, 2005, 2009A, and 2009B Bond issue costs of \$8,182, \$266,966 \$170,874, and \$93,643 respectively for insurance, brokerage and attorneys fees. These amounts are shown net of \$107,310 of amortization expense.

**I. Capital Assets**

Governmental funds: Capital outlays are recorded as expenditures on the governmental fund financial statements and as assets on the government-wide financial statements. All capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. All assets with an initial cost of \$1,000 or greater and a useful life of three years or more are capitalized and reported on the government-wide financial statements. The City has no material general infrastructure assets.

Proprietary Fund Types: Capital outlays of the proprietary funds are recorded as capital assets on both the fund basis and the government-wide basis. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. The property, plant, and equipment as shown on the proprietary fund balance sheet represent the historical cost in the aggregate of additions to the water treatment system, water and sewer lines and related expenditures over time as well as vehicles and equipment.

Depreciation of all exhaustible capital assets used by the primary government is charged as an expense against operations. Depreciation has been provided over the estimated useful lives for all assets using the straight-line method. A summary of the estimated useful lives is as follows:

Buildings and Improvements	10 to 40 years
System Infrastructure	40 to 50 years
Vehicles and Equipment	3 to 10 years
Office Equipment	5 to 7 years
Computer Equipment	3 to 5 years

**J. Bond Discounts/Issuance Costs**

In governmental fund types, bond discounts and issuance costs are recognized in the current period. Bond discounts and issuance costs for proprietary fund types are deferred and amortized over the term of the bonds using the straight-line method. Bond discounts are presented as a reduction of the face amount of bonds payable whereas issuance costs are recorded as deferred charges.

**K. Compensated Absences**

It is the City's policy to allow employees to accumulate unused vacation and sick leave benefits up to certain hours. Accumulated unused vacation, to a maximum of five days for the first year, two weeks for less than eleven years, three weeks for eleven to twenty years, and four weeks for over twenty years, is payable upon termination if the employee leaves the City in good standing. In accordance with the provisions of Statement of Governmental Accounting Standards No. 16,

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED JUNE 30, 2012**

**Note 1. Summary of Significant Accounting Policies (continued)**

**K. Compensated Absences (continued)**

Accounting for Compensated Absences, no liability is recorded for non-vesting accumulation rights to receive sick pay benefits.

In the Government-Wide and Proprietary Fund financial statements, vacation pay is accrued when incurred and reported as a current and long-term liability. In the Governmental Funds, vacation pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee retirement.

**L. Long Term Debt**

In the Government-Wide financial statements and the Proprietary Fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type Statement of Net Assets. Long term debt represents unmatured principal of general obligation and revenue bond indebtedness, and outstanding portions due on long-term contracts. Liabilities arising from inter-fund activities do not constitute general long-term liabilities.

**M. Net Assets and Fund Balances**

In the Government-Wide financial statements, the difference between the City's total assets and total liabilities represents net assets. Net assets for both the governmental and proprietary fund types displays three components; 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted. Unrestricted net assets represent the net assets available for future operations.

In the fund level financial statements, the difference between the City's total assets and total liabilities represents fund balance. The City reports fund balance in accordance with GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," for the fund level financial statements. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. Fund balance for the fund level financial statements can display five components: nonspendable, restricted, committed, assigned and unassigned. These components focus on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. These five components are defined as:

**Nonspendable Fund Balance**

The nonspendable fund balance component includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that will never be converted to cash, for example, inventories of supplies and prepaid items. It may also include the long-term portion of loans and notes receivable, as well as nonfinancial assets held for resale.

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED JUNE 30, 2012**

**Note 1. Summary of Significant Accounting Policies (continued)**

**M. Net Assets and Fund Balances (continued)**

**Restricted Fund Balance**

The restricted fund balance component includes amounts that are either restricted externally by creditors, grantor, contributors, or laws or regulation of other governments or restricted by law through constitutional provisions or enabling legislation.

**Committed Fund Balance**

The committed fund balance component includes amounts that can only be used for specific purposes pursuant to constraints imposed by City Council in the form of a legal ordinance. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by passing a legal ordinance. Committed fund balances also incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The City recognizes committed fund balances that have been approved for specific purposes by City Council before the fiscal year end.

**Assigned Fund Balance**

The assigned fund balance component includes amounts that are constrained by the City's intent to be used for specific purposes but are not restricted or committed. The authority for making, modifying, or removing an assignment is not required to be the City's highest level of decision-making authority. Assigned amounts can be authorized for specific purposes by a designated Official, a designated Body, or the City Council.

**Unassigned Fund Balance**

The unassigned fund balance component includes amounts that have not been assigned to other funds and has not been restricted, committed, or assigned for specific purposes within the general fund.

Based on the City's policies regarding fund balance components as noted above, the City considers amounts that are restricted, committed, or assigned to be spent when the corresponding expenditure that has been designated with formal action by the City Council, Official, or Body has been made. After these fund balances have been depleted, unassigned fund balance will be considered to have been spent.

**N. Comparative Data**

Comparative total data for the prior year has been presented in selected sections of the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. However, comparative data has not been presented in all statements since such inclusion would make certain statements unduly complex and more difficult to understand.

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED JUNE 30, 2012**

**Note 1. Summary of Significant Accounting Policies (continued)**

**O. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Estimates are used to determine depreciation expense and the allowance for doubtful accounts among other accounts. Actual results could differ from those estimates.

**Note 2. Deposits and Investments**

**Deposits**

As of June 30, 2012, the City of West Columbia held no long-term investments. However, the City has held investments in prior years and anticipates investing available funds in subsequent years.

**Interest Rate Risk**

In accordance with its investment policy, the City manages its exposure to declines in fair value by limiting the weighted average maturity of its investment portfolio to short periods of time.

**Credit Risk**

State statute (SC Code Section 12-45-220) outlines acceptable investment vehicles and limits the level of risk that may be accepted by a government entity. State statute and the City's investment portfolio limits the City's investments to obligations of the United States and agencies thereof; general obligations of the State of South Carolina or any of its political units; interest bearing accounts in savings and loan associations to the extent that the same are insured by an agency of the Federal government; certificates of deposit where the certificates are collaterally secured by securities of the type described above, held by a third party as escrow agent or custodian, of a fair value not less than the amount of the certificates of deposit so secured, including interest, provided, however, such collateral shall not be required to the extent the same are insured by an agency of the United States Government; or deposit accounts with banking institutions insured and secured in the same manner.

State statutes also allow the State Treasurer to assist local governments in investing funds through the State Treasurer's Local Government Investment Pool (LGIP), of which the fair value of the City's investments are the same as the value of the pooled shares. The State Treasurer's investment pool is not rated, but generally, investments are collateralized by debt securities in corporate obligations, state or political subdivision obligations of investment grade or higher quality and in federal agency securities.

**Concentration of Credit Risk**

The City's investment policy requires available surplus funds to be invested in long-term certificates of deposits, of which no one institution is to hold 100 percent of the certificates, or the State Treasurer's Investment Pool, in which case credit risk is limited via allocation of investments over a broad range of securities.

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED JUNE 30, 2012**

**Note 2. Deposits and Investments (continued)**

**Custodial Credit Risk-Deposits**

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. It is the policy of the City to obtain adequate collateralization on all deposits that exceed FDIC insurance coverage. As of June 30, 2012, the City had cash on-hand of \$1,850 and cash deposits in demand, savings, money market and certificate of deposit accounts equal to \$8,650,730. Of the deposit amounts, \$522,118 is covered by FDIC insurance, and the balance of \$8,128,612 is collateralized by federal agency securities held by the various banks to secure the deposits of the City.

**Custodial Credit Risk-Investments**

For an investment, this is the risk that, in the event of the failure of the counter party, the government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. As of June 30, 2012, all investments in agency securities, as noted above, are book entry and held by third parties in the City's name.

**Note 3. Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Water and Sewer Fund considers cash and all highly liquid investments, restricted and unrestricted, with a maturity of three months or less when purchased to be cash equivalents.

**Note 4. Property Taxes**

Property taxes are levied on real and personal properties owned on the preceding December 31 of each City fiscal year ending June 30. Liens attach to the property at the time the taxes are levied. These taxes are due without penalty through January 15. Penalties are added to taxes depending on the date paid as follows.

- January 16 through February 1 - 3% of tax
- February 2 through March 16 - 10% of tax
- March 17 and thereafter - 15% of tax plus collection cost

Current year real and personal taxes go into execution on March 17. The levy date for motor vehicle taxes is the first day of the month in which the motor vehicle license expires. These taxes are due by the last day of the same month. Property tax revenues are recognized when due or past due and collectible within the current period or soon enough thereafter (defined as sixty days) to pay liabilities of the current period. An allowance is provided for an estimated amount of taxes billed, which may ultimately prove to be uncollectable. Deferred revenue (property taxes) for governmental funds represents that portion of delinquent property taxes, which is deemed not available to pay current expenditures.

Property taxes are assessed and collected by Lexington County under a joint billing and collection agreement.

For Government-Wide financial statements, property taxes are recognized as revenue in the year for which they are levied. For Government Fund financial statements, City property tax revenues are recognized for the budget period to which they apply when they become

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED JUNE 30, 2012**

**Note 4. Property Taxes (continued)**

measurable and available. Delinquent and unpaid property taxes are reported as receivables, less amounts estimated to be uncollectable.

**Note 5. Notes Receivable – Proprietary Fund**

This consists of amounts due from the Town of Lexington and the Joint Municipal Water and Sewer Commission pursuant to contracts that provide necessary improvements to the City's Lake Murray Water Treatment Facility that guarantee capacity of 4.5 million GPD to the Town and increase the Commission's guaranteed capacity from 4.5 million GPD to 10.07 million GPD. The Town's contract also provides for installation of water lines for newly acquired customer service areas. The Town is obligated to pay its share of the 1998A bond issue requirements (40.09%) for installation of water lines and also its share of the 2009C bond issue requirements (69.33%) for the water treatment facility upgrade. The Commission is obligated to pay its share of the 2005 bond issue requirements (53.72%) associated with an additional 9 million GPD upgrade to the Lake Murray Water Treatment facility completed in May 2007. The City has begun to amortize the deferred revenues from these sales of capacity over the remaining life of the plant.

**Note 6. Changes in Capital Assets**

**Governmental Activities:**

A summary of changes in governmental activities capital assets is as follows:

	<b><u>Balance</u></b>			<b><u>Balance</u></b>
	<b><u>July 1, 2011</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>June 30, 2012</u></b>
<b>Non-Depreciable</b>				
<b>Capital Assets:</b>				
Land	\$ 5,557,341			\$ 5,557,341
<b>Total Non-Depreciable</b>				
<b>Capital Assets:</b>	<b><u>5,557,341</u></b>			<b><u>5,557,341</u></b>
<b>Depreciable Capital Assets:</b>				
Buildings and Improvements	8,037,981			8,037,981
Vehicles and Equipment	7,810,233	\$ 689,171	\$ 243,989	8,255,415
<b>Total Depreciable</b>				
<b>Capital Assets</b>	<b><u>15,848,214</u></b>	<b><u>689,171</u></b>	<b><u>243,989</u></b>	<b><u>16,293,396</u></b>
<b>Total Capital Assets:</b>	<b><u>21,405,555</u></b>	<b><u>689,171</u></b>	<b><u>243,989</u></b>	<b><u>21,850,737</u></b>
<b>Less accumulated</b>				
<b>Depreciation for:</b>				
Buildings and Improvements	1,891,652	226,770		2,118,422
Vehicles and Equipment	5,346,478	896,998	242,170	6,001,306
<b>Total Accumulated</b>				
<b>Depreciation</b>	<b><u>7,238,130</u></b>	<b><u>1,123,768</u></b>	<b><u>242,170</u></b>	<b><u>8,119,728</u></b>
<b>Governmental Activities</b>				
<b>Capital Assets, Net:</b>	<b><u>14,167,425</u></b>	<b><u>(434,597)</u></b>	<b><u>(1,819)</u></b>	<b><u>13,731,009</u></b>

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED JUNE 30, 2012**

**Note 6. Changes in Capital Assets (continued)**

**Business-Type Activities:**

A summary of changes in business-type capital assets is as follows:

	<b><u>Balance</u></b> <b><u>July 1, 2011</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Balance</u></b> <b><u>June 30, 2012</u></b>
<b>Non-Depreciable Capital Assets:</b>				
Land	\$ 187,500			\$ 187,500
Construction in Progress	17,803,284		\$ 10,039,587	7,763,697
<b>Total Non-Depreciable Capital Assets</b>	<b><u>17,990,784</u></b>		<b><u>10,039,587</u></b>	<b><u>7,951,197</u></b>
<b>Depreciable Capital Assets</b>				
Buildings	35,840,630	\$ 8,285,587		44,126,217
Improvements Other Than Buildings	23,196,536	476,000		23,672,536
Equipment	830,966	1,281,055		2,112,021
Vehicles and Equipment	778,697	88,477	\$ 31,410	835,764
<b>Total Depreciable Capital Assets:</b>	<b><u>60,646,829</u></b>	<b><u>10,131,119</u></b>	<b><u>31,410</u></b>	<b><u>70,746,538</u></b>
<b>Total Capital Assets:</b>	<b><u>78,637,613</u></b>	<b><u>10,131,119</u></b>	<b><u>10,070,997</u></b>	<b><u>78,697,735</u></b>
<b>Less accumulated Depreciation for:</b>				
Buildings	9,593,130	988,429		10,581,559
Improvements Other Than Buildings	13,074,515	517,238		13,591,753
Equipment	671,221	111,387		782,608
Vehicles and Equipment	700,362	57,643	31,410	726,595
<b>Total Depreciable Capital Assets:</b>	<b><u>24,039,228</u></b>	<b><u>1,674,697</u></b>	<b><u>31,410</u></b>	<b><u>25,682,515</u></b>
<b>Business-Type Activities Capital Assets, Net:</b>	<b><u>54,598,385</u></b>	<b><u>8,456,422</u></b>	<b><u>10,039,587</u></b>	<b><u>53,015,220</u></b>

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

Governmental activities:	
General government	\$ 177,138
Community and economic development	453
Public safety	654,404
Public services	185,782
General services	105,991
<b>Total depreciation expense – governmental activities</b>	<b><u>1,123,768</u></b>
Business-type activities:	
Water and sewer utility	\$ 1,674,697
<b>Total depreciation expense – business-type activities</b>	<b><u>1,674,697</u></b>

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED JUNE 30, 2012**

**Note 7. Capital Leases**

The City is obligated under certain non-cancelable leases accounted for as capital leases and are reported in the governmental activities column of the government-wide financial statements and related obligations recorded in the Enterprise Fund are accounted for within that fund. Assets under capital leases totaled approximately \$ 308,696 at June 30, 2012 and are reported under the vehicle and equipment asset class. The following is a schedule of future minimum lease payments under capital leases, together with the net value of the minimum lease payments as of June 30, 2012.

<b><u>Year Ending June 30</u></b>	<b><u>Governmental-type Activities</u></b>
2013	\$ 260,071
2014	260,071
2015	177,475
2016-2017	<u>202,388</u>
Minimum lease payments for all capital leases	900,005
Less: Amount representing interest at the City's incremental borrowing rate of interest	<u>77,286</u>
Present value of minimum lease payments	<u><u>822,719</u></u>

**Note 8. Changes in Bonds, Loans and Other Long Term Debt**

The following is a summary of bond, loan and other long term debt transactions. Governmental activity obligations are repaid from the general fund and business-type obligations from the Proprietary fund for the debts as detailed below.

**Governmental Activities:**

	<b><u>Balance July 1, 2011</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Balance June 30, 2012</u></b>
<b>Long Term Debt:</b>				
Capital Leases	\$ 1,177,199	\$	\$ 354,510	\$ 822,689
Tax Increment Bonds				
Series 2008	3,619,241		464,670	3,154,571
General Obligation Bond				
Series 2010	<u>2,569,619</u>		<u>245,802</u>	<u>2,323,817</u>
<b>Total Payable</b>	<b><u>7,366,059</u></b>		<b><u>1,064,982</u></b>	<b><u>6,301,077</u></b>
<b>Compensated Absences</b>	<b><u>556,406</u></b>	<b><u>49,139</u></b>	<b><u>63,418</u></b>	<b><u>542,127</u></b>

Long-term debt for Governmental Activities is comprised of the following:

	<b><u>Interest Rate</u></b>	<b><u>June 30, 2012 Current Portion</u></b>	<b><u>Long Term Portion</u></b>
Capital Leases	2.77 to 3.97%	\$ 229,973	\$ 592,746
Tax Increment Bonds, Series 2008	3.54%	481,119	2,673,452
General Obligation Bond, Series 2010	3.699%	254,894	2,068,923
Compensated Absences		282,852	259,275

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED JUNE 30, 2012**

**Note 8. Changes in Bonds, Loans and Other Long Term Debt (continued)**

On March 26, 2010 the City issued a long-term General Obligation Bond, Series 2010, in the amount of \$2,813,623 to refund two short term General Obligation Bonds, Series 2009A and 2990B, issued on March 25, 2009, in the amounts of \$1,490,000 and \$1,170,000 respectively plus accrued interest. The Series 2010 Bond is payable as to principal and interest in equally amortized payments of \$340,852, payable each March 1, beginning March 1, 2011 through March 1, 2019, with the final payment of \$340,852 being paid on February 25, 2020 the maturity date of the Bond. The Bond shall bear interest at the rate of 3.699 percent per annum.

The City issued \$5,565,000 of tax increment financing bonds, series 2003, to provide funds for the construction of a new 32,000 square foot city hall. The bonds are secured by the incremental tax revenue from the Tax Increment Financing District and a junior lien of the water and sewer revenues. The City refunded the series 2003 bonds on March 10, 2008. The series 2008 bonds have a stated rate of interest of 3.54 percent and are payable over the next 6 years.

The annual requirements for bonds payable for Governmental Activities are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal Amount</u>	<u>Interest Amount</u>
2013	\$ 736,013	\$ 197,630
2014	762,474	171,169
2015	789,885	143,758
2016	818,283	115,360
2017-2018	<u>2,371,733</u>	<u>177,259</u>
<b>Totals</b>	<b><u>5,478,388</u></b>	<b><u>805,176</u></b>

**Business-Type Activities:**

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
<b>Long Term Debt:</b>				
Capital Leases	\$ 52,253		\$ 52,253	\$ 0
Revenue Bonds – 1998A	973,810		106,556	867,254
Revenue Bonds – 2005	9,756,610		559,283	9,197,327
Revenue Bonds – 2009A	9,495,215		380,967	9,114,248
Revenue Bonds 2009B	7,887,279		401,391	7,485,888
Revenue Bonds 2009C	2,930,565		420,000	2,510,565
Less: Deferred Issue Cost	89,698		11,212	78,486
<b>Total Payable</b>	<b><u>31,006,034</u></b>		<b><u>1,931,662</u></b>	<b><u>29,096,796</u></b>
<b>Compensated Absences:</b>	<b><u>251,341</u></b>	<b><u>20,681</u></b>	<b><u>48,995</u></b>	<b><u>223,027</u></b>

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED JUNE 30, 2012**

**Note 8. Changes in Bond, Loan and Other Long Term Debt (continued)**

Long-term debt for Business-type activities is comprised of the following:

	<b><u>Interest Rate</u></b>	<b><u>June 30, 2012</u></b>	
		<b><u>Current Portion</u></b>	<b><u>Long Term Portion</u></b>
<b>Revenue Bonds:</b>			
Series 1998A Issue	4.75%	\$ 111,709	\$ 755,545
Series 2005 Issue	2.50%	577,467	8,619,860
Series 2009A Issue	3.00%	408,689	8,705,559
Series 2009B Issue	3.50%	431,603	7,054,285
Series 2009C Issue	3.53%	<u>428,788</u>	<u>2,003,291</u>
<b>Total Revenue Bonds</b>		<b><u>1,958,256</u></b>	<b><u>27,138,540</u></b>
<b>Compensated Absences:</b>		<b><u>96,714</u></b>	<b><u>126,313</u></b>

Under the terms of the bond and loan covenants the City is required to maintain certain reserves and restricted assets. There are also a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all material and significant limitations and restrictions. Based on the constitutional debt limit as set by the State of South Carolina, the City could issue such up to eight percent (8%) of the assessed valuations of property on which property taxes are levied, or approximately \$4,497,186 at June 30, 2012 (Table 13).

The annual requirements for bonds payable for the Enterprise Fund are as follows:

	<b><u>Revenue Bonds</u></b>	
<b><u>Year Ended</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>
<b><u>June 30</u></b>	<b><u>Amount</u></b>	<b><u>Amount</u></b>
2013	1,958,257	738,126
2014	2,011,393	684,481
2015	1,889,389	632,446
2016	1,938,971	582,093
2017	1,999,605	530,152
2018	2,056,319	476,501
2019	2,071,414	421,017
2020	1,658,870	375,562
2021	1,696,510	337,921
2022	1,735,005	299,427
2023	1,774,373	260,058
2024	1,814,635	219,796
2025	1,855,809	178,621
2026	1,703,029	136,512
2027	1,025,607	93,138
2028	572,212	38,116
2029	585,196	25,132
2030	598,474	11,854
2031	<u>151,728</u>	<u>853</u>
<b>Totals</b>	<b><u>29,096,796</u></b>	<b><u>6,041,806</u></b>

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED JUNE 30, 2012**

**Note 9. Net Assets**

Net assets of the Government – Wide and Proprietary Fund financial statements represent the difference between assets and liabilities. Reported amounts invested in capital assets and restricted net assets were as follows:

	<b><u>Governmental Activities</u></b>	<b><u>Business-Type Activities</u></b>
<b><u>Invested in Capital Assets, Net of Related Debt:</u></b>		
Net capital assets	\$ 13,731,009	\$ 53,015,220
Less net bonds payable	5,478,388	29,096,796
Less capital leases	822,719	.
<b>Total invested in capital assets, net of related debt</b>	<b><u>7,429,902</u></b>	<b><u>23,918,424</u></b>
	<b><u>Governmental Activities</u></b>	<b><u>Business-Type Activities</u></b>
<b><u>Restricted:</u></b>		
Debt service	\$ 118	\$ 2,766,581
Capital Improvement Grant		132,960
Law Enforcement Grants and Programs	48,661	
Parks Program	22,405	
Accommodations Tax	25,634	.
<b>Total restricted net assets</b>	<b><u>96,818</u></b>	<b><u>2,899,541</u></b>

**Note 10. Employee Retirement Systems**

The City of West Columbia contributes to the South Carolina State Retirement System (SCRS) and Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit plan. The City's payroll for the year ended June 30, 2012, for employees covered by SCRS was \$5,630,713 and by PORS was \$2,392,669. The City's total payroll for all employees was \$8,023,382.

As established by Title 9-1-480 Code of Laws of South Carolina, 1976 (as amended), all eligible persons, except those specifically excluded shall become members of the retirement system as a condition of their employment. The responsibility of the administration of the system is assigned by law to the State Budget & Control Board. Generally, employees who are responsible for the preservation of the public order are members of the PORS; the remaining City employees are members of SCRS.

Both the SCRS and the PORS offer retirement and disability benefits, cost of living adjustments on an ad hoc basis, life insurance benefits and survivor benefits. The Plan's provisions are established under Title 9 of the SC Code of Laws.

The following is a recap of the mandated contribution rates:

	<b><u>SCRS</u></b>	<b><u>PORS</u></b>
Employee Contributions	6.500% of Salary	6.500% of Salary
Employer Contributions	9.385% of Salary	11.363% of Salary

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED JUNE 30, 2012**

**Note 10. Employee Retirement Systems (continued)**

In addition to the preceding rates, the City contributes .15 percent of the SCRS payroll to provide a group life insurance benefit for their SCRS participants. Also for their PORS participants the City contributes .2 percent of PORS payroll to provide a group life insurance benefit and .2 percent of PORS payroll to provide an accidental death benefit.

The City's contributions to the SCRS for the years ending June 30, 2012, 2011 and 2010 were \$536,859, \$535,486, and \$501,629 respectively. The City's contributions to the PORS for the years ending June 30, 2012, 2011 and 2010 were \$281,450, \$269,709, and \$248,170, respectively.

The City contributes at the actuarially required contribution rates.

A Comprehensive Annual Financial Report containing financial statements and required supplementary information for the SCRS and PORS is issued and publicly available by writing the South Carolina Retirement System, P.O. Box 11960, Columbia, S.C. 29211-1960.

**Note 11. Deferred Compensation Plan**

The City offers its employees a state-sponsored deferred compensation plan (created in accordance with the Internal Revenue Code Section 457) available through the South Carolina State Treasurer's Office.

The plan, available to all City employees, permits them to defer a portion of their salary until future years. In effect, the employee temporarily loses access to the resources in exchange for the right to defer federal taxes. The deferred compensation cannot be withdrawn by employees until termination, retirement, death, disability or an approved hardship.

In 1996, Congress passed new legislation governing IRC Section 457 plans. The new legislation specifically states that all assets and income of the plan must be held in trust for the exclusive benefit of participants and their beneficiaries. All existing plans had to be modified to comply with the new legislation by January 1, 1999. The plan, which is available through the State of South Carolina, was modified to comply with the new legislation July 1, 1998.

GASB – Statement 32 eliminates all of the financial accounting and reporting related to IRC Section 457 plans. Therefore, the assets in the plan are no longer reported in the Agency Fund in these statements.

**Note 12. Risk Management**

Prior to July 1, 2011, The City of West Columbia was a member of the South Carolina Local Government Assurance Group (SCLGAG) which was a self-funded health benefits program. On July 1, 2011, the city changed coverage to the South Carolina Employee Insurance Program (SCEIP), which is a state funded insurance benefit program administrated by Blue Cross / Blue Shield of South Carolina. This program is available to employees of the state, higher education institutions, public school districts and participating local subdivisions. The General Assembly passed legislation extending voluntary participation in the state's Employee Insurance Program to eligible local subdivisions. To be eligible to participate the local subdivisions must fall within one of the categories, which include municipalities, established by statute (Section 1-11-720 of the S.C. Code of Laws, as amended). The Employee Insurance Program of SC offers health,

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED JUNE 30, 2012**

**Note 12. Risk Management (continued)**

dental, vision, life, and long term disability. The City pays employee health (standard rate), basic dental, required life and required long term disability. Additional options are available that employees may purchase. The City is also a member of the South Carolina Municipal Insurance Trust, which is a self-funded workers compensation program. In this program, the City is part of a pool of local governments for the determination of rates. Each member of the SCMIT accepts responsibility for normal claims expense with no additional liabilities.

**Note 13. Other Liabilities**

The amount shown as other liabilities represents funds contributed to the City's 2005 Revenue Bonds payable debt service reserve fund by the Joint Municipal Water and Sewer Commission based upon contractual obligations as stated in note 5 to the financial statements. As a result of the City's insurance underwriter for the Revenue Bond Series 2005 being downgraded in 2008, the City was required under its master bond ordinance to establish a reserve fund in the amount of \$779,590, of which the Commission is responsible for 53.72 percent. As of June 30, 2012 the City and Commission had contributed \$779,590 to the Revenue Bond Series 2005 debt service reserve fund.

**Note 14. Inter-fund Receivables, Payables And Transfers**

Individual fund inter-fund receivable and/or payable balances (shown as "Due to or Due from Other Funds") as of June 30, 2012 are as follows:

	<b><u>Inter-fund Receivables</u></b>	<b><u>Inter-fund Payables</u></b>
General Fund	\$ 2,632,479	
Proprietary Fund: Water and Sewer		\$ 2,632,479
<b>Totals</b>	<b><u>2,632,479</u></b>	<b><u>2,632,479</u></b>

The inter-fund balances reflect amounts due from one fund to the other for obligations of a fund that have been paid or otherwise satisfied by the other fund.

Inter-fund transfers for the year ended June 30, 2012 are as follows:

	<b><u>Transfer In</u></b>
<b><u>Transfer Out</u></b>	<b><u>General Fund</u></b>
Proprietary Fund: Water and Sewer	\$ 3,131,898

The transfer of \$3,131,898 to the General Fund from the Proprietary Fund is based on budgetary authorizations. The principal purpose of the transfers between funds is to support the general operations of the government.

**Note 15. Commitments**

Lake Murray Water Treatment Plant – The City of West Columbia has agreements with the Joint Municipal Water and Sewer Commission and the Town of Lexington relating to a water treatment plant at Lake Murray. This is not a joint venture. The role of the Commission and the Town is predominantly as one of the major users of the system. The contracts provide for fifty-three and three quarter percent (53.72%) of the water produced to be made available to the Commission and twenty-four percent (24%) to the Town at a bulk rate, which in turn would be sold to their customers. The Commission and the Town would only have an operational interest in the project and not an equitable interest.

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED JUNE 30, 2012**

**Note 16. Construction Commitments**

The City has an active construction project as of June 30, 2012. The project consists of replacing aging sewer lines and rebuilding and modernizing numerous sewer pump stations within the City's sewer system infrastructure (clean water project). The City has spent to date \$7,990,054 on the clean water project. The remaining commitment on the construction project is \$48,771.

The commitment for this project is being funded by State of South Carolina's State Infrastructure Revolving Loan Program through issuance of Revenue Bonds.

**Note 17. Contingencies**

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

**Note 18. Compliance - Net Earnings Covenant - Series 1998A, 1998B, 1999A 2002 and 2005 Bonds**

The City covenants and agrees that it will, at times, prescribe and maintain and thereafter collect rates and charges for the services and facilities furnished by the System which, together with other income, are reasonably expected to yield annual net earnings in the current fiscal year equal to at least one hundred twenty percent (120%) of the total annual principal and interest requirements for all series of bonds outstanding in such fiscal year. However, the document for the Series 2005 Bonds provides a test that, when applied, could be more restrictive. The City is in compliance with this covenant.

**Note 19. Post-Employment Benefits Other Than Pensions**

**A. Plan Description**

The City's defined benefit postemployment healthcare plan (the Plan), which the City initiated July 1, 2008, provides medical and dental insurance to eligible retirees under the Medicare age of 65. Employees become eligible when the employee qualifies for retirement benefits under the SCRS or PORS and has 15 years of continuous service with the City and was employed with the City as of June 30, 2008 as a fulltime employee. Anyone hired by the City on July 1, 2008 or later is not eligible to participate in the Plan. Information regarding SCRS and PORS eligibility may be obtained from the Comprehensive Annual Financial Report of the Plan. See note 10. The Plan is approved each year by City Council; the contribution requirements of the City and plan members are established and amended by Council. These contributions are neither guaranteed nor mandatory. Council has retained the right to unilaterally modify its payments toward retiree health care benefits.

As of July 1, 2011, the measurement date for the plan year 2012, there were 221 covered participants; 10 members are retirees receiving benefits and 211 are active participants.

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED JUNE 30, 2012**

**Note 19. Post-Employment Benefits Other Than Pensions (continued)**

**A. Plan Description (continued)**

The Plan is affiliated with the South Carolina Other Retirement Benefits Employer Trust (SC ORBET), an agent multiple-employer irrevocable trust administered by the Municipal Association of South Carolina. Each participating employer is responsible for determining the appropriate amount of contributions to remit to the Trust. SC ORBET issues a publicly available financial report that includes audited financial statements and required supplementary information for the Plan. A copy of the report may be obtained by writing to: Chief Financial Officer for Risk Management Services, Municipal Association of SC, P. O. Box 12109, Columbia, South Carolina 29211.

**B. Funding Policy**

The City makes a monthly contribution for retiree-only healthcare coverage for currently eligible employees based on actuarially calculated cost. The monthly contribution that the city contributed for fiscal year 2011-2012 was \$14,555. For current retirees the City makes a percentage of the healthcare contributions based on years of service. For 15 years of continuous service the City pays 75 percent of the retiree's healthcare and dental premium. For 16 to 19 years of service the percentage increases by 5 percent a year and for an employee who retires with 20 or more years of continuous service the City pays 100 percent. The City pays the premiums until the employee reaches age 65 or becomes Medicare eligible. For the fiscal year 2011-2012, the City contributed \$100,406 for retiree healthcare coverage and the retirees contributed the balance based on the number of years of service.

The City's annual other postemployment benefits (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, 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 cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current ARC rate is based on an actuarial valuation that is prepared in accordance within certain parameters. The current rate is 3.58 percent of annual covered payroll.

**C. Annual OPEB Cost and Funded Status and Funding Progress**

For the fiscal year 2011-2012 the City's annual OPEB cost was \$ 275,065 for the Plan, which was equal to the ARC. The following table shows the components of the City's annual OPEB cost for the fiscal year ended June 30, 2012:

Normal Cost	\$ 116,807
30 Year amortization of unfunded accrued liability (UAL)	153,658
Plan expenses	<u>4,600</u>
Total Annual Required Contribution	<u><u>275,065</u></u>

Contributions included \$ 174,659 paid by the City to the Plan to pre-fund benefits and \$ 100,406 made by the City through payment of covered participants' explicit and implicit subsidized benefits.

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED JUNE 30, 2012**

**Note 19. Post-Employment Benefits Other Than Pensions (continued)**

**C. Annual OPEB Cost and Funded Status and Funding Progress (continued)**

The City implemented GASB Statement No. 45 in fiscal year 2008-2009. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB (obligation) asset for the fiscal year ended June 30, 2012, were as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>(Obligation)</u> <u>Asset .</u>
6-30-2012	\$ 275,065	100%	\$ 0

At June 30, 2012, the actuarial accrued liability for benefits (AAL) was \$3,071,045, with \$1,013,200 in Plan assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,057,845. The funded ratio (Actuarial value of Plan assets/AAL) was 33.0 percent. The covered payroll (annual payroll of active employees covered by the Plan) was \$7,674,986, and the ratio of the UAAL to covered payroll was 26.9 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of the Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**D. Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actual value of assets, consistent with the long-term perspective of the calculations. The City uses the Projected Unit Credit Actuarial Cost Method. The actuarial assumptions included a 6.5% investment rate of return (net of administrative expenses) and an initial annual healthcare cost trend rate of 10.5%. The trend rate will decrease until it reaches 5% after seven years. Both rates included a 3% inflation assumption. The dental cost trend rate was assumed to be 6.0% per annum. The asset valuation method used is 5-Year Smoothed Market Value. The ORBET trust's actuarial consultants intend to use a smoothing method over a 5 year period with the assumed investment rate of return. The Plan's UAAL is being amortized on the level dollar method on a closed basis. The remaining amortization period at June 30, 2012, was 27 years.

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED JUNE 30, 2012**

**Note 20. Reconciliation of Government – Wide Fund Financial Statements**

**A. Explanations of Differences Between the Governmental Fund Balance Sheet and the Governmental - Wide Statement of Net Assets**

The Governmental Fund Balance Sheet includes reconciliation between fund balance amounts and Net Assets-Governmental Activities. The details of the reconciled amounts are as follows:

Capital assets in governmental activities are not financial resources and therefore are not reported in the fund financial statements:

Capital assets	\$ 21,850,737
Less, accumulated depreciation	<u>(8,119,728)</u>

<b>Net amount reported</b>	<b><u>13,731,009</u></b>
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Other assets not available to pay for current period expenditures and therefore are not reported in the funds:

Deferred charges, net of amortization	\$ <u>25,149</u>
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<b>Net amount reported</b>	<b><u>25,149</u></b>
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Accrued interest on bonds and capital leases in governmental funds is not due and payable in the current period and therefore is not reported as a liability in the funds.

	\$ <u>(66,674)</u>
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<b>Net amount reported</b>	<b><u>(66,674)</u></b>
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Liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the fund financial statements:

Deferred Revenue	\$ 170,382
Bonds and Capital leases payable	(6,301,107)
Compensated absences	<u>(259,275)</u>

<b>Net amount reported</b>	<b><u>(6,390,000)</u></b>
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**B. Explanations of Differences Between the Governmental Fund Statement of Revenue, Expenses and Changes in Fund Balances and the Government-Wide Statement of Activities**

The Governmental Fund Statement of Revenue, Expenses and Changes in Fund Balances includes a reconciliation between net changes in fund balance and Changes in Net Assets-Governmental Activities. The details of the reconciled amounts are as follows:

Governmental funds report capital outlays as expenditures; however, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeds capital outlay in the current period.

Capital outlay expenditures	\$ 689,171
Depreciation expense	<u>(1,123,768)</u>

<b>Net amount reported</b>	<b><u>(434,597)</u></b>
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**CITY OF WEST COLUMBIA, SOUTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED JUNE 30, 2012**

**Note 20. Reconciliation of Government – Wide Fund Financial Statements (continued)**

**B. Explanations of Differences Between the Governmental Fund Statement of Revenue, Expenses and Changes in Fund Balances and the Government-Wide Statement of Activities (continued)**

Revenues in the Statement of Activities that do not provide current financial resources are reported as revenues in these funds:

Property taxes \$ (21,649)

**Net amount reported** **(21,649)**

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

Amortization – Bond issue cost \$ (4,310)

Change in Accrued compensated absences (13,323)

Change in Accrued interest expense 20,524

**Net amount reported** **(2,891)**

The issuance of long-term debt provides current financial resources to governmental funds, while repayment of principal and interest consumes current financial resources of governmental funds.

This amount is the net effect of these differences in the treatment of long-term debt and related items:

Capital lease Proceeds \$ (105,000)

Principal payments – Bonds 689,787

Principal payments – Capital Leases 295,225

**Net amount reported** **880,012**

In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the costs of the capital assets sold.

**\$ 1,819**

**Note 21. Subsequent Events**

The City has evaluated all events subsequent to the basic financial statements for the year ended June 30, 2012 through January 29, 2013, which is the date the financial statements were available to be issued, and determined that there are no additional subsequent events requiring note disclosure.

**Required Supplementary Information**

**City of West Columbia Employees Other Postemployment Benefits**  
**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Accrued Liability</b>	<b>Unfunded Actuarial Accrued Liability (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
6-30-09	\$ 379,940	\$ 3,868,995	\$ 3,489,055	9.8%	\$ 7,744,378	45.1%
6-30-10	695,681	3,868,995	3,173,314	18.0%	6,810,014	46.6%
6-30-11	975,879	3,763,069	2,787,190	26.0%	5,711,025	48.8%
6-30-12	1,013,200	3,071,045	2,057,845	33.0%	7,674,986	26.9%

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## **GENERAL FUND**

**The general fund is used to account for resources that are traditionally associated with the City which are not required legally or by sound financial management to be accounted for in another fund.**

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**  
**GENERAL FUND**  
**COMPARATIVE BALANCE SHEETS**  
**AS OF JUNE 30, 2012 AND 2011**

	<u>ASSETS</u>	<u>June 30,</u> <u>2012</u>	<u>June 30,</u> <u>2011</u>
Cash		\$ 1,222,684	\$ 950,932
Receivables (Net of Allowance for Uncollectibles)			
Property Taxes - Delinquent		203,779	176,237
State		88,386	90,486
Municipal Governments		261,630	188,398
Grants		317,962	120,129
Rehabilitation Loans		32,646	32,646
Other		116,349	120,194
Prepaid			119,862
Due From Other Funds			
Water and Sewer Fund		2,632,479	2,652,254
Restricted Assets			
Cash		96,818	95,481
<b><u>TOTAL ASSETS</u></b>		<b><u>4,972,733</u></b>	<b><u>4,546,619</u></b>
	<b><u>LIABILITIES</u></b>		
Accounts Payable		383,210	517,960
Payroll Withholding		16,050	11,400
Accrued Salaries		37,245	870
Accrued Vacation Pay		282,852	274,719
Deferred Revenue		170,382	149,390
<b><u>TOTAL LIABILITIES</u></b>		<b><u>889,739</u></b>	<b><u>954,339</u></b>
	<b><u>FUND BALANCE</u></b>		
Nonspendable			119,862
Restricted		96,818	95,481
Unassigned		3,986,176	3,376,937
<b><u>TOTAL FUND BALANCE</u></b>		<b><u>4,082,994</u></b>	<b><u>3,592,280</u></b>
<b><u>TOTAL LIABILITIES AND FUND BALANCE</u></b>		<b><u>4,972,733</u></b>	<b><u>4,546,619</u></b>

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**  
**GENERAL FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**YEARS ENDED JUNE 30, 2012 AND 2011**

<b><u>REVENUES</u></b>	<b>June 30, 2012</b>	<b>June 30, 2011</b>
Property Taxes	\$ 3,926,503	\$ 3,613,165
Licenses and Permits	3,208,692	3,132,209
Fines and Forfeitures	452,259	343,474
Interest	224	2,385
Intergovernmental	411,954	422,332
Charges For Services	711,394	656,140
Grant Proceeds	910,849	636,679
Narcotics Program Income	18,712	7,863
Other Revenues	479,996	160,670
	<hr/>	<hr/>
<b><u>TOTAL REVENUES</u></b>	<b>10,120,583</b>	<b>8,974,917</b>
	<hr/>	<hr/>
<b><u>EXPENDITURES</u></b>		
Current		
General Government	1,328,992	1,235,857
Community and Economic Development	245,729	255,414
Public Safety	7,264,921	7,575,576
Public Services	1,730,813	2,118,363
General Services	891,228	769,804
Debt Service		
Principal	1,062,958	985,012
Interest	264,484	306,494
	<hr/>	<hr/>
<b><u>TOTAL EXPENDITURES</u></b>	<b>12,789,125</b>	<b>13,246,520</b>
	<hr/>	<hr/>
<b><u>EXCESS OF EXPENDITURES</u></b>		
<b><u>OVER/(UNDER) REVENUES</u></b>	<b>(2,668,542)</b>	<b>(4,271,603)</b>
	<hr/>	<hr/>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>		
Transfers In/(Out)		
Water and Sewer Fund	3,131,898	3,277,098
Recapture of Professional Fees		800,000
Capital Leases		105,000
Sale of Capital Assets	27,358	80,030
	<hr/>	<hr/>
<b><u>TOTAL OTHER FINANCING SOURCES (USES)</u></b>	<b>3,159,256</b>	<b>4,262,128</b>
	<hr/>	<hr/>
<b><u>EXCESS (DEFICIENCY) OF REVENUES AND OTHER</u></b>		
<b><u>FINANCING SOURCES OVER EXPENDITURES</u></b>		
<b><u>AND OTHER FINANCING USES</u></b>	<b>490,714</b>	<b>(9,475)</b>
	<hr/>	<hr/>
<b><u>FUND BALANCE - July 1</u></b>	<b>3,592,280</b>	<b>3,601,755</b>
	<hr/>	<hr/>
<b><u>FUND BALANCE - June 30</u></b>	<b>4,082,994</b>	<b>3,592,280</b>
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CITY OF WEST COLUMBIA, SOUTH CAROLINA  
GENERAL FUND  
COMPARATIVE SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
YEARS ENDED JUNE 30, 2012 AND 2011

	June 30, 2012		June 30, 2011		Variance Positive (Negative)
	Budget	Actual	Budget	Actual	
<b>REVENUES</b>					
Property Taxes	\$ 3,920,900	\$ 3,926,503	\$ 5,603	\$ 3,613,165	\$ 7,265
Licenses and Permits	3,230,000	3,208,692	(21,308)	3,132,209	(152,791)
Fines and Forfeitures	341,000	452,259	111,259	343,474	(22,526)
Interest	3,000	224	(2,776)	2,385	2,385
Intergovernmental	397,600	411,954	14,354	422,332	9,232
Charges for Services	710,000	711,394	1,394	656,140	(43,860)
Grant Proceeds	914,966	910,849	(4,117)	636,679	(119,309)
Narcotics Program Income	21,100	18,712	(2,388)	7,863	(16,237)
Other Revenues	512,300	479,996	(32,304)	160,670	35,470
<b>TOTAL REVENUES</b>	<b>10,050,866</b>	<b>10,120,583</b>	<b>69,717</b>	<b>8,974,917</b>	<b>(300,371)</b>
<b>EXPENDITURES</b>					
General Government	1,400,153	1,328,992	71,161	1,235,857	109,793
Community and Economic Development	254,600	245,729	8,871	255,414	7,686
Public Safety	7,373,581	7,264,921	108,660	7,575,576	59,962
Public Services	1,911,600	1,730,813	180,787	2,118,363	26,937
General Services	914,200	891,228	22,972	769,804	4,296
Debt Service					
Principal	1,064,100	1,062,958	1,142	985,012	193
Interest	264,532	264,484	48	306,494	1
<b>TOTAL EXPENDITURES</b>	<b>13,182,766</b>	<b>12,789,125</b>	<b>393,641</b>	<b>13,246,520</b>	<b>208,868</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(3,131,900)</b>	<b>(2,668,542)</b>	<b>463,358</b>	<b>(4,271,603)</b>	<b>(91,503)</b>
<b>OTHER FINANCING SOURCES/(USES)</b>					
Transfers In/(Out)					
Water and Sewer Fund	3,131,900	3,131,898	(2)	3,277,098	(2)
Recapture of Professional Fees			-	800,000	-
Capital Leases			-	103,000	2,000
Sale of Capital Assets		27,358	27,358	80,030	80,030
<b>TOTAL OTHER FINANCING SOURCES/(USES)</b>	<b>3,131,900</b>	<b>3,159,256</b>	<b>27,356</b>	<b>4,262,128</b>	<b>82,028</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>-</b>	<b>490,714</b>	<b>490,714</b>	<b>(9,475)</b>	<b>(9,475)</b>
<b>FUND BALANCE - July 1</b>		<b>3,592,280</b>		<b>3,601,755</b>	
<b>FUND BALANCE - June 30</b>		<b>4,082,994</b>		<b>3,592,280</b>	

CITY OF WEST COLUMBIA, SOUTH CAROLINA  
GENERAL FUND  
SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET  
YEAR ENDED JUNE 30, 2012  
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2011)

	Budget	Actual	Variance Favorable (Unfavorable)	2011 Actual
<b><u>GENERAL GOVERNMENT</u></b>				
<b>LEGISLATIVE (MAYOR &amp; COUNCIL)</b>				
Personnel Services	\$ 139,900	\$ 131,820	\$ 8,080	\$ 144,423
Other Services and Charges	48,650	54,476	(5,826)	65,581
Capital Outlay	1,000		1,000	
<b>TOTALS</b>	<b>189,550</b>	<b>186,296</b>	<b>3,254</b>	<b>210,004</b>
<b>ADMINISTRATIVE</b>				
Personnel Services	463,700	438,747	24,953	490,103
Supplies	22,300	22,949	(649)	21,842
Other Services and Charges	323,000	317,241	5,759	314,878
Capital Outlay	401,603	363,759	37,844	199,030
Debt Service - Principal	710,529	710,472	57	677,443
Debt Service - Interest	223,171	223,171	-	256,200
<b>TOTALS</b>	<b>2,144,303</b>	<b>2,076,339</b>	<b>67,964</b>	<b>1,959,496</b>
<b>TOTAL GENERAL GOVERNMENT</b>	<b>2,333,853</b>	<b>2,262,635</b>	<b>71,218</b>	<b>2,169,500</b>
<b><u>COMMUNITY DEVELOPMENT</u></b>				
<b>INSPECTIONS</b>				
Personnel Services	127,300	122,012	5,288	127,315
Supplies	2,000	948	1,052	
Other Supplies and Charges	11,700	10,184	1,516	10,358
Capital Outlay	1,000	2,202	(1,202)	
<b>TOTAL COMMUNITY DEVELOPMENT</b>	<b>142,000</b>	<b>135,346</b>	<b>6,654</b>	<b>137,673</b>
<b><u>ECONOMIC DEVELOPMENT</u></b>				
Personnel Services	99,100	98,539	561	101,123
Supplies	300	61	239	166
Other Services and Charges	13,200	11,783	1,417	16,452
Capital Outlay			-	
Debt Service - Interest			-	
<b>TOTAL ECONOMIC DEVELOPMENT</b>	<b>112,600</b>	<b>110,383</b>	<b>2,217</b>	<b>117,741</b>
<b>TOTAL COMMUNITY &amp; ECONOMIC DEVELOPMENT</b>	<b>254,600</b>	<b>245,729</b>	<b>8,871</b>	<b>255,414</b>
<b><u>PUBLIC SAFETY</u></b>				
<b>POLICE DEPARTMENT</b>				
<b>ADMINISTRATION</b>				
Personnel Services	2,806,400	2,812,813	(6,413)	2,847,878
Supplies	47,528	32,903	14,625	48,391
Other Services and Charges	676,800	659,749	17,051	594,637
Capital Outlay	354,185	374,834	(20,649)	525,451
Debt Service - Principal			-	
Debt Service - Interest			-	
<b>TOTALS</b>	<b>3,884,913</b>	<b>3,880,299</b>	<b>4,614</b>	<b>4,016,357</b>

CITY OF WEST COLUMBIA, SOUTH CAROLINA  
GENERAL FUND  
SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET  
YEAR ENDED JUNE 30, 2012  
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2011)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>2011 Actual</u>
<b><u>PUBLIC SAFETY (CONTINUED)</u></b>				
<b>DETECTIVES</b>				
Personnel Services	\$ 1,060,350	\$ 979,197	\$ 81,153	\$ 1,040,874
Supplies	25,600	35,487	(9,887)	26,027
Other Services and Charges	153,700	143,580	10,120	121,238
Capital Outlay	16,700	12,057	4,643	78,610
<b>TOTALS</b>	<b>1,256,350</b>	<b>1,170,321</b>	<b>86,029</b>	<b>1,266,749</b>
<b>DISPATCH - 911 CALL CENTER</b>				
Personnel Services	257,700	249,701	7,999	248,405
Supplies	8,400	2,078	6,322	2,995
Other Services and Charges	8,300	7,328	972	7,211
Capital Outlay	2,400		2,400	1,036
<b>TOTALS</b>	<b>276,800</b>	<b>259,107</b>	<b>17,693</b>	<b>259,647</b>
<b>COURT ADMINISTRATION</b>				
Personnel Services	185,700	181,071	4,629	189,735
Supplies	1,000	4,719	(3,719)	4,963
Other Services and Charges	52,000	52,464	(464)	51,359
Capital Outlay			-	
<b>TOTALS</b>	<b>238,700</b>	<b>238,254</b>	<b>446</b>	<b>246,057</b>
<b>TOTAL POLICE DEPARTMENT</b>				
	<b>5,656,763</b>	<b>5,547,981</b>	<b>108,782</b>	<b>5,788,810</b>
<b>CROSSING GUARDS</b>				
Personnel Services		617	(617)	1,560
Other Services and Charges			-	
<b>TOTALS</b>	<b>-</b>	<b>617</b>	<b>(617)</b>	<b>1,560</b>
<b>FIRE DEPARTMENT</b>				
Personnel Services	1,444,400	1,453,983	(9,583)	1,496,726
Supplies	22,100	18,908	3,192	24,974
Other Services and Charges	159,418	153,246	6,172	142,243
Capital Outlay	90,900	90,186	714	121,263
Debt Service - Principal	180,791	180,791	-	141,468
Debt Service - Interest	33,641	33,641	-	36,007
<b>TOTALS</b>	<b>1,931,250</b>	<b>1,930,755</b>	<b>495</b>	<b>1,962,681</b>
<b>TOTAL PUBLIC SAFETY</b>				
	<b>7,588,013</b>	<b>7,479,353</b>	<b>108,660</b>	<b>7,753,051</b>

CITY OF WEST COLUMBIA, SOUTH CAROLINA  
GENERAL FUND  
SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET  
YEAR ENDED JUNE 30, 2012  
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2011)

	Budget	Actual	Variance Favorable (Unfavorable)	2011 Actual
<b><u>PUBLIC SERVICES</u></b>				
<b><u>STREET DEPARTMENT</u></b>				
Personnel Services	\$ 264,200	\$ 199,589	\$ 64,611	\$ 266,079
Supplies	9,000	8,452	548	10,170
Other Services and Charges	283,800	295,818	(12,018)	279,149
Capital Outlay	49,200	22,515	26,685	129,330
Debt Service - Principal	11,780	11,719	61	11,340
Debt Service - Interest	1,220	1,214	6	1,593
<b><u>TOTALS</u></b>	<b>619,200</b>	<b>539,307</b>	<b>79,893</b>	<b>697,661</b>
<b><u>SANITATION DEPARTMENT</u></b>				
Personnel Services	906,600	879,977	26,623	1,056,211
Supplies	36,000	19,327	16,673	49,112
Other Services and Charges	207,300	171,126	36,174	138,803
Capital Outlay	155,500	134,009	21,491	189,509
Debt Service - Principal	161,000	159,976	1,024	154,760
Debt Service - Interest	6,500	6,458	42	12,695
<b><u>TOTALS</u></b>	<b>1,472,900</b>	<b>1,370,873</b>	<b>102,027</b>	<b>1,601,090</b>
<b><u>TOTAL PUBLIC SERVICES</u></b>	<b>2,092,100</b>	<b>1,910,180</b>	<b>181,920</b>	<b>2,298,751</b>
<b><u>DIVISION OF GENERAL SERVICES</u></b>				
<b><u>MAINTENANCE SHOP</u></b>				
Personnel Services	420,400	466,895	(46,495)	411,078
Supplies	11,000	6,610	4,390	5,987
Other Services and Charges	70,200	54,403	15,797	56,917
Capital Outlay	64,000	28,329	35,671	6,408
<b><u>TOTALS</u></b>	<b>565,600</b>	<b>556,237</b>	<b>9,363</b>	<b>480,390</b>
<b><u>PARKS AND RECREATION</u></b>				
Personnel Services	228,000	219,288	8,712	125,124
Supplies	36,500	32,625	3,875	12,625
Other Service and Charges	52,100	51,117	983	124,407
Capital Outlay	32,000	31,961	39	27,258
<b><u>TOTALS</u></b>	<b>348,600</b>	<b>334,991</b>	<b>13,609</b>	<b>289,414</b>
<b><u>TOTAL GENERAL SERVICES</u></b>	<b>914,200</b>	<b>891,228</b>	<b>22,972</b>	<b>769,804</b>
<b><u>GRAND TOTAL</u></b>	<b>13,182,766</b>	<b>12,789,125</b>	<b>393,641</b>	<b>13,246,520</b>

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## **ENTERPRISE FUNDS**

**Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the government’s council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where the government’s council has decided that periodic determination of net income is appropriate for accountability purposes.**

**Water and Sewer Fund – to provide for an accounting of water and sewer services and related charges to residents of the City of West Columbia and parts of Lexington County. All necessary activities in providing such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, construction, financing and related debt service, billing and collection.**

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**  
**COMPARATIVE STATEMENTS OF NET ASSETS**  
**PROPRIETARY FUND - WATER AND SEWER**  
**AS OF JUNE 30, 2012 AND 2011**

	<u>June 30,</u> <u>2012</u>	<u>June 30,</u> <u>2011</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 4,299,773	\$ 4,671,413
Accounts Receivable	1,801,434	2,253,568
Prepaid Charges	5,635	3,635
Notes Receivable- Municipal Government	762,666	738,094
Restricted Cash and Cash Equivalents	2,766,581	3,013,221
<b><u>TOTAL CURRENT ASSETS</u></b>	<b>9,636,089</b>	<b>10,679,931</b>
<b><u>NONCURRENT ASSETS</u></b>		
Noncurrent Receivable - Municipal Government	7,705,701	8,495,373
<b>DEFERRED CHARGES</b>		
Revenue Bond Issue Costs	432,356	461,760
<b><u>TOTAL DEFERRED CHARGES</u></b>	<b>432,356</b>	<b>461,760</b>
<b>CAPITAL ASSETS</b>		
Water Plant, Lines, and Sewer System	70,934,039	60,834,329
Less: Accumulated Depreciation	(25,682,516)	(24,039,228)
Construction in Progress	7,763,697	17,803,284
<b><u>TOTAL CAPITAL ASSETS (NET OF</u></b> <b><u>ACCUMULATED DEPRECIATION)</u></b>	<b>53,015,220</b>	<b>54,598,385</b>
<b><u>TOTAL NONCURRENT ASSETS</u></b>	<b>61,153,277</b>	<b>63,555,518</b>
<b><u>TOTAL ASSETS</u></b>	<b>70,789,366</b>	<b>74,235,449</b>

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**  
**COMPARATIVE STATEMENTS OF NET ASSETS**  
**PROPRIETARY FUND - WATER AND SEWER**  
**AS OF JUNE 30, 2012 AND 2011**

	<u>June 30,</u> <u>2012</u>	<u>June 30,</u> <u>2011</u>
<b><u>LIABILITIES</u></b>		
<b>CURRENT LIABILITIES</b>		
(Payable from Current Assets)		
Accounts Payable	\$ 358,023	\$ 677,745
Customer Deposits	472,205	460,075
Accrued Payroll and Vacation Pay	106,241	132,040
Capital Lease Obligation		52,253
Deferred Revenue	673,358	683,625
Due to Other Funds	2,632,479	2,652,254
(Payable from Restricted Assets)		
Contracts Payable	48,771	48,771
Revenue Bonds Payable	1,958,256	1,851,898
Accrued Interest Payable - Revenue Bonds	149,940	206,888
	<u>6,399,273</u>	<u>6,765,549</u>
<b><u>TOTAL CURRENT LIABILITIES</u></b>		
<b>LONG-TERM LIABILITIES</b>		
Accrued Vacation Pay - Due After One Year	126,313	119,301
Revenue Bonds - Due After One Year	27,138,542	29,101,883
Deferred Revenue - Due After One Year	14,553,125	15,122,593
Other Liabilities	425,952	425,952
	<u>42,243,932</u>	<u>44,769,729</u>
<b><u>TOTAL LONG-TERM LIABILITIES</u></b>		
	<u>48,643,205</u>	<u>51,535,278</u>
<b><u>TOTAL LIABILITIES</u></b>		
<b><u>NET ASSETS</u></b>		
Invested In Capital Assets, Net of Related Debt	23,918,424	23,130,592
Capital Improvement Grant	132,960	141,430
Restricted for Debt Service	2,766,581	3,013,221
Unrestricted	(4,671,804)	(3,585,072)
	<u>22,146,161</u>	<u>22,700,171</u>
<b><u>TOTAL NET ASSETS</u></b>		

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUND - WATER AND SEWER**  
**YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>June 30,</u> <u>2012</u>	<u>June 30,</u> <u>2011</u>
<b><u>OPERATING REVENUES</u></b>		
Charges for Services	\$ 10,788,398	\$ 10,971,120
<b><u>TOTAL OPERATING REVENUES</u></b>	<u>10,788,398</u>	<u>10,971,120</u>
<b><u>OPERATING EXPENSES</u></b>		
Personnel Services	2,819,165	3,036,216
Material and Supplies	573,708	599,500
Contractual Services	960,568	833,222
Utilities	919,767	967,619
Repairs and Maintenance	547,348	363,050
Depreciation	1,674,697	1,401,025
Other Operating Expenses	90,380	88,239
<b><u>TOTAL OPERATING EXPENSES</u></b>	<u>7,585,633</u>	<u>7,288,871</u>
<b><u>OPERATING INCOME</u></b>	<u>3,202,765</u>	<u>3,682,249</u>
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>		
Interest Revenue	229,801	297,704
Interest and Amortization Expense	(870,948)	(1,067,089)
Grant Proceeds	8,470	12,514
Gain on Sale of Fixed Assets	7,800	23,950
<b><u>TOTAL NON-OPERATING REVENUES (EXPENSES)</u></b>	<u>(624,877)</u>	<u>(732,921)</u>
<b><u>NET INCOME BEFORE TRANSFERS</u></b>	<u>2,577,888</u>	<u>2,949,328</u>
<b><u>TRANSFERS IN/(OUT)</u></b>		
General Fund	(3,131,898)	(3,277,098)
<b><u>CHANGE IN NET ASSETS</u></b>	<u>(554,010)</u>	<u>(327,770)</u>
<b><u>TOTAL NET ASSETS - July 1</u></b>	<u>22,700,171</u>	<u>23,027,941</u>
<b><u>TOTAL NET ASSETS - June 30</u></b>	<u>22,146,161</u>	<u>22,700,171</u>

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**PROPRIETARY FUND - WATER AND SEWER**  
**YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>June 30,</u> <u>2012</u>	<u>June 30,</u> <u>2011</u>
<b><u>Cash Flows From Operating Activities</u></b>		
Cash Received From Customers	\$ 10,706,565	\$ 11,402,361
Cash Paid to Suppliers	(3,433,268)	(3,248,808)
Cash Paid to Employees	(2,837,952)	(3,108,318)
	<hr/>	<hr/>
Net Cash Provided by Operating Activities	4,435,345	5,045,235
	<hr/>	<hr/>
<b><u>Cash Flows from Non-Capital Financing Activities</u></b>		
Transfers Out	(3,131,898)	(3,277,098)
	<hr/>	<hr/>
Net Cash Used in Non-Capital Financing Activities	(3,131,898)	(3,277,098)
	<hr/>	<hr/>
<b><u>Cash Flows From Capital and Related Financing Activities</u></b>		
Proceeds From Capital Debt		1,860,159
Principal Paid on Capital Debt	(1,868,197)	(1,599,901)
Interest Paid on Capital Debt	(887,281)	(888,089)
Acquisition of Capital Assets	(107,532)	(1,904,515)
Principal Paid on Capital Lease	(52,253)	(50,246)
Payments Received from Municipal Governments	755,935	931,378
Proceeds from Sale of Capital Assets	7,800	23,950
	<hr/>	<hr/>
Net Cash Provided (Used) in Capital and Related Financing Activities	(2,151,528)	(1,627,264)
	<hr/>	<hr/>
<b><u>Cash Flows From Investing Activities</u></b>		
Interest in Investments	229,801	307,094
	<hr/>	<hr/>
Net Cash Provided by Investing Activities	229,801	307,094
	<hr/>	<hr/>
Net Increase (Decrease) in Cash and and Cash Equivalents	(618,280)	447,967
	<hr/>	<hr/>
<b><u>Cash and Cash Equivalents - July 1</u></b>	7,684,634	7,236,667
	<hr/>	<hr/>
<b><u>Cash and Cash Equivalents - June 30</u></b>	7,066,354	7,684,634
	<hr/> <hr/>	<hr/> <hr/>

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**PROPRIETARY FUND - WATER AND SEWER**  
**YEARS ENDED JUNE 30, 2012 AND 2011**

**Reconciliation of Operating Income to Net Cash  
Provided by Operating Activities**

	<u>June 30,</u> <u>2012</u>	<u>June 30,</u> <u>2011</u>
<b><u>Operating Income</u></b>	<b><u>\$ 3,202,765</u></b>	<b><u>\$ 3,682,249</u></b>
<b>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</b>		
<b>Depreciation</b>	1,674,697	1,401,025
<b>(Increase) Decrease in</b>		
<b>Accounts Receivable</b>	452,134	961,550
<b>Prepaid Charges</b>	(2,000)	(167)
<b>Increase (Decrease) in</b>		
<b>Accounts Payable</b>	(319,722)	(885,341)
<b>Deferred Revenue</b>	(546,097)	(542,245)
<b>Customer Deposits</b>	12,130	11,936
<b>Accrued Expenses</b>	(18,787)	(72,102)
<b>Due to Other Funds</b>	(19,775)	488,332
<b>Total Adjustments</b>	<b><u>1,232,580</u></b>	<b><u>1,362,988</u></b>
<b><u>Net Cash Provided by Operating Activities</u></b>	<b><u>4,435,345</u></b>	<b><u>5,045,237</u></b>

## **FIDUCIARY FUNDS**

**Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or funds.**

**Fireman's Fund – to account for revenue received from another governmental agency on behalf of the employees of the City's fire department and to record the expenditures of such funds.**

**Narcotics Fund – to account for cash seized in relation to controlled substance seizures and the record of remittance of such monies to another local law enforcement agency.**

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**YEAR ENDED JUNE 30, 2012**

	<u>Balance</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
<b><u>FIREMAN'S FUND</u></b>				
<b>ASSETS- CASH</b>	\$ 10,184	\$ 29,109	\$ 21,205	\$ 18,088
<b>LIABILITIES</b>				
Due to Fireman's Organization	10,184	29,109	21,205	18,088
<b><u>NARCOTIC SEIZURE</u></b>				
<b>ASSETS- CASH</b>	41,299	23,018	32,836	31,481
<b>LIABILITIES</b>				
Agency Funds Held	41,299	23,018	32,836	31,481
<b><u>TOTAL - ALL AGENCY FUNDS</u></b>				
<b>ASSETS- CASH</b>	51,483	52,127	54,041	49,569
<b>LIABILITIES</b>				
Due to Fireman's Organization	10,184	29,109	21,205	18,088
Agency Funds Held	41,299	23,018	32,836	31,481
	51,483	52,127	54,041	49,569

**CAPITAL ASSETS USED IN THE OPERATION  
OF GOVERNMENTAL FUNDS**

CITY OF WEST COLUMBIA, SOUTH CAROLINA  
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
COMPARATIVE SCHEDULES BY SOURCE  
JUNE 30, 2012 AND 2011

	<u>June 30,</u> <u>2012</u>	<u>June 30,</u> <u>2011</u>
<u>CAPITAL ASSETS</u>		
Land	\$ 5,557,341	\$ 5,557,341
Buildings and Improvements	8,037,981	8,037,981
Vehicles and Equipment	8,255,415	7,810,233
<u>TOTAL CAPITAL ASSETS</u>	<u>21,850,737</u>	<u>21,405,555</u>
<u>INVESTMENT IN CAPITAL ASSETS</u>		
<u>BY SOURCE</u>		
General Fund	21,850,737	21,405,555
<u>TOTAL INVESTMENT IN CAPITAL ASSETS</u>	<u>21,850,737</u>	<u>21,405,555</u>

CITY OF WEST COLUMBIA, SOUTH CAROLINA  
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE BY FUNCTION AND ACTIVITY  
JUNE 30, 2012

<u>FUNCTION AND ACTIVITIES</u>	<u>Land, Buildings and Fixtures</u>	<u>Vehicles and Equipment</u>	<u>Total</u>
<b>GENERAL GOVERNMENT</b>	<b>\$ 6,902,185</b>	<b>\$ 438,175</b>	<b>\$ 7,340,360</b>
<b>COMMUNITY DEVELOPMENT</b>	<b>3,764,695</b>	<b>2,536</b>	<b>3,767,231</b>
<b>PUBLIC SAFETY</b>			
Police		3,770,105	3,770,105
Fire	590,941	2,020,580	2,611,521
<b>TOTAL PUBLIC SAFETY</b>	<b>590,941</b>	<b>5,790,685</b>	<b>6,381,626</b>
<b>PUBLIC SERVICES</b>			
Street		739,274	739,274
Sanitation	76,418	885,835	962,253
<b>TOTAL PUBLIC SERVICES</b>	<b>76,418</b>	<b>1,625,109</b>	<b>1,701,527</b>
<b>GENERAL SERVICES</b>			
General Services	87,329		87,329
Maintenance Shop	87,183	193,830	281,013
Parks and Recreation	2,086,571	205,080	2,291,651
<b>TOTAL GENERAL SERVICES</b>	<b>2,261,083</b>	<b>398,910</b>	<b>2,659,993</b>
<b><u>TOTAL CAPITAL ASSETS</u></b>	<b>13,595,322</b>	<b>8,255,415</b>	<b>21,850,737</b>

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**  
**CHANGES IN CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

<b><u>FUNCTION AND ACTIVITY</u></b>	<b>Capital Assets June 30, 2011</b>	<b>Additions</b>	<b>Deletions</b>	<b>Capital Assets June 30, 2012</b>
<b>GENERAL GOVERNMENT</b>	<b>\$ 7,329,995</b>	<b>\$ 10,365</b>		<b>\$ 7,340,360</b>
<b>COMMUNITY DEVELOPMENT</b>	<b>3,765,029</b>	<b>2,202</b>		<b>3,767,231</b>
<b>PUBLIC SAFETY</b>				
Police	3,516,027	369,946	\$ 115,868	3,770,105
Fire	2,646,245	90,186	124,910	2,611,521
<b>TOTAL PUBLIC SAFETY</b>	<b>5,796,692</b>	<b>460,132</b>	<b>240,778</b>	<b>6,381,626</b>
<b>PUBLIC SERVICES</b>				
Street	717,084	22,190		739,274
Sanitation	828,244	134,009		962,253
<b>TOTAL PUBLIC SERVICES</b>	<b>1,634,862</b>	<b>156,199</b>	<b>-</b>	<b>1,701,527</b>
<b>GENERAL SERVICES</b>				
General Services	87,329			87,329
Maintenance Shop	255,895	28,328	3,210	281,013
Parks and Recreation	2,259,707	31,944		2,291,651
<b>TOTAL GENERAL SERVICES</b>	<b>2,576,667</b>	<b>60,272</b>	<b>3,210</b>	<b>2,659,993</b>
<b><u>TOTAL CAPITAL ASSETS</u></b>	<b>21,405,555</b>	<b>689,170</b>	<b>243,988</b>	<b>21,850,737</b>

## **VICTIM'S RIGHTS ASSISTANCE**

**CITY OF WEST COLUMBIA**  
**SCHEDULE OF FINES, FEES, ASSESSMENTS AND SURCHARGES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

For the Month of:

	July	August	September	October	November	December	January	February	March	April	May	June	Total
<b>Court Fines</b>													
Court Fines Collected	\$ 22,021	\$ 26,931	\$ 28,905	\$ 23,300	\$ 28,836	\$ 32,071	\$ 28,368	\$ 34,227	\$ 35,068	\$ 26,360	\$ 29,708	\$ 23,291	\$ 339,086
Court Fines Retained	22,021	26,931	28,905	23,300	28,836	32,071	28,368	34,227	35,068	26,360	29,708	23,291	339,086
Court Fines Remitted to State Treasurer	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Court Assessments</b>													
Court Assessments Collected	21,438	25,980	28,527	23,338	30,064	30,193	29,471	34,542	34,573	26,367	29,474	23,226	337,193
Court Assessments Retained by City	2,394	2,901	3,180	2,607	3,357	3,372	3,291	3,869	3,861	2,940	3,288	2,597	37,657
Court Assessments Remitted to State Treasurer	19,044	23,079	25,347	20,731	26,707	26,821	26,180	30,673	30,712	23,427	26,186	20,629	299,536
<b>Court Surcharges</b>													
Court Surcharges Collected	12,839	14,373	18,688	15,089	18,669	19,412	15,853	18,683	21,315	15,837	19,618	14,046	204,422
Court Surcharges Retained by City	1,100	1,500	1,625	1,725	1,950	1,875	1,325	1,450	1,375	1,575	1,350	1,025	17,875
Court Surcharges Remitted to State Treasurer	11,739	12,873	17,063	13,364	16,719	17,537	14,528	17,233	19,940	14,262	18,268	13,021	186,547
<b>Victims Services</b>													
Court Assessments Allocated to Victims Services	2,394	2,901	3,180	2,607	3,357	3,372	3,291	3,869	3,861	2,940	3,288	2,597	37,657
Court Surcharges Allocated to Victims Services	1,100	1,500	1,625	1,725	1,950	1,875	1,325	1,450	1,375	1,575	1,350	1,025	17,875
Funds Allocated to Victims Services	3,494	4,401	4,805	4,332	5,307	5,247	4,616	5,319	5,236	4,515	4,638	3,622	55,532
Victims Services Expenditures	3,494	4,401	4,805	4,332	5,307	5,247	4,616	5,319	5,236	4,515	4,638	3,622	55,532
Funds in Excess (Shortage) of Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-
Victims Services Fund Carryover from 2011													
<b>Victims Services Fund Balance, June 30, 2012</b>													

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This section of the City of West 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 of West Columbia’s overall financial health.

<b>Contents</b>	<b>Page</b>
Financial Trends	86
<p>These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.</p>	
Revenue Capacity	92
<p>These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.</p>	
Debt Capacity	96
<p>These schedules present information to help the reader to assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.</p>	
Demographic and Economic Information	101
<p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.</p>	
Operating Information	103
<p>These schedules contain service and infrastructure data to help the reader Understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.</p>	

City of West Columbia, South Carolina

Net Assets By Component

Last Ten Fiscal Years

(accrual basis of accounting)

(UNAUDITED)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Governmental Activities</b>										
Invested in capital assets, net of related debt	\$ 3,772,427	\$ 4,509,197	\$ 4,275,252	\$ 4,955,796	\$ 5,554,041	\$ 5,429,423	\$ 5,903,901	\$ 5,918,026	\$ 6,771,907	\$ 7,429,902
Restricted	43,122	1,257,349	137,071	101,111	132,988	208,897	117,304	73,883	95,481	96,818
Unrestricted	2,246,011	1,220,740	2,597,353	2,435,312	2,511,164	2,392,695	3,243,735	3,375,634	3,341,494	3,855,758
<b>Total Governmental Activities Net Assets</b>	<b>6,061,560</b>	<b>6,987,286</b>	<b>7,009,676</b>	<b>7,492,219</b>	<b>8,198,193</b>	<b>8,031,015</b>	<b>9,264,940</b>	<b>9,367,543</b>	<b>10,208,882</b>	<b>11,382,478</b>
<b>Business-Type Activities</b>										
Invested in capital assets, net of related debt	17,496,538	18,121,657	19,245,559	20,735,753	21,419,166	23,072,906	24,534,957	23,309,987	23,130,592	23,918,424
Restricted	1,154,512	1,236,968	1,259,756	1,675,094	1,781,843	1,560,382	1,648,573	2,917,030	3,154,651	2,899,541
Unrestricted	5,034,158	3,919,297	3,366,427	1,602,153	1,206,030	(354,368)	(2,875,162)	(3,199,076)	(3,585,072)	(4,671,804)
<b>Total Business-Type Activities Net Assets</b>	<b>23,685,208</b>	<b>23,277,922</b>	<b>23,871,742</b>	<b>24,013,000</b>	<b>24,407,039</b>	<b>24,278,920</b>	<b>23,308,368</b>	<b>23,027,941</b>	<b>22,700,171</b>	<b>22,146,161</b>
<b>Primary Government</b>										
Invested in capital assets, net of related debt	21,268,965	22,630,854	23,520,811	25,691,549	26,973,207	28,502,329	30,438,858	29,228,013	29,902,499	31,348,326
Restricted	1,197,634	2,494,317	1,396,827	1,359,451	1,914,831	1,769,279	1,765,877	2,990,913	3,250,132	2,996,359
Unrestricted	7,280,169	5,140,037	5,963,780	4,454,219	3,717,194	2,038,327	368,573	176,558	(243,578)	(816,046)
<b>Total Primary Governmental Net Assets</b>	<b>29,746,768</b>	<b>30,265,208</b>	<b>30,881,418</b>	<b>31,505,219</b>	<b>32,605,232</b>	<b>32,309,935</b>	<b>32,573,308</b>	<b>32,395,484</b>	<b>32,909,053</b>	<b>33,528,639</b>

City of West Columbia, South Carolina  
Changes in Net Assets  
Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses</b>										
Governmental activities										
General government	\$ 935,332	\$ 768,140	\$ 1,507,884	\$ 2,249,566	\$ 2,138,451	\$ 2,217,939	\$ 1,419,307	\$ 1,476,296	\$ 1,423,194	\$ 1,467,482
Community & economic development	95,402	95,346	161,769	400,334	269,194	296,736	304,065	277,395	260,905	246,140
Public safety	4,704,338	5,058,690	5,319,500	5,752,943	6,118,117	6,561,902	7,150,941	7,356,707	7,479,607	7,468,321
Public services	1,563,837	1,649,182	1,783,619	1,928,878	1,983,943	2,400,374	2,141,973	2,121,412	1,975,679	1,754,463
General services	385,959	394,919	417,813	1,767,58	128,543	635,425	727,417	695,689	843,702	941,772
Interest on Long-Term Debt					449,462	441,713	314,780	333,755	285,970	247,238
Total governmental activities expenses	7,684,868	7,966,277	9,190,585	10,508,479	11,087,710	12,554,089	12,058,483	12,261,254	12,269,057	12,125,416
Business-type activities:										
Water & sewer utility	6,212,598	6,338,039	6,167,794	6,581,696	7,606,049	7,916,623	8,408,956	7,817,515	8,355,960	8,456,581
Total business-type activities expenses	6,212,598	6,338,039	6,167,794	6,581,696	7,606,049	7,916,623	8,408,956	7,817,515	8,355,960	8,456,581
Total primary government expenses	13,897,466	14,304,316	15,358,379	17,090,175	18,693,759	20,470,712	20,467,439	20,078,769	20,625,017	20,581,997
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	2,794,314	3,055,158	3,316,421	3,567,906	3,832,256	3,905,135	3,934,447	3,773,352	3,788,349	3,920,086
Public safety	302,748	394,986	291,335	190,779	236,976	339,670	375,602	417,452	351,337	470,971
Public services	131,364	253,620	250,625	233,017	265,344	282,751	326,871	148,511		
Operating grants and contributions	103,241	137,228	159,159	297,468	178,711	239,628	223,126	390,495	375,272	405,215
Capital grants and contributions	550,406	77,596	147,214	319,594	435,760	150,979	758,618	395,089	261,407	505,634
Total governmental activities program revenues	3,882,073	3,918,588	4,164,754	4,608,764	4,949,047	4,918,163	5,618,664	5,124,899	4,776,365	5,301,906
Business-type activities:										
Charges for services:										
Water & sewer utility	7,706,592	7,940,055	8,812,144	9,398,782	10,700,282	11,105,473	10,914,652	10,601,741	10,971,120	10,788,398
Capital grants and contributions	391,248	65,707			79,501	28,000		28,011	12,514	8,470
Total business-type activities program revenues	8,097,840	8,005,762	8,812,144	9,398,782	10,779,783	11,133,473	10,914,652	10,629,752	10,983,634	10,796,868
Total primary government program revenues	11,979,913	11,924,350	12,976,898	14,007,546	15,728,830	16,051,636	16,533,316	15,754,651	15,759,999	16,098,774
Net (expense)/revenue										
Governmental activities	(3,802,795)	(4,047,689)	(5,025,831)	(5,899,715)	(6,138,663)	(7,635,926)	(6,439,819)	(7,136,355)	(7,492,692)	(6,823,510)
Business-type activities	1,885,242	1,667,723	2,644,350	2,817,086	3,173,734	3,216,850	2,505,696	2,812,237	2,627,674	2,340,287
Total primary government net expense	(1,917,553)	(2,379,966)	(2,381,481)	(3,082,629)	(2,964,929)	(4,419,076)	(3,934,123)	(4,324,118)	(4,865,018)	(4,483,223)

City of West Columbia, South Carolina  
Changes in Net Assets  
Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General Revenue and Other Changes in Net Assets</b>										
Governmental activities:										
Taxes										
Property taxes	1,794,849	2,065,577	2,063,752	2,587,185	2,723,856	2,946,957	3,108,150	3,150,684	3,591,516	3,947,495
Gain on sale of capital asset	12,125		4,859	17,989	166,818			27,129	80,030	25,539
Intergovernmental	476,752	478,829	507,517	499,963	525,915	569,936	552,911	443,768	422,332	411,954
Investment earnings	1,241	497	21,138	7,264	12,342	238	49	27	2,385	224
Recapture of Professional Fees									800,000	
Miscellaneous	110,566	120,112	141,615	161,609	164,373	168,200	198,360	203,550	160,670	479,996
Transfers	2,359,524	2,308,400	2,309,340	3,108,248	3,251,333	3,783,417	3,814,274	3,413,800	3,277,098	3,131,898
Total governmental activities	4,755,057	4,973,415	5,048,221	6,382,258	6,844,637	7,468,748	7,673,744	7,238,958	8,334,031	7,997,106
Business-type activities:										
Gain on sale of capital asset										7,800
Intergovernmental	321,673	233,391	244,920	117,834	471,638	438,448	338,026	292,751	297,704	229,801
Investment earnings										
Miscellaneous										
Transfers	(2,359,524)	(2,308,400)	(2,309,340)	(3,108,248)	(3,251,333)	(3,783,417)	(3,814,274)	(3,413,800)	(3,277,098)	(3,131,898)
Total Business-type activities	(2,037,851)	(2,075,009)	(2,050,530)	(2,675,828)	(2,779,695)	(3,344,969)	(3,476,248)	(3,092,664)	(2,955,444)	(2,894,297)
Total primary government	2,717,206	2,898,406	2,997,691	3,706,430	4,064,942	4,123,779	4,197,496	4,146,294	5,378,587	5,102,809
<b>Change in Net Assets</b>										
Governmental activities	952,262	925,726	22,390	482,543	705,974	(167,178)	1,233,925	102,603	841,339	1,173,596
Business-type activities	(152,609)	(407,286)	593,820	141,258	394,039	(128,119)	(970,552)	(280,427)	(327,770)	(554,010)
Total primary government	799,653	518,440	616,210	623,801	1,100,013	(295,297)	263,373	(177,824)	513,569	619,586

**Table 3**

**City of West Columbia, South Carolina**  
**Governmental Activities Tax Revenues By Source**  
**Last Ten Fiscal Years**  
 (accrual basis of accounting)

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Accommodations Tax</b>	<b>Vehicle Tax</b>	<b>Motor Carrier Tax</b>	<b>Alcoholic Beverage Tax</b>	<b>Total</b>
2003	\$ 1,345,898	\$ 3,421	\$ 288,530	\$ 4,003	\$ 34,371	\$ 1,676,223
2004	1,488,446	9,982	328,276	4,172	21,459	1,852,335
2005	1,521,744	21,980	307,274	4,213	24,250	1,879,461
2006	1,779,577	9,807	293,830	5,037	17,900	2,106,151
2007	1,900,921	5,050	327,369	5,962	12,900	2,252,202
2008	2,036,046	7,170	337,133	6,464	11,100	2,397,913
2009	2,190,738	29,409	332,445	6,615	18,650	2,577,857
2010	2,257,940	26,754	274,679	5,751	17,900	2,583,024
2011	2,676,687	52,412	279,456	4,862	16,400	3,029,817
2012	2,725,644	60,906	334,199	4,756	6,900	3,132,405

City of West Columbia, South Carolina  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Reserved	\$ 43,122	\$ 37,317	\$ 48,428	\$ 101,111	\$ 132,988	\$ 208,897	\$ 117,304	\$ 73,883	\$ 95,481	\$ 96,818
Nonspendable				936	4,360	149,530	43,597	27,355	119,862	
Unassigned	2,315,703	3,785,317	117,191	(132,452)	(1,685)	(292,419)	677,186	3,500,517	3,583,591	3,986,176
Total general fund	<u>2,358,825</u>	<u>3,822,634</u>	<u>165,619</u>	<u>(30,405)</u>	<u>135,663</u>	<u>66,008</u>	<u>838,087</u>	<u>3,601,755</u>	<u>3,798,934</u>	<u>4,082,994</u>
All other governmental funds										
Reserved For:										
Capital Construction Projects	4,867,653	1,220,032	(4,149)							
Unassigned										
Total all other governmental funds	<u>4,867,653</u>	<u>1,220,032</u>	<u>(4,149)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Table 5

**City of West Columbia, South Carolina**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues</b>										
Taxes	\$ 1,782,285	\$ 2,038,680	\$ 2,078,202	\$ 2,565,436	\$ 2,727,463	\$ 2,954,180	\$ 3,060,330	\$ 3,145,451	\$ 3,613,165	\$ 3,926,503
Licenses and permits	2,380,623	2,650,326	2,792,956	2,986,123	3,221,082	3,264,683	3,253,493	3,084,136	3,132,209	3,208,692
Intergovernmental	476,752	478,829	507,517	499,963	525,915	569,936	552,911	443,768	422,332	411,954
Charges for services	526,598	658,452	774,090	814,800	876,518	923,202	1,007,825	837,727	656,140	711,394
Fines and Forfeitures	292,010	394,638	256,214	179,043	209,828	295,065	354,904	389,324	343,474	452,259
Investment earnings	19,693	62,006	21,138	7,264	12,342	238	49	27	2,385	224
Grant proceeds	653,652	153,315	306,373	617,062	614,471	390,607	981,744	785,584	636,679	910,849
Narcotics program	10,738	348	35,121	11,736	41,710	44,606	20,698	28,128	7,863	18,712
Other revenues	110,566	120,112	142,115	161,609	164,373	168,200	198,360	203,550	160,670	479,996
Total revenues	6,252,917	6,556,706	6,913,726	7,843,036	8,393,702	8,610,717	9,430,314	8,917,695	8,974,917	10,120,583
<b>Expenditures</b>										
General government	2,531,929	4,708,630	2,943,552	1,978,119	2,018,699	2,033,226	1,254,049	1,259,765	1,235,857	1,328,992
Public safety	4,716,141	4,934,114	5,465,774	5,717,114	6,830,324	6,416,802	7,076,661	7,560,272	7,575,576	7,264,921
Public services	1,437,746	1,639,632	1,959,119	1,863,555	2,213,272	2,433,413	2,297,144	1,926,353	2,118,363	1,730,813
General services	377,969	375,240	404,400	481,640	512,347	594,899	759,897	707,366	769,804	891,228
Community and economic development	95,402	1,591,302	2,221,017	468,937	256,408	288,053	293,357	280,864	255,414	245,729
Debt Service										
Principal				286,879	928,271	532,122	708,225	772,427	985,012	1,062,958
Interest				395,754	458,832	455,274	290,176	345,080	306,494	264,484
Total expenditures	9,159,187	13,248,918	12,993,862	11,191,998	13,218,153	12,753,789	12,679,509	12,852,127	13,246,520	12,789,125
Excess of revenues over (under) expenditures	(2,906,270)	(6,692,212)	(6,080,136)	(3,348,962)	(4,824,451)	(4,143,072)	(3,249,195)	(3,934,432)	(4,271,603)	(2,668,542)
<b>Other financing sources (uses)</b>										
Transfers in	2,849,896	2,446,152	2,538,891	3,112,397	3,251,333	3,908,417	3,814,274	3,413,800	3,277,098	3,131,898
Transfers out	(490,372)	(137,752)	(229,551)	(4,149)						
Bonds issued	5,565,000	2,200,000						2,813,623		
Bond Anticipation Note Proceeds			1,085,241	30,849	1,150,035	290,000	207,000	345,000	105,000	800,000
Capital leases			4,359	17,989	589,151			125,677	80,030	27,358
Recapture of Professional Fees										
Sale of capital assets	7,943,982	4,508,400	3,398,940	3,157,086	4,990,519	4,198,417	4,021,274	6,698,100	4,262,128	3,159,256
Total other financing sources (uses)	19,458	(2,183,812)	(2,681,196)	(191,876)	166,068	55,345	772,079	2,763,668	(9,475)	490,714
Net change in fund balances				6.2%	11.3%	8.1%	8.4%	9.6%	10.8%	11.6%
Debt service as a percentage of noncapital expenditures										

City of West Columbia, South Carolina  
Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years

Fiscal Year Ended June 30	Real Property		Personal Property		Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Motor Vehicles	Other					
2003	\$ 9,241,490	\$ 15,108,690	\$ 6,514,790	\$ 5,506,100	\$ 809,550	\$ 35,561,520	\$ 5.100	\$ 479,806,155	7.40%
2004	9,513,650	15,484,950	6,403,660	6,843,130	761,580	37,483,810	5.100	543,084,538	6.90%
2005	9,811,350	16,147,400	6,133,470	6,077,740	466,390	37,703,570	5.100	535,372,738	7.00%
2006	12,940,640	26,301,480	5,681,770	5,197,620	330,730	43,790,780	5.100	664,616,120	6.60%
2007	13,457,330	21,239,700	6,168,240	5,594,725	74,830	46,385,165	5.100	821,482,150	5.65%
2008	14,179,580	21,385,100	6,518,270	6,231,710	121,860	48,192,800	5.300	859,847,570	5.60%
2009	14,803,150	23,031,260	6,170,610	5,504,630	415,510	49,094,140	5.550	890,163,269	5.52%
2010	15,435,370	23,556,940	5,594,310	6,092,130	1,119,530	49,559,220	5.550	914,353,186	5.42%
2011	16,610,070	25,524,490	4,495,920	5,779,110	1,103,540	51,306,050	6.188	969,975,938	5.29%
2012	17,834,150	26,757,350	5,088,520	6,534,807	1,659,460	54,555,367	6.188	1,021,146,591	5.34%

Source: Lexington County Auditor

City of West Columbia, South Carolina  
Property Tax Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years

Fiscal Year	City of West Columbia			Overlapping Rates						Total Direct & Overlapping Rates	
	Operating Millage	Debt Service Millage		Lexington County		School District		Special Districts			
		Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total School Millage				
2003	5.100		5.100	6.796	0.584	7.380	18.054	2.600	18.314	1.520	32.314
2004	5.100		5.100	7.136	0.584	7.720	15.710	2.600	18.310	1.700	32.830
2005	5.100		5.100	6.441	0.519	6.960	14.340	2.500	16.840	1.537	30.437
2006	5.100		5.100	6.690	0.536	7.226	14.340	2.975	17.315	1.590	31.231
2007	5.100		5.100	6.690	0.536	7.226	14.340	2.975	17.315	1.590	31.231
2008	5.300		5.300	7.028	0.555	7.583	14.885	2.975	17.860	1.998	32.741
2009	5.550		5.550	6.838	0.555	7.393	14.885	2.975	17.860	2.362	33.165
2010	5.550		5.550	7.044	0.380	7.424	14.885	2.975	17.860	2.247	33.081
2011	5.528	0.660	6.188	6.683	0.360	7.043	14.646	2.975	17.621	2.201	33.053
2012	5.528	0.660	6.188	6.811	0.360	7.171	14.646	2.975	17.621	2.269	33.249

**City of West Columbia, South Carolina**  
**Principal Property Taxpayers**  
**June 30, 2012**

<b>Taxpayer</b>	<b>2012</b>			<b>2003</b>		
	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Taxable Assessed Value</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Taxable Assessed Value</b>
S.C. Electric & Gas Co.	\$1,500,230	1	19.33%	\$ 1,247,870	1	20.49%
Campus Investors HSRE-SC	1,169,960	2	15.08%			0.00%
Columbia Farms, Inc.	934,970	3	12.05%	522,540	5	8.58%
Wal-Mart Stores	716,810	4	9.24%	859,550	3	14.11%
Westside Meshekoff Family LP	569,360	5	7.34%	418,550	7	6.87%
Bell South Telecommunications	449,980	6	5.80%	501,220	6	8.23%
Sun, Inc	512,820	7	6.61%			0.00%
Capital Hospitality LLC	445,620	8	5.74%			0.00%
Granby Oaks Association	365,020	9	4.70%	318,610	8	5.23%
TimeWarner/Advanced Newhouse	346,750	10	4.47%	1,071,240	2	17.59%
Baker and Baker	318,680	11	4.11%			0.00%
Chevy Chase Limited Partnership	240,350	14	3.10%	229,110	9	3.76%
West Columbia Apartments	<u>190,320</u>	19	2.45%	<u>205,140</u>	10	3.37%
Kline Iron & Steel				717,280	4	11.78%
Totals	<u>\$ 7,760,870</u>			<u>6,091,110</u>		

**City of West Columbia, South Carolina**  
**Property Tax Levies and Collections**  
Last Ten Fiscal Years

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections of Delinquent Taxes	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	1,806,637	1,711,006	94.7%	91,196	1,802,202	99.8%
2004	2,058,726	1,951,882	94.8%	102,742	2,054,624	99.8%
2005	2,051,092	1,964,062	95.8%	85,168	2,049,230	99.9%
2006	2,580,592	2,434,054	94.3%	142,758	2,576,812	99.9%
2007	2,699,140	2,552,311	94.6%	141,830	2,694,141	99.8%
2008	2,916,058	2,772,373	95.1%	124,453	2,896,826	99.3%
2009	3,145,261	2,960,913	94.1%	155,624	3,116,537	99.1%
2010	3,233,856	3,035,874	93.9%	141,164	3,177,038	98.2%
2011	3,426,912	3,215,363	93.8%	141,751	3,357,114	98.0%
2012	3,646,032	3,431,176	94.1%	165,253	3,596,429	98.6%

**City of West Columbia, South Carolina**  
**Ratios of Outstanding Debt by Type**  
Last Ten Fiscal Years

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>				Total Primary Government <sup>1</sup>	Percentage of Personal Income <sup>2</sup>	Per Capita <sup>2</sup>
	General Obligation Bonds	General Obligation Bond Anticipation Note	Tax Increment Finance Bonds	Capital Leases	Water/Sewer Bonds	Capital Leases			
2003			\$ 5,565,000	\$ 82,519	\$ 14,767,116		\$ 20,414,635	8.60%	\$ 1,563
2004		\$ 2,200,000	5,565,000	42,327	13,244,083		21,051,410	8.87%	1,611
2005		2,660,000	5,565,000	1,085,241	14,297,905	\$ 113,759	23,721,905	8.88%	1,816
2006		2,660,000	5,369,197	1,025,015	20,149,841	92,451	29,296,504	10.48%	2,243
2007		2,660,000	5,164,837	1,451,140	20,207,434	312,410	29,795,821	10.63%	2,281
2008		2,660,000	4,920,083	1,454,784	17,988,575	243,987	27,267,429	9.85%	2,087
2009	\$ 2,660,000		4,501,463	1,372,181	16,642,615	174,049	25,350,308	9.20%	1,940
2010	2,813,623		4,068,023	1,378,192	31,432,822	102,499	39,795,159	12.69%	2,892
2011	2,569,619		3,619,241	1,177,199	30,953,781	52,253	38,372,093	10.45%	2,558
2012	2,323,817		3,154,571	822,687	29,096,796		35,397,871	9.55%	2,360

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

1 See note 8 to the financial statements.

2 See the Schedule of Demographics and Economic Statistics for personal income and population data.

Table 11

**City of West Columbia, South Carolina**  
**Ratios of General Bonded Debt Outstanding**  
**Last Nine Fiscal Years**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value of Property</b>	<b>Per Capita</b>
2004	\$ 2,200,000		\$ 2,200,000	0.41%	\$ 168
2005	2,660,000		2,660,000	0.49%	204
2006	2,660,000		2,660,000	0.40%	204
2007	2,660,000		2,660,000	0.32%	204
2008	2,660,000		2,660,000	0.31%	204
2009	2,660,000		2,660,000	0.30%	204
2010	2,813,623		2,813,623	0.31%	215
2011	2,569,619		2,569,619	0.26%	171
2012	2,323,817		2,323,817	0.23%	155

Note: Prior to 2004 there was no general bonded debt outstanding

**City of West Columbia, South Carolina**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2012**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Lexington County	\$ 37,959,352	5.66%	\$ 2,148,499
School District No. 2	32,904,000	18.58%	6,113,563
Lexington County Recreation District	21,105,000	8.21%	1,732,721
Riverbanks Park District	3,710,611	2.30%	85,344
Subtotal, overlapping debt			<u>10,080,127</u>
City of West Columbia, South Carolina direct debt			<u>2,323,817</u>
Total direct and overlapping debt			<u><u>12,403,944</u></u>

Sources: City of West Columbia Treasurer, Lexington County Treasurer, Auditor, and Finance officers of above-mentioned entities

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

City of West Columbia, South Carolina  
Legal Debt Margin Information  
Last Ten Fiscal Years

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$2,844,922	\$3,059,631	\$3,016,286	\$3,529,721	\$3,716,800	\$3,865,173	\$3,960,772	\$4,054,300	\$4,192,767	\$4,497,186
Total net debt applicable to limit	2,200,000	2,200,000	2,660,000	2,660,000	2,660,000	2,660,000	2,660,000	2,813,623	2,569,619	2,323,817
Legal debt margin	2,844,922	859,631	356,286	869,721	1,056,800	1,205,173	1,300,772	1,240,677	1,623,148	2,173,369
Total net debt applicable to the limit as a percentage of the debt limit	0.00%	71.90%	88.19%	75.36%	71.57%	68.82%	67.16%	69.40%	61.29%	51.67%

**Legal Debt Margin Calculation for Fiscal Year 2011**

Assessed Value	\$ 54,555,367
Add back: exempt real property	1,659,460
Total assessed value	<u>56,214,827</u>
Debt limit (8%)	4,497,186
Debt applicable to limit:	
General obligation bonds	2,323,817
Less: Amount set aside for repayment general obligation debt	
Total net debt applicable to limit	<u>2,323,817</u>
Legal debt margin	<u>2,173,369</u>

Note: 1. The City of West Columbia issued \$2,813,623 in General Obligation Bonds on March 26, 2010. As authorized by an ordinance dated January 19, 2010, the City is able to issue General Obligation Bonds not to exceed \$4,000,000. Based on the constitutional debt limit as set by the State of South Carolina, the City could issue general obligation debt equal to eight percent (8%) of the assessed value of property located in the City without voter approval or approximately \$4,497,186 at June 30, 2012, which would be the legal debt margin.

City of West Columbia, South Carolina  
Pledged-Revenue Coverage  
Last Ten Fiscal Years

Fiscal Year	Water/Sewer Charges and Other	Less: Operating Expenses	Net Available Revenue	Water and Sewer Revenue Bonds			Total	Coverage
				Principal	Interest	Debt Service Requirements		
2003	\$ 7,706,592	\$ 4,342,271	\$ 3,364,321	\$ 719,665	\$ 851,874	1,571,539	2.14	
2004	7,940,055	4,755,162	3,184,893	1,523,033	528,239	2,051,272	1.55	
2005	8,800,024	4,611,745	4,188,279	1,571,565	483,156	2,054,721	2.04	
2006	9,462,440	5,116,252	4,346,188	1,736,809	514,109	2,250,918	1.93	
2007	10,700,282	6,030,003	4,670,279	2,171,650	687,693	2,859,343	1.63	
2008	11,105,472	5,768,535	5,336,937	2,225,476	614,361	2,839,837	1.88	
2009	10,914,462	6,320,141	4,594,321	2,316,754	530,309	2,847,063	1.61	
2010	10,601,741	5,943,853	4,657,888	1,014,204	438,989	1,453,193	3.21	
2011	10,971,120	5,887,846	5,083,274	1,599,899	883,989	2,483,888	2.05	
2012	10,783,598	5,910,936	4,872,662	1,868,197	884,185	2,752,382	1.77	

Note: 1 Details regarding the government's outstanding debt can be found in the notes to the financial statements.

**Table 15**

**City of West Columbia, South Carolina**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>Education Level in Years of Formal Schooling</b>		<b>School Enrollment</b>	<b>Unemployment Rate</b>
					<b>Formal Schooling</b>	<b>Formal Schooling</b>		
2003	13,064	\$ 237,307,560	\$ 18,135	38.7	14.0	14.0	2,997	3.20%
2004	13,064	237,307,560	18,135	38.7	14.0	14.0	2,985	3.10%
2005	13,064	267,224,120	20,455	41.2	14.0	14.0	2,995	4.50%
2006	13,064	279,661,048	21,407	41.4	14.0	14.0	3,025	4.40%
2007	13,064	280,222,800	21,450	41.4	14.0	14.0	3,025	4.40%
2008	13,064	276,956,800	21,200	42.0	14.0	14.0	3,045	4.70%
2009	13,064	275,585,787	20,583	44.0	14.0	14.0	3,050	8.80%
2010	13,064	313,521,600	22,785	44.3	14.0	14.0	3,065	7.90%
2011	14,998	367,316,018	24,491	41.6	14.0	14.0	3,060	10.10%
2012	14,998	370,780,556	24,722	37.4	14.0	14.0	3,075	7.40%

Data sources: Central Midlands Council of Governments and the  
 U. S. Bureau of Labor Statistics

**City of West Columbia, South Carolina**  
**Principal Employers**  
**Current Year and Six Years Ago**

<b><u>Employer</u></b>	<b>2012</b>			<b>2006</b>		
	<b><u>Employees</u></b>	<b><u>Rank</u></b>	<b><u>Percentage of Total City Employment</u></b>	<b><u>Employees</u></b>	<b><u>Rank</u></b>	<b><u>Percentage of Total City Employment</u></b>
Wal-Mart Stores	537	1	26.76%	515	1	22.67%
House of Raeford Farms	353	2	17.59%	425	2	18.71%
Lexington School District 2	247	3	12.31%	264	3	11.62%
South Carolina Episcopal Home	229	4	11.41%	200	4	8.80%
City of West Columbia	196	5	9.77%	176	6	7.75%
Heartland of Lexington	125	6	6.23%	153	7	6.73%
Belcher Staffing Services	92	7	4.58%	187	5	8.23%
U S Postal Service	90	8	4.48%	100	10	4.40%
Bi-Lo LLC	72	9	3.59%	105	9	4.62%
H T Hackney Company	66	10	3.29%	147	8	6.47%
<b>Total</b>	<b><u>2,007</u></b>		<b><u>73.2%</u></b>	<b><u>2,272</u></b>		<b><u>77.3%</u></b>

Information available for current year and six years ago only.

**City of West Columbia, South Carolina**  
**Full-time Equivalent City Government Employees by Function**  
Last Ten Fiscal Years

Function	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government	12	12	12	12	12	12	12	14	14	14
Building Inspectors	1	1	2	3	3	3	3	3	3	3
Code Compliance									2	2
Community Development				1	1	1	1	1	1	1
Public Safety										
Police										
Officers	40	42	48	52	52	54	56	58	58	58
Civilians	12	12	12	12	12	12	14	14	14	14
Fire										
Firefighters and officers	24	24	24	24	24	24	24	24	24	24
Maintenance - Garage	5	5	5	6	6	6	6	6	7	7
Sanitation (Garbage & Trash)	28	28	30	30	30	30	32	32	32	32
Parks and Recreation	1	1	1	1	3	3	3	3	6	5
Water (Production & Distribution)	32	32	32	32	32	32	32	32	32	32
Sewer Collection	3	3	3	3	3	4	4	4	4	4
<b>Total</b>	<b>158</b>	<b>160</b>	<b>169</b>	<b>176</b>	<b>178</b>	<b>181</b>	<b>187</b>	<b>191</b>	<b>197</b>	<b>196</b>

**City of West Columbia, South Carolina**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

Function	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police										
Physical arrests	1,530	1,268	1,804	1,785	1,830	1,913	2,265	2,058	3,398	2,097
Fire										
Number of calls answered	829	925	876	857	1,108	853	627	757	651	992
Inspections	3,035	3,076	3,156	2,990	1,140	941	849	1,000	1,328	1,406
Sanitation										
Refuse collected (tons/day) Lexington Landfill <sup>1</sup>	37	38	36	37	38	33	35	30	24	22
Refuse collected (tons/day) Richland Landfill <sup>2</sup>	21	22	21	21	22	21	22	10		
Recyclables collected (tons/day)	2	2	2	2	2	2	2	2	2	2
Culture and Recreation										
Community Center (Times Used)	49	42	38	36	110	94	137	108	164	118
Water										
New connections	300	240	360	270	285	1,369	24	101	74	82
Water mains breaks	10	8	6	7	4	9	12	14	20	24
Water customers	18,709	19,224	17,853	18,483	18,768	19,250	19,274	19,025	1,932	19,205
Water Plant I	2,799	3,512	3,310	3,519	3,670	3,643	3,353	2,633	3,225	3,227
Water Plant II	6,506	6,738	6,598	7,204	8,080	8,187	7,443	9,310	9,042	8,992
Total Average daily consumption (thousands of gallons)	9,305	10,250	9,908	10,723	11,750	11,830	10,796	11,943	12,267	12,219
Wastewater										
Average daily sewage treatment <sup>3</sup> (thousands of gallons)	2,353	1,883	2,432	1,598	4,800	5,900	6,054	6,095	6,095	6,095
Sewer customers	7,975	8,115	8,546	9,454	10,050	10,733	10,745	10,758	11,157	11,197
Overlapping customers - City of Cayce <sup>4</sup>	995	1,002	1,093	1,205	1,372	1,508	1,510	1,515		
Total sewer customers	8,970	9,117	9,639	10,659	11,422	12,241	12,255	12,273	11,157	11,197

Sources:

<sup>1</sup> Lexington Landfill<sup>2</sup> Richland Landfill - As of January, 2010, the City no longer uses the Richland Landfill<sup>3</sup> City of Columbia waste water treatment plant<sup>4</sup> As of July, 2010, the City no longer bills for City of Cayce sewer customers

**City of West Columbia, South Carolina**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

Function	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	26	30	31	35	46	50	57	63	67	65
Fire stations	1	1	1	1	1	1	1	1	1	1
Responding units	11	11	12	12	12	14	14	14	11	11
Sanitation										
Garbage collection trucks	10	12	13	12	14	14	14	14	12	12
Yard trash collection trucks	4	5	5	5	6	6	6	6	7	7
Highways and streets										
Streetlights <sup>1</sup>	901	911	929	938	947	942	961	989	989	989
Traffic signals	18	19	19	21	23	24	28	30	30	30
Culture and recreation										
Parks	4	4	5	5	5	5	5	5	5	5
Community centers	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	180	185	198	210	212	213	243	288	288	288
Fire hydrants	505	510	540	550	555	566	569	573	580	583
Water Plant I	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Water Plant II	13.5	13.5	13.5	13.5	13.5	22.5	23.0	23.0	23.0	23.0
Maximum daily capacity (millions of gallons)	20.5	20.5	20.5	20.5	20.5	29.5	30.0	30.0	30.0	30.0
Sewer										
Sanitary sewers (miles)	91	95	105	110	112	113	113	115	115	115
Maximum daily treatment capacity <sup>2</sup> (millions of gallons)	3.27	3.27	3.27	3.27	3.27	3.27	3.27	3.27	3.27	3.27

Sources:

<sup>1</sup> South Carolina Electric & Gas Company<sup>2</sup> Contract with City of Columbia for capacity without additional surcharge.

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**CITY OF WEST COLUMBIA, SOUTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

<b>Federal Grantor/Pass Through Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantors Number</b>	<b>Total Expenditures</b>
<b><u>US Department of Housing and Urban Development</u></b>			
Brookland-Lakeview Empowerment Center	14.251		\$ 7,265
<b><u>Passed Through Lexington County Department of Community Development</u></b>			
CDBG Lexington County - Tri-City Façade	14.218		13,988 *
ARRA - CDBG Lexington County - West Columbia Demo	14.218		19,600 *
<b><u>US Department of Justice</u></b>			
Bullet Proof Vest Grant	16.607		3,982
COPS - Universal Hiring Program Grant	16.710	2008UMWX0014	2,907 *
ARRA - COPS - Hiring Program Grant	16.710	2009RKWX0768	156,776 *
Justice Assistance Grant 2011	16.738	2011DJBX2399	6,976
<b><u>Passed Through SC Department of Public Safety</u></b>			
Project Safe Neighborhood	16.609	1P11001	4,744
White Collar Crime Investigation Grant	16.738	1G11003	47,432
In-Car Digital Video Systems	16.738	1G08029	19,993
Traffic Enforcement Program	20.600	2H12020	164,863
<b><u>US Department of Health and Human Services</u></b>			
LRADAC Coalition Grant	93.276	5H79SP017093	123,842
<b><u>US Department of Transportation</u></b>			
<b><u>Passed Through the SC Department of Transportation</u></b>			
Triangle City Streetscape	20.205	32.272B	<u>134,680</u>
<b>Total Federal Assistance Expended</b>			<b><u><u>707,048</u></u></b>

**\* Major Programs**

***Note A-- Basis of Presentation***

This schedule includes the federal grant activity of the city and is presented on the accrual basis of accounting. The information in this schedule, is presented in accordance with the requirements of OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

**SECTION 1 – SUMMARY OF AUDITOR’S RESULTS**

Financial Statements

- |  |                    |
|--|--------------------|
| 1. Type of Auditors’ report issued.  | <u>Unqualified</u> |
| 2. Internal Control over Financial Reporting:                                |                    |
| A. Material weaknesses Identified?   | <u>None</u>        |
| B. Significant deficiency identified not considered being material weakness? | (See item 2012-1)  |
| C. Noncompliance that is material to the financial statements identified?    | <u>None</u>        |

Federal Awards

- |   |                   |
|---|-------------------|
| 1. Internal control over major programs:  |                   |
| A. Material weaknesses identified?  | (See item 2012-2) |
| B. Reportable conditions identified not considered being material weakness?   | <u>None</u>       |
| 2. Type of Auditors’ report issued on compliance for major programs?  | <u>Qualified</u>  |
| 3. Any Audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)? | (See item 2012-2) |
| 4. Identification of Major Program:   |                   |

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.218	Community Development Block Grant
16.710	COPS Grants

- |   |                  |
|---|------------------|
| 5. Dollar threshold used to distinguish between type A & B programs.              | <u>\$300,000</u> |
| 6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530? | <u>Yes</u>       |

**SECTION 2 – FINANCIAL STATEMENT FINDINGS**

**Significant deficiency identified not considered being material weakness.**

2012-1 Inadequate design of monitoring controls

Criteria – Internal controls should provide for adequate monitoring of grant requests and reporting.

Condition – The grant administrator has been submitting reimbursement requests and reports without adequate review by supervisory staff within the police department knowledgeable about grant financial integrity and reporting requirements.

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

**SECTION 2 – FINANCIAL STATEMENT FINDINGS (continued)**

**Significant deficiency identified not considered being material weakness. (continued)**

2012-1 Inadequate design of monitoring controls (continued)

Context – We compared the financial reports to the reimbursement requests and found they did not agree with amounts that were eligible for reimbursement.

Effect – Financial reports were less than eligible amounts and resulted in inaccurate reporting.

Cause – Grant financial reporting was not properly reconciled to supporting financial records.

Recommendation – Procedures should be implemented to have the finance department review, approve and monitor all police department grant requests and grant reporting.

**SECTION 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**Material weakness identified.**

2012-2 Inadequate design of monitoring controls

Criteria – See Section 2 – Item 2012-1

Condition – See Section 2 – Item 2012-1

Questioned Costs – Costs were proper but monitoring controls were not adequate and reporting was inaccurate.

Context – See Section 2 – Item 2012-1

Effect – See Section 2 – Item 2012-1

Cause – See Section 2 – Item 2012-1

Recommendation – See Section 2 – Item 2012-1

**Responsible Person Corrective Action Plan.**

The City is in agreement with the above findings, and will implement the above recommendation.

There were no prior audit findings.

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

To the City Council  
City of West Columbia, South Carolina

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of West Columbia (hereafter referred to as the City), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 29, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. (See item 2012-1). 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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2012-1 and 2012-2.

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on it.

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

*Brittingham, Brown, Prince & Hancock*

January 29, 2013



**Brittingham, Brown, Prince & Hancock, LLC**

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the City Council  
City of West Columbia, South Carolina

Compliance

We have audited City of West Columbia, South Carolina's (hereafter referred to as the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have direct and material effect on each of the City's major federal programs for the year ended June 30, 2012. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

As described in items 2012-1 and 2012-2 in the accompanying schedule of findings and questioned costs, the City, did not comply with requirements regarding reporting that are applicable to its ARRA COPS Hiring Program Grant. Compliance with such requirements is necessary, in our opinion, for the City, to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the City, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of the City, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2012-1 and 2012-2 to be a material weakness.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses and, accordingly, we express no opinion on the responses.

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

*Brittingham, Brown, Prince & Hancock*

January 29, 2013