

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED JUNE 30, 2011**

**JENNIFER T. CUNNINGHAM**  
City Administrator

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



**CITY OF WEST COLUMBIA, SOUTH CAROLINA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED JUNE 30, 2011**  
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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 27, 2012

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, 2011. 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, 2011, 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, 2011, 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 two 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 8.7 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%. Both projects will be completed in fiscal year 2011-2012.

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 a municipal pool and workmen’s compensation insurance through a self-insurance fund also administered through a municipal pool. The established self-insurance fund is responsible for collecting inter-fund premiums, determined by actuarial analysis, from insured funds and departments and paying claim settlements. Specific excess insurance is provided through private insurance for workmen’s compensation.

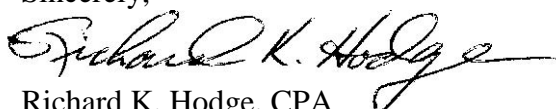
## **Other Information**

**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, 2010. This was the 20<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.

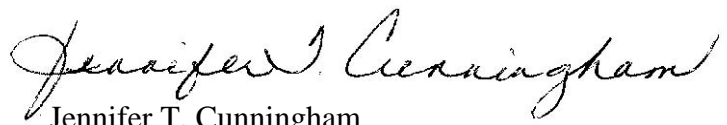
**Acknowledgments** – The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff and financial department. Each member of the department has our sincere appreciation for the contributions made in preparation of this report.

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,



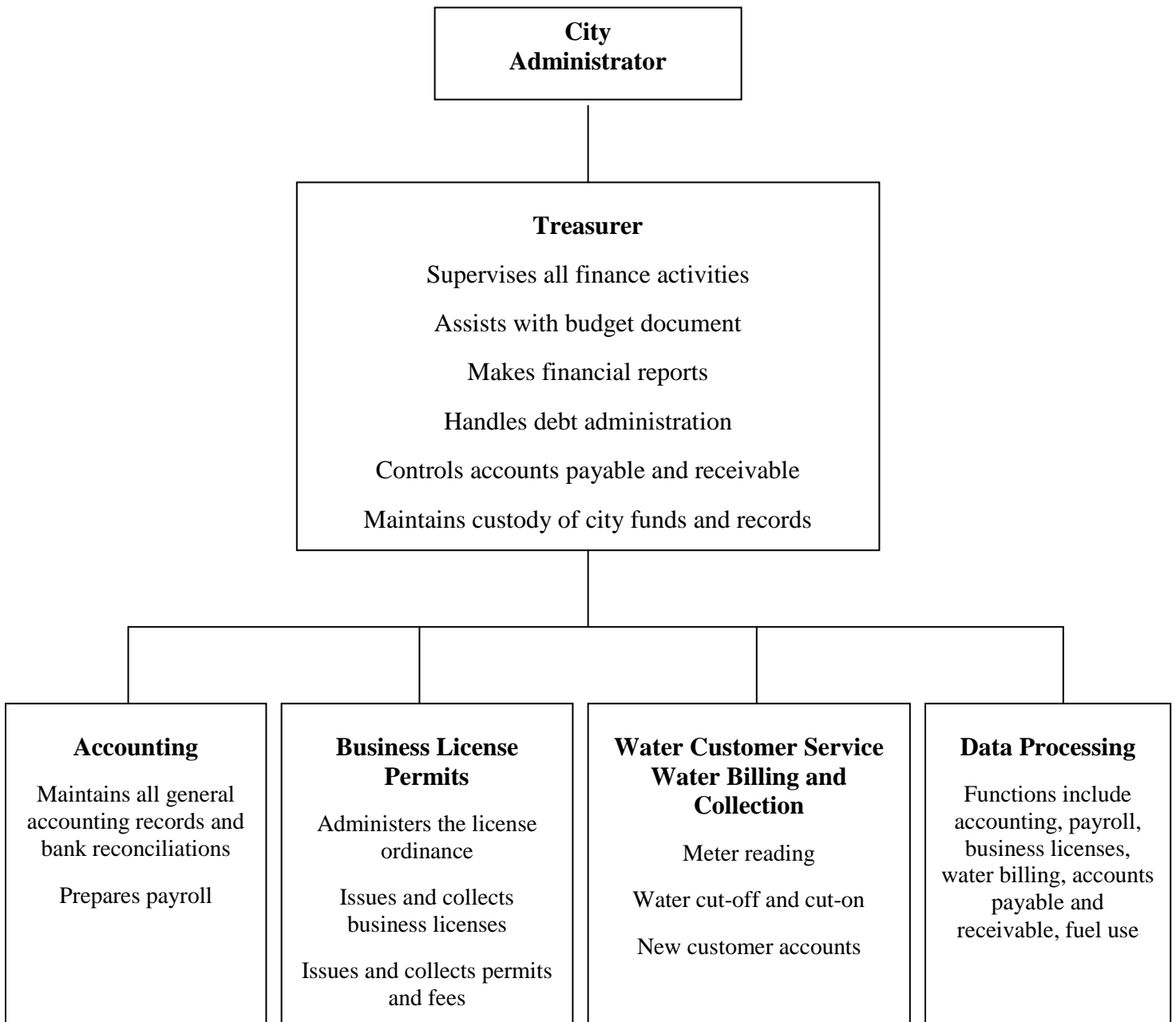
Richard K. Hodge, CPA  
City Treasurer



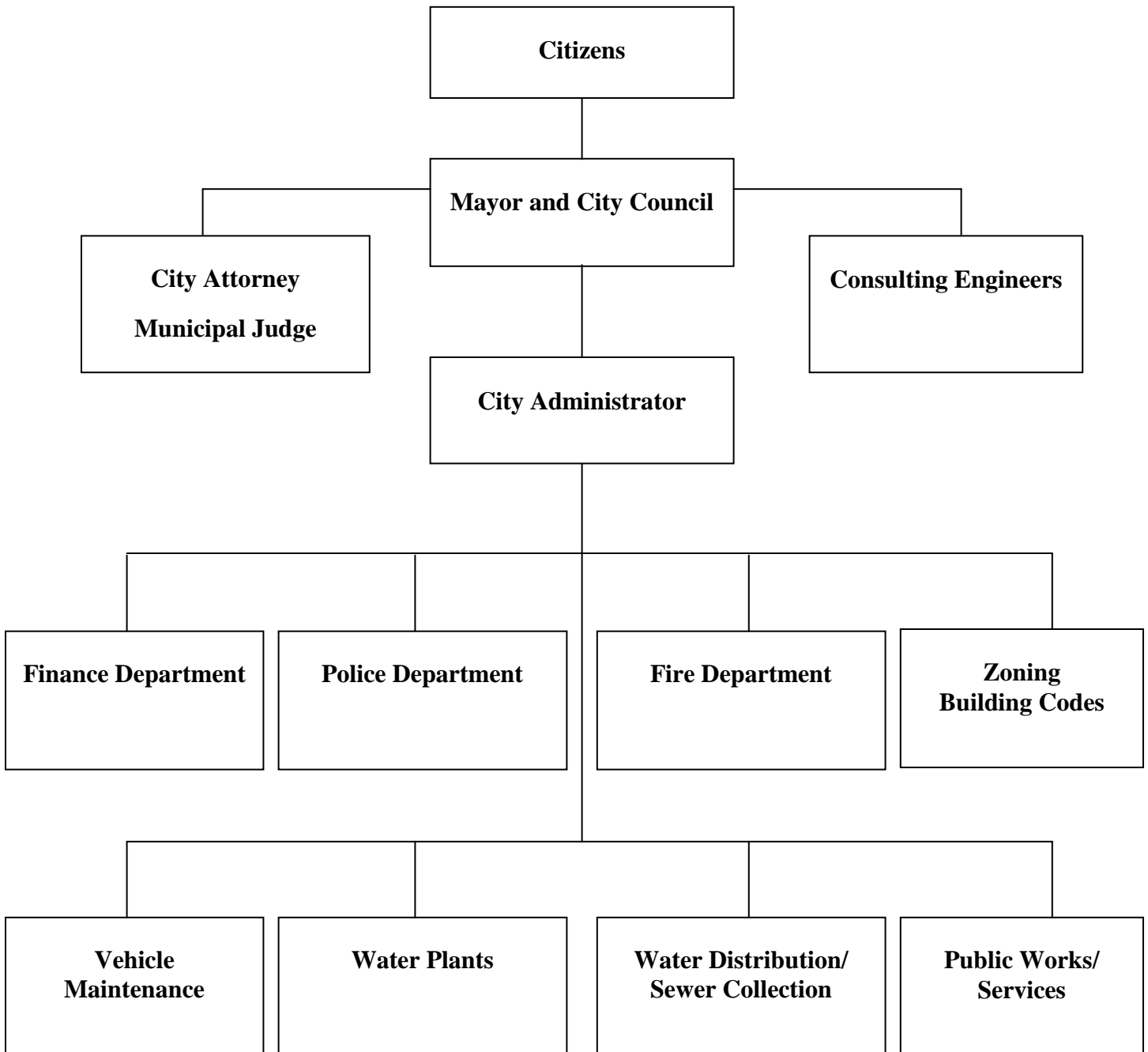
Jennifer T. Cunningham  
City Administrator

**City of West Columbia, South Carolina**

**Finance Department  
Organization Chart**



## City of West Columbia, South Carolina



**WEST COLUMBIA CITY COUNCIL**

**Bobby E. Horton, Mayor**

**COUNCIL MEMBERS**

**Jack L. Harmon, Mayor Pro-Tempore**

**Eric L. Fowler**

**L. Dale Harley**

**Boyd J. Jones**

**Marsha J. Moore**

**Tommy G. Parler**

**Cathy Shannon**

**B. J. Unthank**

**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, 2010

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.



*Linda C. Davidson*

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 · National Association of Certified Valuation Analysts

**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, 2011, 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, 2011, 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 27, 2012 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. / P.F.S. · A. Scott Hendrix, M.B.A., C.P.A., C.V.A.  
Meagan M. Richards, CPA ·

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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 express no opinion on them.

*Brittingham, Brown, Prince & Hancock*

January 27, 2012

## **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, 2011. 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 2011 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, 2011 by \$32,909,053 (net assets).
- The City's total net assets increased \$513,569 with \$841,339 of the increase from governmental activities and decrease \$327,770 resulting from business-type activities.
- For the fiscal year ending June 30, 2011, 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 \$3,592,280, a decrease of \$9,475 over the previous fiscal year. Of this amount, \$3,376,937 is unrestricted.
- The General Fund reported actual revenues of \$300,371 under budget and expenditures under budgeted appropriations by \$208,868.
- The City's total debt decreased by \$1,366,970 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 2010-2011. 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 statement** – 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 ninth 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 \$32,909,053 at the close of the most recent fiscal year. The City's increase in net assets for this fiscal year amounts to \$513,569.

For the current year, the largest portion of the City's net assets, 92.36 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	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 4,576,078	\$ 4,646,087	\$19,637,064	\$18,737,174	\$24,213,142	\$23,383,261
Capital assets, net	14,167,425	14,177,865	54,598,385	54,845,308	68,765,810	69,023,173
Total assets	18,743,503	18,823,952	74,235,449	73,582,482	92,978,952	92,406,434
Long-term liabilities outstanding	6,579,854	7,527,849	44,769,729	45,915,929	51,349,583	53,443,778
Other liabilities	1,954,770	1,928,560	4,113,295	4,638,612	6,068,065	6,567,172
Total liabilities	8,534,624	9,456,409	48,883,024	50,554,541	57,417,648	60,010,950
Net assets						
Investing in capital assets, net of related debt	6,771,907	5,918,026	23,130,592	23,309,987	29,902,499	29,228,013
Restricted	95,481	73,883	3,154,651	2,917,030	3,250,132	2,990,913
Unrestricted	3,341,494	3,375,634	(3,585,072)	(3,199,076)	(243,578)	176,558
Total net assets	10,208,882	9,367,543	22,700,171	23,027,941	32,909,053	32,395,484

An additional portion of the City's net assets (9.59 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 resulted primarily because of additional revenues the City received from the sale of aged assets such as vehicles, tractors and equipment taken out of service and sold at public auction during the fiscal year. Also, the City recaptured professional fees that had been incurred over the prior two years. These funds were used in general operations to replace planned upon lease purchase financing to purchase new budgeted vehicles and equipment. The excess funds were significant in the increase in net assets.



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

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 4,139,686	\$ 4,339,315	\$10,971,120	\$10,601,741	\$15,110,806	\$14,941,056
Operating grants & contributions	375,272	390,495	12,514		387,786	390,495
Capital grants & contributions	261,407	395,089		28,011	261,407	423,100
General revenues						
Property taxes	3,591,516	3,150,684			3,591,516	3,150,684
Intergovernmental	422,332	443,768			422,332	443,768
Investment earnings	2,385	27	297,704	292,751	300,089	292,778
Other	1,040,700	230,679	23,950	28,385	1,064,650	259,064
Total revenues	9,833,298	8,950,057	11,305,288	10,950,888	21,138,586	19,900,945
<b>Expenses</b>						
General Government	1,423,194	1,476,296		-	1,423,194	1,476,296
Community Development	260,905	277,395		-	260,905	277,395
Public Safety	7,479,607	7,356,707		-	7,479,607	7,356,707
Public Services	1,975,679	2,121,412		-	1,975,679	2,121,412
General Services	843,702	695,689		-	843,702	695,689
Interest on Long-term Debt	285,970	333,755		-	285,970	333,755
Water & Sewer Utility			8,355,960	7,817,515	8,355,960	7,817,515
Total expenses	12,269,057	12,261,254	8,355,960	7,817,515	20,625,017	20,078,769
Excess (deficiency) before transfers	(2,435,759)	(3,311,197)	2,949,328	3,133,373	513,569	(177,824)
Transfers	3,277,098	3,814,274	(3,277,098)	(3,814,274)	-	-
Increase (decrease) in net assets	841,339	503,077	(327,770)	(680,901)	513,569	(177,824)

### 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, 2011, the City of West Columbia governmental funds reported combined fund balances of \$3,592,280, a decrease of \$ 9,475 over the prior year balances. Ninety-Four (94) 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 consists of a nonspendable amount of \$119,862 to include prepaid items and \$95,481 which is reserved, to indicate that it 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, 2011, the total fund balance in the general fund was \$3,592,280. The general fund balance decreased by \$9,475 during the current fiscal year. This decrease is mainly a result of a short fall in projected revenues. The excess of expenditures over revenues was absorbed by the general fund excess fund balance.

**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, 2011, total net assets of the Water and Sewer Utility System amounted to \$22,700,171 as compared to \$23,027,941 at June 30, 2010. The decrease in net assets of \$327,770 for the fiscal year is due mainly to the increase in interest expense associated with new debt issued for the Riverside water plant upgrade and the sewer system infrastructure upgrade.

### **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 2011 as well as the final budget are presented. Quarterly budget amendments and supplemental appropriations were approved during the 2010-2011 budget year. Total differences between the original budget and the final amended budget were \$168,688.

The General Fund budgeted revenues of \$9,275,288 before other financing sources and achieved actual revenues of \$8,974,917 or \$300,371 less than budgeted. Expenditures were budgeted for \$13,455,388 before other uses with actual expenditures of \$13,246,520. The City budgeted a deficiency of estimated revenues over its appropriated expenditures before other financing sources and uses totaling \$4,180,100, but achieved a deficiency of revenue over expenditures before other financing sources and uses of \$4,271,603. The General Fund’s budget also included budgeted net transfers in from the Enterprise Fund of \$3,277,098. The City also budgeted \$105,000 in capital lease financing. The difference between budgeted and actual revenues resulted mainly from business license fees and state shared revenues which were significantly lower than in prior years due to the current economic conditions.

### **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, 2011, amounts to \$68,765,810 (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 25 yard rear load garbage truck for \$153,052 and replaced its knuckle boom loader at a cost of \$117,175. The fire department also purchased 25 new M7 air packs at a cost of \$118,575.
- 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 modernizing numerous sewer pump stations within the City’s sewer system infrastructure. Capital cost for the two projects to date includes \$10,039,587 for the Saluda River water treatment plant upgrade and \$7,763,697 replacing and upgrading the sewer system infrastructure and pump stations for total construction in progress cost to date of \$17,803,284 (see Note 16).

## Capital Assets and Debt Administration (Continued)

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

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 5,557,341	\$ 5,557,341	\$ 187,500	\$ 187,500	\$ 5,744,841	\$ 5,744,841
Buildings & equipment	6,146,329	6,358,468	26,247,500	27,028,789	32,393,829	33,387,257
Improvements other than buildings			10,122,021	10,596,140	10,122,021	10,596,140
Equipment			159,745	164,173	159,745	164,173
Vehicles & equipment	2,463,755	2,262,056	78,335	155,944	2,542,090	2,418,000
Construction in progress			17,803,284	16,712,762	17,803,284	16,712,762
Total revenues	<u>14,167,425</u>	<u>14,177,865</u>	<u>54,598,385</u>	<u>54,845,308</u>	<u>68,765,810</u>	<u>69,023,173</u>

**Long-term debt** - At the end of the current fiscal year, the City of West Columbia had total bonded debt outstanding of \$6,188,860 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 \$ 30,953,781 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 \$4,192,767, 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	
	2011	2010	2011	2010	2011	2010
Capital leases	\$ 1,177,199	\$ 1,378,192	\$ 52,253	\$ 102,499	\$ 1,229,452	\$ 1,480,691
Tax increment finance bonds	3,619,241	4,068,024			3,619,241	4,068,024
General Obligation Bonds	2,569,619	2,813,623			2,569,619	2,813,623
Revenue bonds			30,953,781	31,432,822	30,953,781	31,432,822
Accrued compensated absences	556,406	520,534	251,341	231,116	807,747	751,650
Total revenues	<u>7,922,465</u>	<u>8,780,373</u>	<u>31,257,375</u>	<u>31,766,437</u>	<u>39,179,840</u>	<u>40,546,810</u>

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

The City's total outstanding debt decreased by \$1,366,970 during the current fiscal year. For additional information concerning the City's outstanding debt as of June 30, 2011, 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 8.8 percent, compared to the rate of 7.9 percent a year ago. This compares favorably with the state's rate of 10.5 percent and the national rate of 11.0 percent.
- Inflationary trends in the region compare favorably to national indices.

These indices were taken into account when adopting the general budget for 2011-2012. Amounts available for appropriation in the general fund budget are \$13,000,000, a decrease of 3.4 percent over the final 2011 budget of \$13,455,388. It should be noted that the appropriated budget for 2012 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 2011-2012 fiscal year in order to service the debt requirements. Property tax revenues for the coming year are expected to be approximately the same as the prior fiscal year with an anticipated decrease in delinquent tax revenues. The City will monitor economic conditions closely and make necessary budget adjustments as deemed appropriate.

Budgeted expenditures for 2012 are expected to decrease over the actual 2011 expenditures due mainly to a reduction in grant related program expenditures. The City does not anticipate entering into any major land acquisitions for economic development purposes in fiscal year 2011-2012 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. Two major initiatives that the City has undertaken are 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 \$19,458 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, 2011

	Governmental Activities	Business-Type Activities	Total
<b><u>ASSETS</u></b>			
Current Assets:			
Cash	\$ 950,932	\$ 4,671,413	\$ 5,622,345
Receivables, net	728,090	2,253,568	2,981,658
Prepaid Charges	119,862	3,635	123,497
Internal Balances, net	2,652,254	(2,652,254)	-
Notes Receivable - Municipal Government		738,094	738,094
Restricted Cash and Cash Equivalents	95,481	3,013,221	3,108,702
Total Current Assets	4,546,619	8,027,677	12,574,296
Non -Current assets:			
Notes Receivable - Municipal Government		8,495,373	8,495,373
Capital Assets, net			
Land	5,557,341	187,500	5,744,841
Buildings and Improvements	6,146,329	26,247,500	32,393,829
Improvements Other Than Buildings		10,122,021	10,122,021
Vehicles and Equipment	2,463,755	238,080	2,701,835
Construction in Progress		17,803,284	17,803,284
Deferred Charges, net	29,459	461,760	491,219
Total Non -Current assets	14,196,884	63,555,518	77,752,402
<b><u>TOTAL ASSETS</u></b>	<b>18,743,503</b>	<b>71,583,195</b>	<b>90,326,698</b>
<b><u>LIABILITIES</u></b>			
Current Liabilities:			
Accounts Payable	513,615	677,745	1,191,360
Accrued Expenses and Other Liabilities	12,270		12,270
Accrued Interest Payable	81,926		81,926
Capital Leases	357,420	52,253	409,673
Accrued Compensated Absences	274,719	132,040	406,759
Customer Deposits		460,075	460,075
Deferred Revenue		683,625	683,625
(Payable from Restricted Assets)			
TIF Bonds Payable	464,670		464,670
GO Bonds Payable	245,802		245,802
Contracts Payable	4,348	48,771	53,119
Revenue Bonds Payable		1,851,898	1,851,898
Accrued Interest Payable - Revenue Bonds		206,888	206,888
Total Current Liabilities	1,954,770	4,113,295	6,068,065
Long-Term (Non-Current) Liabilities:			
Capital Leases	819,779		819,779
Bonds Payable	5,478,385	29,101,883	34,580,268
Deferred Revenue		15,122,593	15,122,593
Accrued Compensated Absences	281,687	119,301	400,988
Other Liabilities		425,952	425,952
Total Long-Term Liabilities	6,579,851	44,769,729	51,349,580
<b><u>TOTAL LIABILITIES</u></b>	<b>8,534,621</b>	<b>48,883,024</b>	<b>57,417,645</b>
<b><u>NET ASSETS</u></b>			
Invested in Capital Assets, Net of Related Debt	6,771,907	23,130,592	29,902,499
Restricted to:			
Debt Service	17,435	3,013,221	3,030,656
Capital Improvement Grant		141,430	141,430
Law Enforcement Grants & Programs	56,028		56,028
Accommodations Tax	4,168		4,168
Parks Program	17,850		17,850
Unrestricted	3,341,494	(3,585,072)	(243,578)
<b><u>TOTAL NET ASSETS</u></b>	<b>10,208,882</b>	<b>22,700,171</b>	<b>32,909,053</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, 2011**

	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	\$ 1,423,194	\$ 3,788,349	\$ 3,058	\$ 259,619	\$ 2,627,832	\$	\$ 2,627,832
Community & Economic Development	260,905				(260,905)		(260,905)
Public Safety	7,479,607	351,337	372,214	1,788	(6,754,268)		(6,754,268)
Public Services	1,975,679				(1,975,679)		(1,975,679)
General Services	843,702				(843,702)		(843,702)
Interest on Long-Term Debt	285,970				(285,970)		(285,970)
	12,269,057	4,139,686	375,272	261,407	(7,492,692)	-	(7,492,692)
Business-type activities:							
Water and sewer utility	8,355,960	10,971,120	12,514			\$ 2,627,674	\$ 2,627,674
Total Business-type activities	8,355,960	10,971,120	12,514	-	-	2,627,674	2,627,674
<b><u>TOTAL FUNCTIONS AND PROGRAMS</u></b>	<b>20,625,017</b>	<b>15,110,806</b>	<b>387,786</b>	<b>261,407</b>	<b>(7,492,692)</b>	<b>2,627,674</b>	<b>(4,865,018)</b>
General Revenue and Transfers							
Property Taxes					3,591,516		3,591,516
Intergovernmental - Unrestricted					422,332		422,332
Gain on sale of capital assets					80,030	23,950	103,980
Recapture of Professional Fees					800,000		800,000
Investment earnings - Unrestricted					2,385	297,704	300,089
Miscellaneous					160,670		160,670
Transfers					3,277,098	(3,277,098)	-
Total general revenue and transfers					8,334,031	(2,955,444)	5,378,587
Changes in net assets					841,339	(327,770)	513,569
Net Assets-July 1					9,367,543	23,027,941	32,395,484
Net Assets- June 30					10,208,882	22,700,171	32,909,053

*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, 2011**

	General Fund	Total Governmental Funds
<b><u>ASSETS</u></b>		
Cash	\$ 950,932	\$ 950,932
Receivables (Net of Allowance for Uncollectables)		
Property Taxes	176,237	176,237
State	90,486	90,486
Municipal Governments	188,398	188,398
Grants	120,129	120,129
Rehabilitation Loans	32,646	32,646
Other	120,194	120,194
Prepaid	119,862	119,862
Due From Other Funds	2,652,254	2,652,254
Restricted assets:		
Cash	95,481	95,481
<b><u>TOTAL ASSETS</u></b>	<b><u>4,546,619</u></b>	<b><u>4,546,619</u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>		
Liabilities:		
Accounts Payable	517,960	517,960
Accrued Payroll, Taxes, & Vacation Pay	286,989	286,989
Deferred Revenue	149,390	149,390
<b><u>TOTAL CURRENT LIABILITIES</u></b>	<b><u>954,339</u></b>	<b><u>954,339</u></b>
<b><u>FUND BALANCES</u></b>		
Nonspendable	119,862	119,862
Restricted	95,481	95,481
Unassigned	3,376,937	3,376,937
<b><u>TOTAL FUND BALANCES</u></b>	<b><u>3,592,280</u></b>	<b><u>3,592,280</u></b>
<b><u>TOTAL LIABILITIES AND FUND BALANCES</u></b>	<b><u>4,546,619</u></b>	<b><u>4,546,619</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.	14,167,425
Other assets not available to pay for current period expenditures and, therefore, not reported in the funds.	29,459
Other liabilities not payable from currently available resources are not reported in these funds.	(81,926)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in these funds.	(7,498,356)
Net Assets, end of year - Governmental Activities	<u>10,208,882</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, 2011**

	General	Total Governmental Funds
<b><u>REVENUES</u></b>		
Property Taxes	\$ 3,613,165	\$ 3,613,165
Licenses and Permits	3,132,209	3,132,209
Fines and Forfeitures	343,474	343,474
Interest	2,385	2,385
Intergovernmental	422,332	422,332
Charges For Services	656,140	656,140
Grant Proceeds	636,679	636,679
Narcotics Program Income	7,863	7,863
Other Revenues	160,670	160,670
<b><u>TOTAL REVENUES</u></b>	<b><u>8,974,917</u></b>	<b><u>8,974,917</u></b>
<b><u>EXPENDITURES</u></b>		
Current		
General Government	1,235,857	1,235,857
Community & Economic Development	255,414	255,414
Public Safety	7,575,576	7,575,576
Public Services	2,118,363	2,118,363
General Services	769,804	769,804
Debt Service		
Principal	985,012	985,012
Interest	306,494	306,494
<b><u>TOTAL EXPENDITURES</u></b>	<b><u>13,246,520</u></b>	<b><u>13,246,520</u></b>
<b><u>EXCESS OF EXPENDITURES</u></b>		
<b><u>(OVER)/UNDER REVENUES</u></b>	<b><u>(4,271,603)</u></b>	<b><u>(4,271,603)</u></b>
<b><u>OTHER FINANCING SOURCES/(USES)</u></b>		
Transfers In/(Out)		
Water and Sewer Fund	3,277,098	3,277,098
Recapture of Professional Fees	800,000	800,000
Capital Leases	105,000	105,000
Sale of Capital Assets	80,030	80,030
<b><u>TOTAL OTHER FINANCING SOURCES (USES)</u></b>	<b><u>4,262,128</u></b>	<b><u>4,262,128</u></b>
<b><u>NET CHANGE IN FUND BALANCES</u></b>	<b><u>(9,475)</u></b>	<b><u>(9,475)</u></b>
<b><u>FUND BALANCE - July 1</u></b>	<b><u>3,601,755</u></b>	<b><u>3,601,755</u></b>
<b><u>FUND BALANCE - June 30</u></b>	<b><u>3,592,280</u></b>	<b><u>3,592,280</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, 2011**

Net change in fund balances - total governmental funds	\$ (9,475)
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 capital outlays exceeded depreciation in the current period.	(10,440)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in these funds.	(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.	2,891
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.	<u>880,012</u>
Change in Net Assets - Governmental Activities (See Note 20)	<u><u>841,339</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, 2011**

	<b><u>BUDGETED AMOUNTS</u></b>			<b>Variance with Final Budget Positive (Negative)</b>
<b><u>REVENUES</u></b>	<b><u>Original</u></b>	<b><u>Final</u></b>	<b><u>Actual</u></b>	
Property Taxes	\$ 3,605,900	\$ 3,605,900	\$ 3,613,165	\$ 7,265
Licenses and Permits	3,285,000	3,285,000	3,132,209	(152,791)
Fines and Forfeits	366,000	366,000	343,474	(22,526)
Interest			2,385	2,385
Intergovernmental	413,100	413,100	422,332	9,232
Charges For Services	700,000	700,000	656,140	(43,860)
Grant Proceeds	1,045,500	755,988	636,679	(119,309)
Narcotics Program Income	24,100	24,100	7,863	(16,237)
Other Revenues	125,200	125,200	160,670	35,470
<b><u>TOTAL REVENUES</u></b>	<b>9,564,800</b>	<b>9,275,288</b>	<b>8,974,917</b>	<b>(300,371)</b>
<b><u>EXPENDITURES</u></b>				
Current				
General Government	1,303,300	1,345,650	1,235,857	109,793
Community & Economic Development	601,500	263,100	255,414	7,686
Public Safety	7,140,800	7,635,538	7,575,576	59,962
Public Services	2,231,300	2,145,300	2,118,363	26,937
General Services	718,100	774,100	769,804	4,296
Debt Service				
Principal	985,205	985,205	985,012	193
Interest	306,495	306,495	306,494	1
<b><u>TOTAL EXPENDITURES</u></b>	<b>13,286,700</b>	<b>13,455,388</b>	<b>13,246,520</b>	<b>208,868</b>
<b><u>EXCESS OF EXPENDITURES OVER REVENUES</u></b>	<b>(3,721,900)</b>	<b>(4,180,100)</b>	<b>(4,271,603)</b>	<b>(91,503)</b>
<b><u>OTHER FINANCING SOURCES/(USES)</u></b>				
Transfers In/(Out)				
Water and Sewer Fund	3,128,900	3,277,100	3,277,098	(2)
Litigation Proceeds		800,000	800,000	-
Capital Leases	593,000	103,000	105,000	2,000
Sale of Capital Assets			80,030	80,030
<b><u>TOTAL OTHER FINANCING SOURCES (USES)</u></b>	<b>3,721,900</b>	<b>4,180,100</b>	<b>4,262,128</b>	<b>82,028</b>
<b><u>NET CHANGE IN FUND BALANCE</u></b>	<b>-</b>	<b>-</b>	<b>(9,475)</b>	<b>(9,475)</b>
<b><u>FUND BALANCE - July 1</u></b>			<b>3,601,755</b>	
<b><u>FUND BALANCE - June 30</u></b>			<b>3,592,280</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, 2011**

	<b><u>Business-Type Activities</u></b>
<b><u>ASSETS</u></b>	
<b>CURRENT ASSETS</b>	
Cash	\$ 4,671,413
Accounts Receivable	2,253,568
Prepaid Charges	3,635
Notes Receivable- Municipal Government	738,094
Restricted Cash and Cash Equivalents	<u>3,013,221</u>
<b><u>TOTAL CURRENT ASSETS</u></b>	<b><u>10,679,931</u></b>
<b><u>NONCURRENT ASSETS</u></b>	
Noncurrent Receivable - Municipal Government	<u>8,495,373</u>
<b>DEFERRED CHARGES</b>	
Revenue Bond Issue Costs	<u>461,760</u>
<b><u>TOTAL DEFERRED CHARGES</u></b>	<b><u>461,760</u></b>
<b>CAPITAL ASSETS</b>	
Water Plant, Lines, and Sewer System	60,834,329
Less: Accumulated Depreciation	(24,039,228)
Construction in Progress	<u>17,803,284</u>
<b><u>TOTAL CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)</u></b>	<b><u>54,598,385</u></b>
<b><u>TOTAL NONCURRENT ASSETS</u></b>	<b><u>63,555,518</u></b>
<b><u>TOTAL ASSETS</u></b>	<b><u>74,235,449</u></b>

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

	<b><u>Business-Type Activities</u></b>
<b><u>LIABILITIES</u></b>	
<b>CURRENT LIABILITIES</b>	
(Payable from Current Assets)	
Accounts Payable	\$ 677,745
Customer Deposits	460,075
Accrued Payroll and Vacation Pay	132,040
Capital Lease Obligation	52,253
Deferred Revenue	683,625
Due to Other Funds	2,652,254
(Payable from Restricted Assets)	
Contracts Payable	48,771
Revenue Bonds Payable	1,851,898
Accrued Interest Payable - Revenue Bonds	<u>206,888</u>
<b><u>TOTAL CURRENT LIABILITIES</u></b>	<b><u>6,765,549</u></b>
<b>LONG-TERM LIABILITIES</b>	
Accrued Vacation Pay - Due After One Year	119,301
Revenue Bonds - Due After One Year	29,101,883
Deferred Revenue - Due After One Year	15,122,593
Other Liabilities	<u>425,952</u>
<b><u>TOTAL LONG-TERM LIABILITIES</u></b>	<b><u>44,769,729</u></b>
<b><u>TOTAL LIABILITIES</u></b>	<b><u>51,535,278</u></b>
<b><u>NET ASSETS</u></b>	
Invested in Capital Assets, Net of Related Debt	23,130,592
Engineering and Repair Grant	141,430
Restricted for Debt Service	3,013,221
Unrestricted	<u>(3,585,072)</u>
<b><u>TOTAL NET ASSETS</u></b>	<b><u>22,700,171</u></b>

*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, 2011**

	<b><u>Business-Type Activities</u></b>
<b><u>OPERATING REVENUES</u></b>	
Charges for Service	\$ 10,971,120
<b><u>TOTAL OPERATING REVENUES</u></b>	<b><u>10,971,120</u></b>
<b><u>OPERATING EXPENSES</u></b>	
Personnel Services	3,036,216
Material and Supplies	599,500
Contractual Services	833,222
Utilities	967,619
Repairs and Maintenance	363,050
Depreciation	1,401,025
Other Operating Expenses	88,239
<b><u>TOTAL OPERATING EXPENSES</u></b>	<b><u>7,288,871</u></b>
<b><u>OPERATING INCOME</u></b>	<b><u>3,682,249</u></b>
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>	
Interest Revenue	297,704
Interest and Amortization Expense	(1,067,089)
Grant Proceeds	12,514
Gain on Sale of Capital Assets	23,950
<b><u>TOTAL NON-OPERATING REVENUES (EXPENSES)</u></b>	<b><u>(732,921)</u></b>
<b><u>NET INCOME (LOSS) BEFORE TRANSFERS</u></b>	<b><u>2,949,328</u></b>
<b><u>TRANSFERS IN/(OUT)</u></b>	
General Fund	(3,277,098)
<b><u>CHANGE IN NET ASSETS</u></b>	<b><u>(327,770)</u></b>
<b><u>TOTAL NET ASSETS - July 1</u></b>	<b><u>23,027,941</u></b>
<b><u>TOTAL NET ASSETS - June 30</u></b>	<b><u>22,700,171</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, 2011**

	<b><u>Business-Type Activities</u></b>
<b><u>Cash Flows From Operating Activities</u></b>	
Cash Received From Customers	\$ 11,402,361
Cash Paid to Suppliers	(3,248,808)
Cash Paid to Employees	(3,108,318)
<b><u>Net Cash Provided (Used) by Operating Activities</u></b>	<b><u>5,045,235</u></b>
<b><u>Cash Flows From Non-Capital Financing Activities</u></b>	
Transfers Out	(3,277,098)
<b><u>Net Cash Provided (Used) by Non-Capital Financing Activities</u></b>	<b><u>(3,277,098)</u></b>
<b><u>Cash Flows From Capital and Related Financing Activities</u></b>	
Proceeds From Capital Debt	1,860,159
Principal Paid on Capital Debt	(1,599,901)
Interest Paid on Capital Debt	(888,089)
Aquisition of Capital Assets	(1,904,515)
Principal Paid on Capital Lease	(50,246)
Payments Received from Municipal Governments	931,378
Proceeds from Sale of Capital Assets	23,950
<b><u>Net Cash Provided by Capital and Related Financing Activities</u></b>	<b><u>(1,627,264)</u></b>
<b><u>Cash Flows From Investing Activities</u></b>	
Interest on Investments	307,094
<b><u>Net Cash Provided by Investing Activities</u></b>	<b><u>307,094</u></b>
<b><u>Net Increase (Decrease) in Cash and Cash Equivalents</u></b>	<b><u>447,967</u></b>
<b><u>Cash and Cash Equivalents - July 1</u></b>	<b><u>7,236,667</u></b>
<b><u>Cash and Cash Equivalents - June 30</u></b>	<b><u>7,684,634</u></b>

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**YEAR ENDED JUNE 30, 2011**

	<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>\$ 3,682,249</u></b>
<b><u>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</u></b>	
Depreciation	1,401,025
(Increase) Decrease in	
Accounts Receivable	961,550
Prepaid Charges	(167)
Increase (Decrease) in	
Accounts Payable	(885,342)
Deferred Revenue	(542,246)
Customer Deposits	11,936
Accrued Expenses	(72,102)
Due to Other Funds	<u>488,332</u>
<b><u>Total Adjustments</u></b>	<b><u>1,362,986</u></b>
<b><u>Net Cash Provided by Operating Activities</u></b>	<b><u>5,045,235</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, 2011**

	<b><u>Total Agency Funds</u></b>
<b><u>ASSETS</u></b>	
Cash and Cash Equivalents	\$ 51,483
<b><u>TOTAL ASSETS</u></b>	<b><u>51,483</u></b>
<b><u>LIABILITIES</u></b>	
Due to Fireman's Organization	10,184
Agency Funds Held	<u>41,299</u>
<b><u>TOTAL LIABILITIES</u></b>	<b><u>51,483</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, 2011**

**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, 2011, 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, 2011**

**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, 2011**

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

**B. 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 15 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, 2011**

**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 at the function level, within the individual funds. 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, 2011**

**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, 2011, the City Mayor and Council approved the General Fund budget as follows:

<b><u>Fund</u></b>	<b><u>Original Budget</u></b>	<b><u>Supplemental Appropriation</u></b>	<b><u>Final Budget</u></b>
<b>General</b>	<b>\$ 13,286,700</b>	<b>\$ 168,688</b>	<b>\$ 13,455,388</b>

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, 2011 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 \$35,198 of amortization expense.

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED JUNE 30, 2011**

**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 \$77,907 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, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulation rights to receive sick pay benefits.

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED JUNE 30, 2011**

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

**K. Compensated Absences (continued)**

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.

**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.



**CITY OF WEST COLUMBIA, SOUTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED JUNE 30, 2011**

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

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

**Committed Fund Balance**

The committed fund balance component includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action in employed to previously commit those amounts. 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 an assignment is not required to be the City's highest level of decision-making authority and as such, the nature of the actions necessary to remove or modify an assignment does not require the City's highest level of authority.

**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 by the City Council or donors has been made. After these fund balances have been depleted, unassigned fund balance will be considered to have been spent.

**N. Reserves and Designations**

In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use of a specific purpose. Designations of fund balance represent tentative plans of management that are subject to change.

**O. 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, 2011**

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

**P. 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, 2011, 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, 2011**

**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, 2011, the City had cash on-hand of \$1,850 and cash deposits in demand, savings, money market and certificate of deposit accounts equal to \$9,044,860. Of the deposit amounts, \$505,876 is covered by FDIC insurance, and the balance of \$8,538,984 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, 2011, 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, 2011**

**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>July 1, 2010</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Balance</u></b> <b><u>June 30, 2011</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	8,024,130	\$ 13,851		8,037,981
Vehicles and Equipment	7,517,301	1,053,556	\$ 760,624	7,810,233
<b>Total Depreciable</b>				
<b>Capital Assets</b>	<b><u>15,541,431</u></b>	<b><u>1,067,407</u></b>	<b><u>760,624</u></b>	<b><u>15,848,214</u></b>
<b>Total Capital Assets:</b>	<b><u>21,098,772</u></b>	<b><u>1,067,407</u></b>	<b><u>760,624</u></b>	<b><u>21,405,555</u></b>
<b>Less accumulated</b>				
<b>Depreciation for:</b>				
Buildings and Improvements	1,665,662	225,990		1,891,652
Vehicles and Equipment	5,255,245	851,857	760,624	5,346,478
<b>Total Accumulated</b>				
<b>Depreciation</b>	<b><u>6,920,907</u></b>	<b><u>1,077,847</u></b>	<b><u>760,624</u></b>	<b><u>7,238,130</u></b>
<b>Governmental Activities</b>				
<b>Capital Assets, Net:</b>	<b><u>14,177,865</u></b>	<b><u>(10,440)</u></b>		<b><u>14,167,425</u></b>

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED JUNE 30, 2011**

**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 July 1, 2010</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Balance June 30, 2011</u></b>
<b>Non-Depreciable Capital Assets:</b>				
Land	\$ 187,500			\$ 187,500
Construction in Progress	16,712,762	\$ 1,090,522		17,803,284
<b>Total Non-Depreciable Capital Assets</b>	<b><u>16,900,262</u></b>	<b><u>1,090,522</u></b>		<b><u>17,990,784</u></b>
<b>Depreciable Capital Assets</b>				
Buildings	35,840,630			35,840,630
Improvements Other Than Buildings	23,175,656	20,880		23,196,536
Equipment	798,656	42,700	\$ 10,390	830,966
Vehicles and Equipment	843,275		64,578	778,697
<b>Total Depreciable Capital Assets:</b>	<b><u>60,658,217</u></b>	<b><u>63,580</u></b>	<b><u>74,968</u></b>	<b><u>60,646,829</u></b>
<b>Total Capital Assets:</b>	<b><u>77,558,479</u></b>	<b><u>1,154,102</u></b>	<b><u>74,968</u></b>	<b><u>78,637,613</u></b>
<b>Less accumulated Depreciation for:</b>				
Buildings	8,811,841	781,289		9,593,130
Improvements Other Than Buildings	12,579,516	494,999		13,074,515
Equipment	634,483	47,128	10,390	671,221
Vehicles and Equipment	687,331	77,609	64,578	700,362
<b>Total Depreciable Capital Assets:</b>	<b><u>22,713,171</u></b>	<b><u>1,401,025</u></b>	<b><u>74,968</u></b>	<b><u>24,039,228</u></b>
<b>Business-Type Activities Capital Assets, Net:</b>	<b><u>54,845,308</u></b>	<b><u>(246,923)</u></b>		<b><u>54,598,385</u></b>

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

Governmental activities:	
General government	\$ 183,872
Community and economic development	3,784
Public safety	619,344
Public services	173,481
General services	97,366
<b>Total depreciation expense – governmental activities</b>	<b><u>1,077,847</u></b>
Business-type activities:	
Water and sewer utility	\$ 1,401,025
<b>Total depreciation expense – business-type activities</b>	<b><u>1,401,025</u></b>

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED JUNE 30, 2011**

**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 \$ 617,372 at June 30, 2011 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, 2011.

	<b><u>Year Ending June 30</u></b>	<b><u>Governmental-type Activities</u></b>	<b><u>Business-type Activities</u></b>
	2012	\$ 394,821	\$ 54,337
	2013	260,071	
	2014	260,071	
	2015-2017	<u>379,863</u>	<u>          .</u>
Minimum lease payments for all capital leases		1,294,826	54,337
Less: Amount representing interest at the City's incremental borrowing rate of interest		<u>117,627</u>	<u>2,084</u>
Present value of minimum lease payments		<u>1,177,199</u>	<u>52,253</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, 2010</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Balance June 30, 2011</u></b>
<b>Long Term Debt:</b>				
Capital Leases	\$ 1,378,192	\$ 105,000	\$ 305,993	\$ 1,177,199
Tax Increment Bonds Series 2008	4,068,024		448,783	3,619,241
General Obligation Bond Series 2010	<u>2,813,623</u>		<u>244,004</u>	<u>2,569,619</u>
<b>Total Payable</b>	<b><u>8,259,839</u></b>	<b><u>105,000</u></b>	<b><u>998,780</u></b>	<b><u>7,366,059</u></b>
<b>Compensated Absences</b>	<b><u>520,534</u></b>	<b><u>53,431</u></b>	<b><u>17,559</u></b>	<b><u>556,406</u></b>

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

		<b><u>June 30, 2011</u></b>	
	<b><u>Interest Rate</u></b>	<b><u>Current Portion</u></b>	<b><u>Long Term Portion</u></b>
Capital Leases	2.66 to 3.99%	\$ 357,420	\$ 819,779
Tax Increment Bonds, Series 2008	3.54%	464,670	3,154,571
General Obligation Bond, Series 2010	3.699%	245,802	2,323,817
Compensated Absences		274,719	281,687

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED JUNE 30, 2011**

**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 7 years.

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

<b><u>Year Ending June 30</u></b>	<b><u>Governmental Activities</u></b>	
	<b><u>Principal Amount</u></b>	<b><u>Interest Amount</u></b>
2012	\$ 710,472	\$ 223,171
2013	736,013	197,630
2014	762,474	171,169
2015	789,885	143,758
2016-2018	3,190,016	292,619
<b>Totals</b>	<b><u>6,188,860</u></b>	<b><u>1,028,347</u></b>

**Business-Type Activities:**

	<b><u>Balance July 1, 2010</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Balance June 30, 2011</u></b>
<b>Long Term Debt:</b>				
Capital Leases	\$ 102,499		\$ 50,246	\$ 52,253
Revenue Bonds – 1998A	1,075,453		101,643	973,810
Revenue Bonds – 2005	10,297,164		540,555	9,756,610
Revenue Bonds – 2009A	9,156,654	\$ 613,154	274,592	9,495,215
Revenue Bonds 2009B	7,668,896	496,494	278,111	7,887,279
Revenue Bonds 2009C	3,335,565		405,000	2,930,565
Less: Deferred Issue Cost	100,910		11,212	89,698
<b>Total Payable</b>	<b><u>31,535,321</u></b>	<b><u>1,109,648</u></b>	<b><u>1,638,935</u></b>	<b><u>31,006,034</u></b>
<b>Compensated Absences:</b>	<b><u>231,116</u></b>	<b><u>23,950</u></b>	<b><u>3,735</u></b>	<b><u>251,341</u></b>

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED JUNE 30, 2011**

**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, 2011</u></b> <b><u>Current Portion</u></b>	<b><u>Long Term Portion</u></b>
<b>Capital Leases:</b>	3.99%	<b><u>\$ 52,253</u></b>	
<b>Revenue Bonds:</b>			
Series 1998A Issue	4.75%	\$ 106,556	\$ 867,254
Series 2005 Issue	2.50%	554,196	9,202,414
Series 2009A Issue	3.00%	380,967	9,114,248
Series 2009B Issue	3.50%	401,391	7,485,888
Series 2009C Issue	3.53%	<u>408,788</u>	<u>2,432,079</u>
<b>Total Revenue Bonds</b>		<b><u>1,851,898</u></b>	<b><u>29,101,883</u></b>
<b>Compensated Absences:</b>		<b><u>132,040</u></b>	<b><u>119,301</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 \$4,192,767 at June 30, 2011 (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>June 30</u></b>	<b><u>Principal</u></b> <b><u>Amount</u></b>	<b><u>Interest</u></b> <b><u>Amount</u></b>
2012	\$ 1,851,898	\$ 895,963
2013	1,948,970	760,797
2014	2,003,342	705,917
2015	1,882,638	652,582
2016	1,933,587	600,863
2017	1,995,656	547,485
2018	2,053,878	492,326
2019	2,070,556	435,260
2020	1,659,672	388,145
2021	1,699,052	348,765
2022	1,739,369	308,448
2023	1,780,645	267,170
2024	1,822,904	224,911
2025	1,866,168	181,647
2026	1,712,228	137,353
2027	1,025,607	93,138
2028	572,212	38,116
2029	585,196	25,132
2030	598,474	11,854
2031	<u>151,729</u>	<u>853</u>
<b>Totals</b>	<b><u>30,953,781</u></b>	<b><u>7,116,725</u></b>



**CITY OF WEST COLUMBIA, SOUTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED JUNE 30, 2011**

**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	\$ 14,137,966	\$ 54,136,626
Less net bonds payable	6,188,860	30,953,781
Less capital leases	<u>1,177,199</u>	<u>52,253</u>
<b>Total invested in capital assets, net of related debt</b>	<b><u>6,771,907</u></b>	<b><u>23,130,592</u></b>
	<b><u>Governmental Activities</u></b>	<b><u>Business-Type Activities</u></b>
<b><u>Restricted:</u></b>		
Debt service	\$ 17,435	\$ 3,013,221
Capital Improvement Grant		141,430
Law Enforcement Grants and Programs	56,028	
Parks Program	17,850	
Accommodations Tax	<u>4,168</u>	
<b>Total restricted net assets</b>	<b><u>95,481</u></b>	<b><u>3,154,651</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, 2011, for employees covered by SCRS was \$5,795,303 and by PORS was \$2,423,265. The City's total payroll for all employees was \$8,218,568.

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	6.50% of Salary	6.50% of Salary
Employer Contributions	9.24% of Salary	11.13% of Salary

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED JUNE 30, 2011**

**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, 2011, 2010 and 2009 were \$535,486, \$501,629, and \$517,242 respectively. The City's contributions to the PORS for the years ending June 30, 2011, 2010 and 2009 were \$269,709, \$248,170, and \$247,072, 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**

The City of West Columbia is a member of the South Carolina Local Government Assurance Group (SCLGAG), which is a self-funded health benefits program. In this program, the City is part of a pool of local governments for the determination of rates. Each member of the SCLGAG accepts responsibility for normal claims expense. Catastrophic claims over \$100,000 per individual per year are reinsured through an insurance company. Upon termination of participation in the SCLGAG, all unpaid claims of the City's employees and aggregate losses on the City's account from current and previous years will be the responsibility of the City. See Note 21 for subsequent event related to health care coverage changes for subsequent years. The City of West Columbia is also a member of the South Carolina Municipal Insurance Trust, which is a self-funded workers compensation program.

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED JUNE 30, 2011**

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

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 \$792,943, of which the Commission is responsible for 53.72 percent. As of June 30, 2011 the City and Commission had contributed \$792,943 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, 2011 are as follows:

	<b><u>Inter-fund Receivables</u></b>	<b><u>Inter-fund Payables</u></b>
General Fund	\$ 2,652,254	
Proprietary Fund: Water and Sewer		\$ 2,652,254
<b>Totals</b>	<b><u>2,652,254</u></b>	<b><u>2,652,254</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, 2011 are as follows:

	<b><u>Transfer In</u></b> <b><u>General Fund</u></b>
<b><u>Transfer Out</u></b>	
Proprietary Fund: Water and Sewer	<b><u>\$ 3,277,098</u></b>

The transfer of \$3,277,098 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, 2011**

**Note 16. Construction Commitments**

The City has active construction projects as of June 30, 2011. The projects include upgrading and automating the City's Saluda River water plant (drinking water project) and 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 \$9,576,215 on the drinking water project and \$7,990,054 on the clean water project. The remaining commitments on the two construction projects are \$56,393 and \$2,188,128 respectively.

The commitments for these projects are 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, 2007, the measurement date for the plan year 2011, there were 199 covered participants; 10 members are retirees receiving benefits and 189 are active participants.

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED JUNE 30, 2011**

**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 2010-2011 was \$23,067. 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 a employee who retires with 20 or more years of continuous service the City pays 100 percent of the premium until the employee reaches age 65. For the fiscal year 2010-2011, the City contributed \$138,786 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 5.79 percent of annual covered payroll.

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

For the fiscal year 2010-2011 the City's annual OPEB cost was \$ 415,590 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, 2011:

Normal Cost	\$ 169,809
30 Year amortization of unfunded accrued liability (UAL)	<u>245,781</u>
Total Annual Required Contribution	<u><u>415,590</u></u>

Contributions included \$ 276,804 paid by the City to the Plan to pre-fund benefits and \$ 138,786 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, 2011**

**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, 2011 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>
6-30-2011	\$ 415,590	100%	\$ 0

At June 30, 2011, the actuarial accrued liability for benefits (AAL) was \$3,763,069, with \$975,879 in Plan assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,787,190. The funded ratio (Actuarial value of Plan assets/AAL) was 26.0 percent. The covered payroll (annual payroll of active employees covered by the Plan) was \$5,711,025, and the ratio of the UAAL to covered payroll was 48.8 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 Unprojected Unit Credit Actuarial Cost Method. The actuarial assumptions included a 6.0% investment rate of return (net of administrative expenses) and an initial annual healthcare cost trend rate of 10%. The trend rate will decrease in 0.5% steps until it reaches 6% after nine years. Both rates included a 4% inflation assumption. The dental cost trend rate was assumed to be 5.0% per annum. The asset valuation method used is 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, 2011, was 27 years.

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED JUNE 30, 2011**

**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	\$ 21,405,555
Less, accumulated depreciation	<u>(7,238,130)</u>

<b>Net amount reported</b>	<b><u><u>14,167,425</u></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

	\$ 29,459
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<b>Net amount reported</b>	<b><u><u>29,459</u></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.

	\$ (81,926)
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<b>Net amount reported</b>	<b><u><u>(81,926)</u></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	\$ 149,390
Bonds and Capital leases payable	(7,366,059)
Compensated absences	<u>(281,687)</u>

<b>Net amount reported</b>	<b><u><u>(7,498,356)</u></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 Government 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 capital  
outlay exceeds depreciation in the current period.

Capital outlay expenditures	\$ 1,067,407
Depreciation expense	<u>(1,077,847)</u>

<b>Net amount reported</b>	<b><u><u>(10,440)</u></u></b>
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**CITY OF WEST COLUMBIA, SOUTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED JUNE 30, 2011**

**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**

**Note 21.      Subsequent Events**

The City has evaluated all events subsequent to the basic financial statements for the year ended June 30, 2011 through January 27, 2012, 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%

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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, 2011 AND 2010**

	<b><u>ASSETS</u></b>	<b>June 30, 2011</b>	<b>June 30, 2010</b>
Cash		\$ 950,932	\$ 1,216,627
Receivables (Net of Allowance for Uncollectibles)			
Property Taxes - Delinquent		176,237	203,196
State		90,486	98,107
Municipal Governments		188,398	168,372
Grants		120,129	459,095
Rehabilitation Loans		32,646	32,646
Other		120,194	113,719
Prepaid		119,862	27,355
Due From Other Funds			
Water and Sewer Fund		2,652,254	2,163,922
Restricted Assets			
Cash		95,481	129,279
<b><u>TOTAL ASSETS</u></b>		<b><u>4,546,619</u></b>	<b><u>4,612,318</u></b>
	<b><u>LIABILITIES</u></b>		
Accounts Payable		517,960	350,503
Payroll Withholding		11,400	12,994
Accrued Salaries		870	222,068
Accrued Vacation Pay		274,719	252,171
Deferred Revenue		149,390	172,827
<b><u>TOTAL LIABILITIES</u></b>		<b><u>954,339</u></b>	<b><u>1,010,563</u></b>
	<b><u>FUND BALANCE</u></b>		
Nonspendable		119,862	27,355
Restricted		95,481	73,883
Unassigned		3,376,937	3,500,517
<b><u>TOTAL FUND BALANCE</u></b>		<b><u>3,592,280</u></b>	<b><u>3,601,755</u></b>
<b><u>TOTAL LIABILITIES AND FUND BALANCE</u></b>		<b><u>4,546,619</u></b>	<b><u>4,612,318</u></b>

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**  
**GENERAL FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**YEARS ENDED JUNE 30, 2011 AND 2010**

	June 30, 2011	June 30, 2010
<b><u>REVENUES</u></b>		
Property Taxes	\$ 3,613,165	\$ 3,145,451
Licenses and Permits	3,132,209	3,084,136
Fines and Forfeitures	343,474	389,324
Interest	2,385	27
Intergovernmental	422,332	443,768
Charges For Services	656,140	837,727
Grant Proceeds	636,679	785,584
Narcotics Program Income	7,863	28,128
Other Revenues	160,670	203,550
<b><u>TOTAL REVENUES</u></b>	<b>8,974,917</b>	<b>8,917,695</b>
<b><u>EXPENDITURES</u></b>		
Current		
General Government	1,235,857	1,259,765
Community and Economic Development	255,414	280,864
Public Safety	7,575,576	7,560,272
Public Services	2,118,363	1,926,353
General Services	769,804	707,366
Debt Service		
Principal	985,012	772,427
Interest	306,494	345,080
<b><u>TOTAL EXPENDITURES</u></b>	<b>13,246,520</b>	<b>12,852,127</b>
<b><u>EXCESS OF EXPENDITURES</u></b>		
<b><u>OVER/(UNDER) REVENUES</u></b>	<b>(4,271,603)</b>	<b>(3,934,432)</b>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>		
Transfers In/(Out)		
Water and Sewer Fund	3,277,098	3,413,800
Proceeds from General Obligation Bond Issue		2,813,623
Recapture of Professional Fees	800,000	
Capital Leases	105,000	345,000
Sale of Capital Assets	80,030	125,677
<b><u>TOTAL OTHER FINANCING SOURCES (USES)</u></b>	<b>4,262,128</b>	<b>6,698,100</b>
<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>(9,475)</b>	<b>2,763,668</b>
<b><u>FUND BALANCE - July 1</u></b>	<b>3,601,755</b>	<b>838,087</b>
<b><u>FUND BALANCE - June 30</u></b>	<b>3,592,280</b>	<b>3,601,755</b>

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, 2011 AND 2010

	June 30, 2011			June 30, 2010		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property Taxes	\$ 3,605,900	\$ 3,613,165	\$ 7,265	\$ 3,275,000	\$ 3,145,451	\$ (129,549)
Licenses and Permits	3,285,000	3,132,209	(152,791)	3,294,000	3,084,136	(209,864)
Fines and Forfeitures	366,000	343,474	(22,526)	336,000	389,324	53,324
Interest		2,385	2,385		27	27
Intergovernmental	413,100	422,332	9,232	479,300	443,768	(35,532)
Charges for Services	700,000	656,140	(43,860)	840,000	837,727	(2,273)
Grant Proceeds	755,988	636,679	(119,309)	947,062	785,584	(161,478)
Narcotics Program Income	24,100	7,863	(16,237)	22,200	28,128	5,928
Other Revenues	125,200	160,670	35,470	129,400	203,550	74,150
<b>TOTAL REVENUES</b>	<b>9,275,288</b>	<b>8,974,917</b>	<b>(300,371)</b>	<b>9,322,962</b>	<b>8,917,695</b>	<b>(405,267)</b>
<b>EXPENDITURES</b>						
General Government	1,345,650	1,235,857	109,793	1,355,810	1,259,765	96,045
Community and Economic Development	263,100	255,414	7,686	273,300	280,864	(7,564)
Public Safety	7,635,538	7,575,576	59,962	7,657,352	7,560,272	97,080
Public Services	2,145,300	2,118,363	26,937	1,981,400	1,926,353	55,047
General Services	774,100	769,804	4,296	700,400	707,366	(6,966)
Debt Service						
Principal	985,205	985,012	193	773,343	772,427	916
Interest	306,495	306,494	1	345,157	345,080	77
<b>TOTAL EXPENDITURES</b>	<b>13,455,388</b>	<b>13,246,520</b>	<b>208,868</b>	<b>13,086,762</b>	<b>12,852,127</b>	<b>234,635</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(4,180,100)</b>	<b>(4,271,603)</b>	<b>(91,503)</b>	<b>(3,763,800)</b>	<b>(3,934,432)</b>	<b>(170,632)</b>
<b>OTHER FINANCING SOURCES/(USES)</b>						
Transfers In/(Out)						
Water and Sewer Fund						
Proceeds from General Obligation Bond Issue	3,277,100	3,277,098	(2)	3,413,800	3,413,800	-
Litigation Proceeds					2,813,623	2,813,623
Capital Leases	800,000	800,000	-			-
Sale of Capital Assets	103,000	105,000	2,000	350,000	345,000	(5,000)
		80,030	80,030		125,677	125,677
<b>TOTAL OTHER FINANCING SOURCES/(USES)</b>	<b>4,180,100</b>	<b>4,262,128</b>	<b>82,028</b>	<b>3,763,800</b>	<b>6,698,100</b>	<b>2,934,300</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>-</b>	<b>(9,475)</b>	<b>(9,475)</b>	<b>-</b>	<b>2,763,668</b>	<b>2,763,668</b>
<b>FUND BALANCE - July 1</b>		<b>3,601,755</b>			<b>838,087</b>	
<b>FUND BALANCE - June 30</b>		<b>3,592,280</b>			<b>3,601,755</b>	

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET**  
**YEAR ENDED JUNE 30, 2011**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2010)**

	Budget	Actual	Variance Favorable (Unfavorable)	2010 Actual
<b><u>GENERAL GOVERNMENT</u></b>				
<b><u>LEGISLATIVE (MAYOR &amp; COUNCIL)</u></b>				
Personnel Services	\$ 146,900	\$ 144,423	\$ 2,477	\$ 143,737
Other Services and Charges	62,800	65,581	(2,781)	49,542
Capital Outlay	1,500		1,500	184
<b><u>TOTALS</u></b>	<b>211,200</b>	<b>210,004</b>	<b>1,196</b>	<b>193,463</b>
<b><u>ADMINISTRATIVE</u></b>				
Personnel Services	427,500	490,103	(62,603)	424,142
Supplies	21,400	21,842	(442)	17,910
Other Services and Charges	330,100	314,878	15,222	357,364
Capital Outlay	355,450	199,030	156,420	266,886
Debt Service - Principal	677,500	677,443	57	459,806
Debt Service - Interest	256,200	256,200	-	159,860
<b><u>TOTALS</u></b>	<b>2,068,150</b>	<b>1,959,496</b>	<b>108,654</b>	<b>1,685,968</b>
<b><u>TOTAL GENERAL GOVERNMENT</u></b>	<b>2,279,350</b>	<b>2,169,500</b>	<b>109,850</b>	<b>1,879,431</b>
<b><u>COMMUNITY DEVELOPMENT</u></b>				
<b><u>INSPECTIONS</u></b>				
Personnel Services	128,000	127,315	685	138,227
Supplies	2,600		2,600	1,360
Other Supplies and Charges	12,900	10,358	2,542	10,387
Capital Outlay	2,000		2,000	90
<b><u>TOTAL COMMUNITY DEVELOPMENT</u></b>	<b>145,500</b>	<b>137,673</b>	<b>7,827</b>	<b>150,064</b>
<b><u>ECONOMIC DEVELOPMENT</u></b>				
Personnel Services	102,000	101,123	877	101,003
Supplies	300	166	134	298
Other Services and Charges	15,300	16,452	(1,152)	29,499
Capital Outlay			-	
Debt Service - Interest			-	137,123
<b><u>TOTAL ECONOMIC DEVELOPMENT</u></b>	<b>117,600</b>	<b>117,741</b>	<b>(141)</b>	<b>267,923</b>
<b><u>TOTAL COMMUNITY &amp; ECONOMIC DEVELOPMENT</u></b>	<b>263,100</b>	<b>255,414</b>	<b>7,686</b>	<b>417,987</b>
<b><u>PUBLIC SAFETY</u></b>				
<b><u>POLICE DEPARTMENT</u></b>				
<b><u>ADMINISTRATION</u></b>				
Personnel Services	2,868,155	2,847,878	20,277	2,875,053
Supplies	53,400	48,391	5,009	51,512
Other Services and Charges	564,100	594,637	(30,537)	592,710
Capital Outlay	505,800	525,451	(19,651)	348,931
Debt Service - Principal			-	19,907
Debt Service - Interest			-	325
<b><u>TOTALS</u></b>	<b>3,991,455</b>	<b>4,016,357</b>	<b>(24,902)</b>	<b>3,888,438</b>

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET**  
**YEAR ENDED JUNE 30, 2011**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2010)**

	Budget	Actual	Variance Favorable (Unfavorable)	2010 Actual
<b><u>PUBLIC SAFETY (CONTINUED)</u></b>				
<b><u>DETECTIVES</u></b>				
Personnel Services	\$ 1,072,860	\$ 1,040,874	\$ 31,986	\$ 974,552
Supplies	27,800	26,027	1,773	6,291
Other Services and Charges	113,113	121,238	(8,125)	82,975
Capital Outlay	79,310	78,610	700	78,799
<b><u>TOTALS</u></b>	<b>1,293,083</b>	<b>1,266,749</b>	<b>26,334</b>	<b>1,142,617</b>
<b><u>DISPATCH - 911 CALL CENTER</u></b>				
Personnel Services	266,900	248,405	18,495	242,074
Supplies	8,200	2,995	5,205	9,069
Other Services and Charges	8,500	7,211	1,289	7,240
Capital Outlay	2,400	1,036	1,364	148
<b><u>TOTALS</u></b>	<b>286,000</b>	<b>259,647</b>	<b>26,353</b>	<b>258,531</b>
<b><u>COURT ADMINISTRATION</u></b>				
Personnel Services	187,900	189,735	(1,835)	193,335
Supplies	5,400	4,963	437	5,554
Other Services and Charges	54,250	51,359	2,891	48,849
Capital Outlay	500		500	149
<b><u>TOTALS</u></b>	<b>248,050</b>	<b>246,057</b>	<b>1,993</b>	<b>247,887</b>
<b><u>TOTAL POLICE DEPARTMENT</u></b>	<b>5,818,588</b>	<b>5,788,810</b>	<b>29,778</b>	<b>5,537,473</b>
<b><u>CROSSING GUARDS</u></b>				
Personnel Services	1,000	1,560	(560)	14,755
Other Services and Charges	500		500	513
<b><u>TOTALS</u></b>	<b>1,500</b>	<b>1,560</b>	<b>(60)</b>	<b>15,268</b>
<b><u>FIRE DEPARTMENT</u></b>				
Personnel Services	1,528,100	1,496,726	31,374	1,523,080
Supplies	24,100	24,974	(874)	19,390
Other Services and Charges	139,100	142,243	(3,143)	128,175
Capital Outlay	124,150	121,263	2,887	357,118
Debt Service - Principal	141,500	141,468	32	74,112
Debt Service - Interest	36,000	36,007	(7)	27,082
<b><u>TOTALS</u></b>	<b>1,992,950</b>	<b>1,962,681</b>	<b>30,269</b>	<b>2,128,957</b>
<b><u>TOTAL PUBLIC SAFETY</u></b>	<b>7,813,038</b>	<b>7,753,051</b>	<b>59,987</b>	<b>7,681,698</b>



**CITY OF WEST COLUMBIA, SOUTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET**  
**YEAR ENDED JUNE 30, 2011**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2010)**

	Budget	Actual	Variance Favorable (Unfavorable)	2010 Actual
<b><u>PUBLIC SERVICES</u></b>				
STREET DEPARTMENT				
Personnel Services	\$ 297,600	\$ 266,079	\$ 31,521	\$ 295,026
Supplies	11,500	10,170	1,330	7,791
Other Services and Charges	256,200	279,149	(22,949)	272,150
Capital Outlay	134,700	129,330	5,370	4,496
Debt Service - Principal	11,400	11,340	60	10,912
Debt Service - Interest	1,600	1,593	7	1,867
<b><u>TOTALS</u></b>	<b>713,000</b>	<b>697,661</b>	<b>15,339</b>	<b>592,242</b>
SANITATION DEPARTMENT				
Personnel Services	1,088,800	1,056,211	32,589	1,090,587
Supplies	13,700	49,112	(35,412)	7,603
Other Services and Charges	137,100	138,803	(1,703)	241,605
Capital Outlay	205,700	189,509	16,191	7,095
Debt Service - Principal	154,805	154,760	45	207,690
Debt Service - Interest	12,695	12,695	-	18,823
<b><u>TOTALS</u></b>	<b>1,612,800</b>	<b>1,601,090</b>	<b>11,710</b>	<b>1,573,403</b>
<b><u>TOTAL PUBLIC SERVICES</u></b>	<b>2,325,800</b>	<b>2,298,751</b>	<b>27,049</b>	<b>2,165,645</b>
<b><u>DIVISION OF GENERAL SERVICES</u></b>				
MAINTENANCE SHOP				
Personnel Services	394,395	411,078	(16,683)	394,808
Supplies	11,500	5,987	5,513	7,900
Other Services and Charges	60,850	56,917	3,933	53,507
Capital Outlay	12,250	6,408	5,842	38,506
<b><u>TOTALS</u></b>	<b>478,995</b>	<b>480,390</b>	<b>(1,395)</b>	<b>494,721</b>
PARKS AND RECREATION				
Personnel Services	125,155	125,124	31	111,660
Supplies	10,000	12,625	(2,625)	15,814
Other Service and Charges	114,700	124,407	(9,707)	35,647
Capital Outlay	45,250	27,258	17,992	49,524
<b><u>TOTALS</u></b>	<b>295,105</b>	<b>289,414</b>	<b>5,691</b>	<b>212,645</b>
<b><u>TOTAL GENERAL SERVICES</u></b>	<b>774,100</b>	<b>769,804</b>	<b>4,296</b>	<b>707,366</b>
<b><u>GRAND TOTAL</u></b>	<b>13,455,388</b>	<b>13,246,520</b>	<b>208,868</b>	<b>12,852,127</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 foods 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, 2011 AND 2010**

	<u>June 30,</u> <u>2011</u>	<u>June 30,</u> <u>2010</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 4,671,413	\$ 4,473,581
Accounts Receivable	2,253,568	3,224,508
Prepaid Charges	3,635	3,468
Notes Receivable- Municipal Government	738,094	718,398
Restricted Cash and Cash Equivalents	3,013,221	2,763,086
<b><u>TOTAL CURRENT ASSETS</u></b>	<u>10,679,931</u>	<u>11,183,041</u>
<b><u>NONCURRENT ASSETS</u></b>		
Noncurrent Receivable - Municipal Government	<u>8,495,373</u>	<u>9,233,470</u>
<b>DEFERRED CHARGES</b>		
Revenue Bond Issue Costs	<u>461,760</u>	<u>484,585</u>
<b><u>TOTAL DEFERRED CHARGES</u></b>	<u>461,760</u>	<u>484,585</u>
<b>CAPITAL ASSETS</b>		
Water Plant, Lines, and Sewer System	60,834,329	60,845,718
Less: Accumulated Depreciation	(24,039,228)	(22,713,172)
Construction in Progress	17,803,284	16,712,762
<b><u>TOTAL CAPITAL ASSETS (NET OF</u></b>		
<b><u>ACCUMULATED DEPRECIATION)</u></b>	<u>54,598,385</u>	<u>54,845,308</u>
<b><u>TOTAL NONCURRENT ASSETS</u></b>	<u>63,555,518</u>	<u>64,563,363</u>
<b><u>TOTAL ASSETS</u></b>	<u>74,235,449</u>	<u>75,746,404</u>

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**  
**COMPARATIVE STATEMENTS OF NET ASSETS**  
**PROPRIETARY FUND - WATER AND SEWER**  
**AS OF JUNE 30, 2011 AND 2010**

	<u>June 30,</u> <u>2011</u>	<u>June 30,</u> <u>2010</u>
<b><u>LIABILITIES</u></b>		
<b>CURRENT LIABILITIES</b>		
(Payable from Current Assets)		
Accounts Payable	\$ 677,745	\$ 562,495
Customer Deposits	460,075	448,139
Accrued Payroll and Vacation Pay	132,040	218,055
Capital Lease Obligation	52,253	50,247
Deferred Revenue	683,625	659,699
Due to Other Funds	2,652,254	2,163,922
(Payable from Restricted Assets)		
Contracts Payable	48,771	1,049,362
Revenue Bonds Payable	1,851,898	1,588,688
Accrued Interest Payable - Revenue Bonds	206,888	61,927
<b><u>TOTAL CURRENT LIABILITIES</u></b>	<u>6,765,549</u>	<u>6,802,534</u>
<b>LONG-TERM LIABILITIES</b>		
Accrued Vacation Pay - Due After One Year	119,301	105,388
Capital Lease Obligation - Due After One Year		52,252
Revenue Bonds - Due After One Year	29,101,883	29,844,134
Deferred Revenue - Due After One Year	15,122,593	15,701,179
Other Liabilities	425,952	212,976
<b><u>TOTAL LONG-TERM LIABILITIES</u></b>	<u>44,769,729</u>	<u>45,915,929</u>
<b><u>TOTAL LIABILITIES</u></b>	<u>51,535,278</u>	<u>52,718,463</u>
<b><u>NET ASSETS</u></b>		
Invested In Capital Assets, Net of Related Debt	23,130,592	23,309,987
Capital Improvement Grant	141,430	153,944
Restricted for Debt Service	3,013,221	2,763,086
Unrestricted	(3,585,072)	(3,199,076)
<b><u>TOTAL NET ASSETS</u></b>	<u>22,700,171</u>	<u>23,027,941</u>

**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, 2011 AND 2010**

	<u>June 30,</u> <u>2011</u>	<u>June 30,</u> <u>2010</u>
<b><u>OPERATING REVENUES</u></b>		
Charges for Services	\$ 10,971,120	\$ 10,601,741
<b><u>TOTAL OPERATING REVENUES</u></b>	<u>10,971,120</u>	<u>10,601,741</u>
<b><u>OPERATING EXPENSES</u></b>		
Personnel Services	3,036,216	3,116,748
Material and Supplies	599,500	657,637
Contractual Services	833,222	815,632
Utilities	967,619	952,271
Repairs and Maintenance	363,050	315,351
Depreciation	1,401,025	1,404,471
Other Operating Expenses	88,239	86,214
<b><u>TOTAL OPERATING EXPENSES</u></b>	<u>7,288,871</u>	<u>7,348,324</u>
<b><u>OPERATING INCOME</u></b>	<u>3,682,249</u>	<u>3,253,417</u>
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>		
Interest Revenue	297,704	292,751
Other Income		25,000
Interest and Amortization Expense	(1,067,089)	(469,191)
Grant Proceeds	12,514	28,011
Gain on Sale of Fixed Assets	23,950	3,385
<b><u>TOTAL NON-OPERATING REVENUES (EXPENSES)</u></b>	<u>(732,921)</u>	<u>(120,044)</u>
<b><u>NET INCOME BEFORE TRANSFERS</u></b>	<u>2,949,328</u>	<u>3,133,373</u>
<b><u>TRANSFERS IN/(OUT)</u></b>		
General Fund	(3,277,098)	(3,413,800)
<b><u>CHANGE IN NET ASSETS</u></b>	<u>(327,770)</u>	<u>(280,427)</u>
<b><u>TOTAL NET ASSETS - July 1</u></b>	<u>23,027,941</u>	<u>23,308,368</u>
<b><u>TOTAL NET ASSETS - June 30</u></b>	<u>22,700,171</u>	<u>23,027,941</u>

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**PROPRIETARY FUND - WATER AND SEWER**  
**YEARS ENDED JUNE 30, 2011 AND 2010**

	June 30, 2011	June 30, 2010
<b><u>Cash Flows From Operating Activities</u></b>		
Cash Received From Customers	\$ 11,402,361	\$ 8,687,910
Cash Paid to Suppliers	(3,248,808)	(2,257,465)
Cash Paid to Employees	(3,108,318)	(3,077,208)
Net Cash Provided by Operating Activities	5,045,235	3,353,237
<b><u>Cash Flows from Non-Capital Financing Activities</u></b>		
Transfers Out	(3,277,098)	(3,413,800)
Net Cash Used in Non-Capital Financing Activities	(3,277,098)	(3,413,800)
<b><u>Cash Flows From Capital and Related Financing Activities</u></b>		
Proceeds From Capital Debt	1,860,159	14,462,074
Principal Paid on Capital Debt	(1,599,901)	(1,014,204)
Interest Paid on Capital Debt	(888,089)	(448,608)
Acquisition of Capital Assets	(1,904,515)	(13,632,559)
Capital Contribution		46,017
Principal Paid on Capital Lease	(50,246)	(71,550)
Payments Received from Municipal Governments	931,378	977,496
Proceeds from Sale of Capacity		2,330,000
Proceeds from Sale of Capital Assets	23,950	3,385
Net Cash Provided (Used) in Capital and Related Financing Activities	(1,627,264)	2,652,051
<b><u>Cash Flows From Investing Activities</u></b>		
Interest in Investments	307,094	291,614
Net Cash Provided by Investing Activities	307,094	291,614
Net Increase (Decrease) in Cash and and Cash Equivalents	447,967	2,883,102
<b><u>Cash and Cash Equivalents - July 1</u></b>	7,236,667	4,353,565
<b><u>Cash and Cash Equivalents - June 30</u></b>	7,684,634	7,236,667

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**PROPRIETARY FUND - WATER AND SEWER**  
**YEARS ENDED JUNE 30, 2011 AND 2010**

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

	<b><u>June 30,</u></b> <b><u>2011</u></b>	<b><u>June 30,</u></b> <b><u>2010</u></b>
<b><u>Operating Income</u></b>	<b><u>\$ 3,682,249</u></b>	<b><u>\$ 3,253,417</u></b>
<b>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</b>		
Depreciation	1,401,025	1,404,471
(Increase) Decrease in		
Accounts Receivable	961,550	(1,397,179)
Prepaid Charges	(167)	(750)
Increase (Decrease) in		
Accounts Payable	(885,341)	494,321
Deferred Revenue	(542,245)	(521,329)
Customer Deposits	11,936	4,677
Accrued Expenses	(72,102)	39,540
Due to Other Funds	488,332	76,069
<b>Total Adjustments</b>	<b><u>1,362,988</u></b>	<b><u>99,820</u></b>
<b><u>Net Cash Provided by Operating Activities</u></b>	<b><u>5,045,237</u></b>	<b><u>3,353,237</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, 2011**

	<u>Balance</u> <u>June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
<b><u>FIREMAN'S FUND</u></b>				
ASSETS- CASH	\$ 8,252	\$ 27,843	\$ 25,911	\$ 10,184
<b>LIABILITIES</b>				
Due to Fireman's Organization	8,252	27,843	25,911	10,184
<b><u>NARCOTIC SEIZURE</u></b>				
ASSETS- CASH	31,087	15,060	4,848	41,299
<b>LIABILITIES</b>				
Agency Funds Held	31,087	15,060	4,848	41,299
<b><u>TOTAL - ALL AGENCY FUNDS</u></b>				
ASSETS- CASH	39,339	42,903	30,759	51,483
<b>LIABILITIES</b>				
Due to Fireman's Organization	8,252	27,843	25,911	10,184
Agency Funds Held	31,087	15,060	4,848	41,299
	39,339	42,903	30,759	51,483

**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, 2011 AND 2010**

	<u>June 30,</u> <u>2011</u>	<u>June 30,</u> <u>2010</u>
<b><u>CAPITAL ASSETS</u></b>		
Land	\$ 5,557,341	\$ 5,557,341
Buildings and Improvements	8,037,981	8,024,130
Vehicles and Equipment	7,810,233	7,517,301
<b><u>TOTAL CAPITAL ASSETS</u></b>	<u>21,405,555</u>	<u>21,098,772</u>
<b><u>INVESTMENT IN CAPITAL ASSETS</u></b>		
<b><u>BY SOURCE</u></b>		
General Fund	21,405,555	21,098,772
<b><u>TOTAL INVESTMENT IN CAPITAL ASSETS</u></b>	<u>21,405,555</u>	<u>21,098,772</u>

**CITY OF WEST COLUMBIA, SOUTH CAROLINA**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY FUNCTION AND ACTIVITY**  
**JUNE 30, 2011**

	<b><u>Land, Buildings and Fixtures</u></b>	<b><u>Vehicles and Equipment</u></b>	<b><u>Total</u></b>
<b><u>FUNCTION AND ACTIVITIES</u></b>			
<b>GENERAL GOVERNMENT</b>	<b>\$ 6,902,185</b>	<b>\$ 427,810</b>	<b>\$ 7,329,995</b>
<b>COMMUNITY DEVELOPMENT</b>	<b>3,764,695</b>	<b>334</b>	<b>3,765,029</b>
<b>PUBLIC SAFETY</b>			
Police		3,516,027	3,516,027
Fire	590,941	2,055,304	2,646,245
<b>TOTAL PUBLIC SAFETY</b>	<b>590,941</b>	<b>5,571,331</b>	<b>6,162,272</b>
<b>PUBLIC SERVICES</b>			
Street		717,084	717,084
Sanitation	76,418	751,826	828,244
<b>TOTAL PUBLIC SERVICES</b>	<b>76,418</b>	<b>1,468,910</b>	<b>1,545,328</b>
<b>GENERAL SERVICES</b>			
General Services	87,329		87,329
Maintenance Shop	87,183	168,712	255,895
Parks and Recreation	2,086,571	173,136	2,259,707
<b>TOTAL GENERAL SERVICES</b>	<b>2,261,083</b>	<b>341,848</b>	<b>2,602,931</b>
<b><u>TOTAL CAPITAL ASSETS</u></b>	<b><u>13,595,322</u></b>	<b><u>7,810,233</u></b>	<b><u>21,405,555</u></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, 2011**

<b><u>FUNCTION AND ACTIVITY</u></b>	<b><u>Capital Assets June 30, 2010</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Capital Assets June 30, 2011</u></b>
<b>GENERAL GOVERNMENT</b>	<b>\$ 7,325,522</b>	<b>\$ 4,473</b>		<b>\$ 7,329,995</b>
<b>COMMUNITY DEVELOPMENT</b>	<b>3,765,029</b>			<b>3,765,029</b>
<b>PUBLIC SAFETY</b>				
Police	3,271,105	597,485	\$ 352,563	3,516,027
Fire	2,525,587	120,658		2,646,245
<b>TOTAL PUBLIC SAFETY</b>	<b>5,796,692</b>	<b>718,143</b>	<b>352,563</b>	<b>6,162,272</b>
<b>PUBLIC SERVICES</b>				
Street	709,318	129,078	121,312	717,084
Sanitation	925,544	189,449	286,749	828,244
<b>TOTAL PUBLIC SERVICES</b>	<b>1,634,862</b>	<b>318,527</b>	<b>408,061</b>	<b>1,545,328</b>
<b>GENERAL SERVICES</b>				
General Services	87,329			87,329
Maintenance Shop	253,004	2,891		255,895
Parks and Recreation	2,236,334	23,373		2,259,707
<b>TOTAL GENERAL SERVICES</b>	<b>2,576,667</b>	<b>26,264</b>	<b>-</b>	<b>2,602,931</b>
<b><u>TOTAL CAPITAL ASSETS</u></b>	<b><u>21,098,772</u></b>	<b><u>1,067,407</u></b>	<b><u>760,624</u></b>	<b><u>21,405,555</u></b>

## **VICTIM'S RIGHTS ASSISTANCE**

**CITY OF WEST COLUMBIA**  
**SCHEDULE OF FINES, FEES, ASSESSMENTS AND SURCHARGES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

For the Month of:

	July	August	September	October	November	December	January	February	March	April	May	June	Total
<b>Court Fines</b>													
Court Fines Collected	\$ 35,296	\$ 30,151	\$ 29,693	\$ 28,502	\$ 23,500	\$ 20,196	\$ 22,098	\$ 29,213	\$ 28,081	\$ 24,049	\$ 22,613	\$ 27,469	\$ 320,861
Court Fines Retained	35,296	30,151	29,693	28,502	23,500	20,196	22,098	29,213	28,081	24,049	22,613	27,469	320,861
Court Fines Remitted to State Treasurer	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Court Assessments</b>													
Court Assessments Collected	34,496	29,523	29,269	28,589	23,696	21,790	22,023	29,098	28,824	21,757	20,992	27,153	317,210
Court Assessments Retained by City	3,852	3,298	3,270	3,205	2,646	2,433	2,457	3,249	3,219	2,430	2,344	3,032	35,435
Court Assessments Remitted to State Treasurer	30,644	26,225	25,999	25,384	21,050	19,357	19,566	25,849	25,605	19,327	18,648	24,121	281,775
<b>Court Surcharges</b>													
Court Surcharges Collected	18,748	17,041	17,002	16,871	13,602	12,204	12,414	14,696	17,604	14,932	13,358	16,049	184,521
Court Surcharges Retained by City	1,650	1,745	1,850	1,600	1,925	1,375	1,200	1,275	1,575	1,200	1,075	1,600	18,070
Court Surcharges Remitted to State Treasurer	17,098	15,296	15,152	15,271	11,677	10,829	11,214	13,421	16,029	13,732	12,283	14,449	166,451
<b>Victims Services</b>													
Court Assessments Allocated to Victims Services	3,852	3,298	3,270	3,205	2,646	2,433	2,457	3,249	3,219	2,430	2,344	3,032	35,435
Court Surcharges Allocated to Victims Services	1,650	1,745	1,850	1,600	1,925	1,375	1,200	1,275	1,575	1,200	1,075	1,600	18,070
Funds Allocated to Victims Services	5,502	5,043	5,120	4,805	4,571	3,808	3,657	4,524	4,794	3,630	3,419	4,632	53,505
Victims Services Expenditures	5,502	5,043	5,120	4,805	4,571	3,808	3,657	4,524	4,794	3,630	3,419	4,632	53,505
Funds in Excess (Shortage) of Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-
Victims Services Fund Carryover from 2010													
<b>Victims Services Fund Balance, June 30, 2011</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
These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.	
Revenue Capacity	92
These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.	
Debt Capacity	96
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.	
Demographic and Economic Information	101
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.	
Operating Information	103
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.	

City of West Columbia, South Carolina

Net Assets By Component  
Last Nine Fiscal Years  
 (accrual basis of accounting)  
 (UNAUDITED)

	2003	2004	2005	2006	Fiscal Year 2007	2008	2009	2010	2011
<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
Restricted	43,122	1,257,349	137,071	101,111	132,988	208,897	117,304	73,883	95,481
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
<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>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
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
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)
<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>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
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
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)
<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>

Note: Net assets by component are presented for the prior nine years only, as financial information in the above format is not available prior to the implementation of GASB 34.

City of West Columbia, South Carolina

Changes in Net Assets

Last Nine Fiscal Years

(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011
<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
Community & economic development	95,402	95,346	161,769	400,334	269,194	296,736	304,065	277,395	260,905
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
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
General services	385,959	394,919	417,813	176758	128,543	635,425	727,417	695,689	843,702
Interest on Long-Term Debt					449,462	441,713	314,780	333,755	285,970
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
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
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
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
<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
Public safety	302,748	394,986	291,335	190,779	236,976	339,670	375,602	417,452	351,337
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
Capital grants and contributions	550,406	77,596	147,214	319,594	435,760	150,979	758,618	395,089	261,407
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
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
Capital grants and contributions	391,248	65,707			79,501	28,000		28,011	12,514
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
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
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)
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
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)

## City of West Columbia, South Carolina

## Changes in Net Assets

## Last Nine Fiscal Years

(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Fiscal Year</b>									
<b>General Revenue and Other Changes in</b>									
<b>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
Gain on sale of capital asset	12,125		4,859	17,989	166,818			27,129	80,030
Intergovernmental	476,752	478,829	507,517	499,963	525,915	569,936	552,911	443,768	422,332
Investment earnings	1,241	497	21,138	7,264	12,342	238	49	27	2,385
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
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
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
Business-type activities:									
Gain on sale of capital asset								3,385	23,950
Intergovernmental	321,673	233,391	244,920	117,834	471,638	438,448	338,026	25,000	297,704
Investment earnings			13,890	314,586					
Miscellaneous				(3,108,248)	(3,251,333)	(3,783,417)	(3,814,274)	(3,413,800)	(3,277,098)
Transfers	(2,359,524)	(2,308,400)	(2,309,340)	(2,675,828)	(2,779,695)	(3,344,969)	(3,476,248)	(3,092,664)	(2,955,444)
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)
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
<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
Business-type activities	(152,609)	(407,286)	593,820	141,258	394,039	(128,119)	(970,552)	(280,427)	(327,770)
Total primary government	799,653	518,440	616,210	623,801	1,100,013	(295,297)	263,373	(177,824)	513,569

Note: Changes in net assets are presented for the prior nine years only, as financial information in the above format is not available prior to the implementation of GASB 34

**Table 3**

**City of West Columbia, South Carolina**  
**Governmental Activities Tax Revenues By Source**  
**Last Nine 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

Note: For purposes of consistency and uniformity data is presented  
 for the prior nine years upon implementation of GASB 34

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

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund									
Reserved	\$ 43,122	\$ 37,317	\$ 48,428	\$ 101,111	\$ 132,988	\$ 208,897	\$ 117,304	\$ 73,883	\$ 95,481
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
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>
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>

Note: For purposes of consistency and uniformity data is presented for the prior nine years upon implementation of GASB 34



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

Note: For purposes of consistency and uniformity data is presented for the prior nine years upon implementation of GASB 34

**City of West Columbia, South Carolina**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Nine 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%

Source: Lexington County Auditor

Note: For purposes of consistency and uniformity data is presented  
for the prior nine years upon implementation of GASB 34

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

Fiscal Year	City of West Columbia			Overlapping Rates						Total Direct & Overlapping Rates	
	Operating Millage	Debt Service Millage	Total City Millage	Lexington County			School District				
				Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage		
											Special Districts
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	6.811	0.360	7.171	14.646	2.975	17.621	2.269	33.249

Note: For purposes of consistency and uniformity data is presented  
for the prior nine years upon implementation of GASB 34

Table 8

**City of West Columbia, South Carolina**  
**Principal Property Taxpayers**  
**June 30, 2011**

<b>Taxpayer</b>	<b>2011</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.	\$ 1,379,740	1	20.64%	\$ 1,247,870	1	20.49%
Campus Investors HSRE-SC	1,169,960	2	17.50%			0.00%
Wal-Mart Stores	716,810	3	10.72%	859,550	3	14.11%
House of Raeford Farms, Inc.	614,240	4	9.19%	522,540	5	8.58%
Westside Meshekoff Family LP	569,360	5	8.52%	418,550	7	6.87%
TimeWarner/Advanced Newhouse	391,590	6	5.86%	1,071,240	2	17.59%
Sun, Inc	390,220	7	5.84%			0.00%
Bell South Telecommunications	366,880	8	5.49%	501,220	6	8.23%
Granby Oaks Association	365,020	9	5.46%	318,610	8	5.23%
Baker and Baker	318,680	10	4.77%			0.00%
Chevy Chase Limited Partnership	240,350	11	3.60%	229,110	9	3.76%
West Columbia Apartments	161,930	16	2.42%	205,140	10	3.37%
Kline Iron & Steel				717,280	4	11.78%
Totals	<u>6,684,780</u>			<u>6,091,110</u>		

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

<b>Fiscal Year Ended June 30</b>	<b>Total Tax Levy for Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections of Delinquent Taxes</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
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%

Note: For purposes of consistency and uniformity data is presented  
for the prior nine years upon implementation of GASB 34

Table 10

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

	Governmental Activities			Business-Type Activities				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		Water/Sewer				
				Leases	Bonds	Leases	Bonds			
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	

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.

3 For purposes of consistency and uniformity data is presented for the prior nine years upon implementation of GASB 34

Table 11

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

<b><u>Fiscal Year</u></b>	<b><u>General Obligation Bonds</u></b>	<b><u>Less: Amounts Available in Debt Service Fund</u></b>	<b><u>Total</u></b>	<b><u>Percentage of Estimated Actual Taxable Value of Property</u></b>	<b><u>Per Capita</u></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

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, 2011**

<b><u>Governmental Unit</u></b>	<b><u>Debt Outstanding</u></b>	<b><u>Estimated Percentage Applicable</u></b>	<b><u>Estimated Share of Overlapping Debt</u></b>
Lexington County	\$ 40,496,993	5.66%	\$ 2,292,130
School District No. 2	38,535,000	18.58%	7,159,803
Lexington County Recreation District	22,945,000	8.21%	1,883,785
Riverbanks Park District	3,995,151	2.30%	91,888
Subtotal, overlapping debt			<u>11,427,606</u>
City of West Columbia, South Carolina direct debt			<u>2,569,615</u>
Total direct and overlapping debt			<u><u>13,997,221</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 Nine Fiscal Years**

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
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
Total net debt applicable to limit		2,200,000	2,660,000	2,660,000	2,660,000	2,660,000	2,660,000	2,813,623	2,569,619
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
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%

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

Assessed Value	\$ 51,306,050
Add back: exempt real property	1,103,540
Total assessed value	52,409,590
Debt limit (8%)	4,192,767
Debt applicable to limit:	
General obligation bonds	2,569,619
Less: Amount set aside for repayment	
general obligation debt	
Total net debt applicable to limit	2,569,619
Legal debt margin	1,623,148

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 \$4,192,767 at June 30, 2011, which would be the legal debt margin.

2. For purposes of consistency and uniformity data is presented for the prior nine years upon implementation of GASB 34

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

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

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

2 For purposes of consistency and uniformity data is presented for the prior nine years upon implementation of GASB 34

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

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

Note: For purposes of consistency and uniformity data is presented  
for the prior nine years upon implementation of GASB 34

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

Table 16

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

<b>Employer</b>	<b>2011</b>			<b>2006</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
House of Raeford Farms	878	1	31.58%	425	2	18.71%
Wal-Mart Stores	546	2	19.64%	515	1	22.67%
Lexington School District 2	241	3	8.67%	264	3	11.62%
South Carolina Episcopal Home	240	4	8.63%	200	4	8.80%
Heartland of Lexington	238	5	8.56%	153	7	6.73%
City of West Columbia	199	6	7.16%	176	6	7.75%
Belcher Staffing Services	192	7	6.91%	187	5	8.23%
U S Postal Service	90	8	3.24%	100	10	4.40%
H T Hackney Company	86	9	3.09%	147	8	6.47%
Bi-Lo LLC	70	10	2.52%	105	9	4.62%
 Total	 <u>2,780</u>		 <u>100.0%</u>	 <u>2,272</u>		 <u>100.0%</u>

Information available for current year and five years ago only.

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

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

Note: For purposes of consistency and uniformity data is presented for the prior nine years upon implementation of GASB 34

Source: City of West Columbia Finance Office

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

Function	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police									
Physical arrests	1,530	1,268	1,804	1,785	1,830	1,913	2,265	2,058	3,398
Fire									
Number of calls answered	829	925	876	857	1,108	853	627	757	651
Inspections	3,035	3,076	3,156	2,990	1,140	941	849	1,000	1,328
Sanitation									
Refuse collected (tons/day) Lexington Landfill <sup>1</sup>	37	38	36	37	38	33	35	30	24
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
Culture and Recreation									
Community Center (Times Used)	49	42	38	36	110	94	137	108	164
Water									
New connections	300	240	360	270	285	1,369	24	101	74
Water mains breaks	10	8	6	7	4	9	12	14	20
Water customers	18,709	19,224	17,853	18,483	18,768	18,904	18,967	19,025	19,132
Water Plant I	2,799	3,512	3,310	3,519	3,670	3,643	3,353	2,633	3,225
Water Plant II	6,506	6,738	6,598	7,204	8,080	8,187	7,443	9,310	9,042
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
Wastewater									
Average daily sewage treatment <sup>3</sup> (thousands of gallons)	2,353	1,883	2,432	1,598	4800	5,900	6,054	6,095	6,095
City of West Columbia sewer customers	7,975	8,115	8,546	9,454	10,050	10,733	10,745	10,758	11,157
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

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

Note: For purposes of consistency and uniformity data is presented for the prior nine years upon implementation of GASB 34

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

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

Sources:

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

Note: For purposes of consistency and uniformity data is presented  
for the prior nine years upon implementation of GASB 34

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**CITY OF WEST COLUMBIA**  
**WEST COLUMBIA, SOUTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

<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>			
<b><u>Passed Through Lexington County Department of Community Development</u></b>			
CDBG Lexington County - Tri-City Façade	14.218		\$ 194,224
<b><u>US Department of Justice</u></b>			
Bullet Proof Vest Grant	16.607		7,328
COPS - Universal Hiring Program Grant	16.710		12,778
COPS - Hiring Program Grant	16.710		140,738
Justice Assistance Grant 2010	16.738		19,805
2009 Hiring Grant	16.804		1,788
<b><u>Passed Through SC Department of Public Safety</u></b>			
Enhanced Victims Services Project	16.575	1V08107	1,120
White Collar Crime Investigation Grant	16.738	1G11003	72,860
Traffic Enforcement Program	20.600	2H12020	33,446
<b><u>US Department of Health and Human Services</u></b>			
LRADAC Coalition Grant	93.276		82,139
<b><u>US Department of Environmental Protection</u></b>			
<b><u>Passed Through the SC Water Quality Revolving Fund</u></b>			
Clean Water SRF	66.458	CWSRF 1-118- 08-523-01	315,462 *
Drinking Water SRF	66.468	DWSRF 3-035- 08-321004-02	<u>56,393</u>
<b>Total Federal Assistance Expended</b>			<b><u>938,081</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**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**SECTION 1—SUMMARY OF AUDITORS' 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. Reportable conditions identified not considered being material weakness? | <u>None Reported</u> |
| 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?  | <u>None</u>                    |                                |        |                 |  |
| B. Reportable conditions identified not considered being material weakness?   | <u>None</u>                    |                                |        |                 |  |
| 2. Type of Auditors' report issued on compliance for major programs?  | <u>Unqualified</u>             |                                |        |                 |  |
| 3. Any Audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?   | <u>None</u>                    |                                |        |                 |  |
| 4. Identification of Major Program:   |                                |                                |        |                 |  |
| <table border="0" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;"><u>CFDA Number</u></td> <td style="text-align: center;"><u>Name of Federal Program</u></td> </tr> <tr> <td style="text-align: center;">66.458</td> <td style="text-align: center;">Clean Water SRF</td> </tr> </table> | <u>CFDA Number</u>             | <u>Name of Federal Program</u> | 66.458 | Clean Water SRF |  |
| <u>CFDA Number</u>  | <u>Name of Federal Program</u> |                                |        |                 |  |
| 66.458  | Clean Water SRF                |                                |        |                 |  |
| 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>No</u>                      |                                |        |                 |  |

**SECTION 2 -- FINANCIAL STATEMENT FINDINGS**None Reported**SECTION 3 -- FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**None Reported

There were no prior audit findings.



**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 · National Association of Certified Valuation Analysts

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

To the Honorable Chairman and Members  
Of The City of West Columbia Council  
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 the City of West Columbia, South Carolina (hereafter referred to as the City), as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 27, 2012. 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**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the City'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 the internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



### **Compliance and Other Matters**

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

This report is intended solely for the information and use of management, the council members, any 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 27, 2012



**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 · National Association of Certified Valuation Analysts

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

**Compliance**

We have audited the compliance of the City of West Columbia, South Carolina (hereafter referred to as the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2011. 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 the 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.

In our opinion, the City complied, in all material respects, with the 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, 2011.



## Internal Control Over Compliance

The 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 in order to determine our 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.

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.

Our consideration of internal control over compliance 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 compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, council members, 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 27, 2012